

**62<sup>ND</sup> LEGISLATIVE ASSEMBLY  
STATE BUDGET ACTIONS  
FOR THE 2011-13 BIENNIUM**

**(Including Legislative Changes to the 2011-13 Executive Budget and  
Supplemental and Statistical Information Regarding the State Budget)**

**LEGISLATIVE COUNCIL  
STATE CAPITOL  
BISMARCK, NORTH DAKOTA  
JUNE 2011**



This report contains information on actions by the 2011 Legislative Assembly affecting the 2011-13 biennium state budget, including the 2011 Legislative Assembly's changes to the executive budget, for the July 1, 2011, through June 30, 2013, biennium (2011-13). The 2011-13 appropriations for state agencies and institutions are also compared to 2009-11 appropriations.

In preparing this analysis, the Legislative Council staff reviewed the executive budget, 2011 appropriation acts, the "purposes of amendments" contained in the House and Senate journals, and other available fiscal records.

Also included are selected special funds analyses, an analysis of full-time equivalent (FTE) positions, graphs and other information regarding general fund revenues and appropriations, and information regarding historic comparisons of state spending.



# INDEX

Description	Page No.
Adjutant General .....	H-82
Administrative Hearings, Office of.....	H-9
Aeronautics Commission .....	H-58
Agricultural Experiment Station.....	H-101
Agriculture Commissioner .....	D-20
Agronomy Seed Farm.....	H-104
Aid to Political Subdivisions .....	L-44, M-27
Appropriations.....	Section C
2011-13 Biennium Summary .....	A-1, C-1
Comparison of 2011-13 and 2009-11 Legislative Appropriations .....	C-2
Comparison to Executive Budget .....	C-5
Comparison of Appropriations to Personal Income .....	M-2
Comparison of Executive Budget Recommendations to Legislative Budgets.....	M-4
Comparison of "General Fund Equivalent" Appropriations .....	C-11
Contingent 2011-13 General Fund Appropriations .....	C-14
Deficiency Appropriations for the 2009-11 Biennium.....	B-10
Graphs.....	C-15
Health Care Reform Appropriations.....	C-13
One-Time Funding.....	C-6
Arts, Council on the.....	H-111
Attorney General.....	D-9
Auditor, State .....	D-5
Badlands Human Service Center.....	G-7
Bank of North Dakota.....	H-62
Beginning Farmer Revolving Loan Fund.....	L-1
Bismarck State College.....	F-10
Blind, School for the.....	H-30
Board of University and School Lands .....	H-23
Bonding Fund .....	L-3
Branch Research Extension Centers .....	H-93
Budget Stabilization Fund .....	L-4
Capital Construction.....	Section I
Extraordinary Repairs .....	I-4
Lease Payments and Balances .....	I-9
Major Capital Construction .....	I-2

Overview.....	I-1
Capitol Building Fund .....	L-5
Career and Technical Education, Department of .....	H-32
Carrington Research Extension Center .....	H-93
Centers of Excellence Fund.....	L-6
Centers of Research Excellence Fund.....	L-8
Central Grasslands Research Extension Center.....	H-93
Clerk of District Court.....	H-15
Coal Development Trust Fund .....	L-10
College of Science .....	F-35
Commerce, Department of.....	H-82
Commission on Legal Counsel for Indigents.....	H-18
Common Schools Trust Fund .....	L-11
Community Health Trust Fund .....	L-14
Corrections and Rehabilitation, Department of .....	H-72
Council on the Arts.....	H-111
Crop Protection and Product Harmonization Board - See Agriculture Commissioner	
Dakota College at Bottineau .....	F-47
Deaf, School for the .....	H-28
Developmental Center .....	G-7
Dickinson Research Extension Center.....	H-93
Dickinson State University .....	F-37
District Court .....	H-15
Elected Officials .....	Section D
Elected Officials' Salaries .....	J-13
Electronic Health Information Exchange Fund.....	L-19
Elementary and Secondary Education.....	Section E
Overview.....	E-1
Payments and Students.....	E-15
Public Instruction, Department of.....	E-4
State School Aid .....	E-13
State School Aid Funding History .....	M-14
Emergency Services, Department of .....	H-77
Employees, State.....	Section J
Analysis of FTE Changes .....	J-3
Analysis of State Employee Salary Increases .....	J-10
Number of State Employees - History.....	J-8
Overview.....	J-1
Salary and Health Insurance Increases - Cost History .....	J-14

Environment and Rangeland Protection Fund .....	L-21
Executive Summary, State Budget .....	Section A
Fair, State .....	H-106
FTE - Full-time Equivalent Positions .....	J-3
Number of State Employees - History.....	J-8
Financial Institutions, Department of.....	H-60
Fire and Tornado Fund .....	L-24
Fire Department Payments .....	D-15
Forest Service.....	F-49
Foundation Aid Stabilization Fund .....	L-25
Game and Fish Department.....	H-113
General Fund	
Appropriations .....	Section C
2011-13 Biennium Summary .....	A-1, C-1
Comparison of 2011-13 and 2009-11 Legislative Appropriations .....	C-2
Comparison of 2011-13 Legislative Appropriations to the Executive Budget .....	C-5
Comparison of Executive Budget Recommendations to Legislative Budgets.....	M-4
Comparison of "General Fund Equivalent" Appropriations .....	C-11
Contingent 2011-13 General Fund Appropriations .....	C-14
Graphs.....	C-15
History of General Fund Budgets .....	M-1
One-Time Funding.....	C-6
Revenue Estimates .....	B-1, B-6
Governor.....	D-1
Health Care Trust Fund .....	L-26
Health Information Technology Loan Fund .....	L-28
Health Information Technology Planning Loan Fund .....	L-29
Health, State Department of .....	H-35
Hettinger Research Extension Center.....	H-93
Higher Education .....	Section F
Enrollment - FTE.....	F-3
Overview.....	F-1
Tuition Rates .....	F-4
Highway Patrol.....	H-70
Historical Data.....	Section M
Historical Society .....	H-109
Homestead Tax Credit - See Tax Commissioner.....	D-12
Housing Finance Agency .....	H-65
Human Services.....	Section G

Human Services, Department of.....	G-7
Overview.....	G-1
Indian Affairs Commission .....	H-45
Industrial Commission.....	H-52
Information Technology Department.....	H-5
Information Technology Projects.....	K-1
Insurance Commissioner .....	D-15
Insurance Tax Payments to Fire Departments.....	D-15
International Peace Garden .....	H-116
Job Service North Dakota .....	H-50
Judicial Branch .....	H-15
Judicial Conduct Commission.....	H-15
Labor Commissioner.....	H-56
Lake Region Human Service Center.....	G-7
Lake Region State College .....	F-22
Land Department .....	H-23
Lands and Minerals Trust Fund .....	L-31
Langdon Research Extension Center .....	H-93
Lease Payments, Capital Construction .....	I-9
Legacy Fund .....	L-33
Legal Counsel for Indigents, Commission on.....	H-18
Legislative Assembly .....	H-10
Legislative Council.....	H-12
Library, State .....	H-26
Lignite Research Fund.....	L-34
Main Research Center .....	H-101
Management and Budget, Office of .....	H-1
Mayville State University.....	F-39
Mill and Elevator .....	H-66
Minot State University .....	F-41
North Central Human Service Center .....	G-7
North Central Research Extension Center.....	H-93
North Dakota State College of Science.....	F-35
North Dakota State University.....	F-32
NDSU Extension Service .....	H-96
Northeast Human Service Center .....	G-7
Northern Crops Institute.....	H-99
Northwest Human Service Center.....	G-7
Office of Management and Budget .....	H-1



Parks and Recreation Department.....	H-116
Peace Garden.....	H-116
Permanent Oil Tax Trust Fund.....	L-36
Political Subdivisions, Assistance to .....	L-44, M-27
Property Tax Relief Sustainability Fund .....	L-38
Protection and Advocacy Project .....	H-49
Public Employees Retirement System .....	H-21
Public Instruction, Department of .....	E-4
Public Printing.....	D-3
Public Service Commission .....	D-18
Racing Commission.....	H-107
Resources Trust Fund .....	L-39
Retirement and Investment Office.....	H-19
Revenues, General Fund.....	Section B
Deficiency Appropriations for the 2009-10 Biennium .....	B-10
Estimates.....	B-1, B-6
Graphs.....	B-8
Major Tax and Fee Increases .....	B-5
Summary .....	A-1, B-1
Risk Management Fund.....	L-41
School for the Blind.....	H-30
School for the Deaf .....	H-28
Secretary of State .....	D-3
Securities Department .....	H-61
Seed Department.....	H-89
Senior Citizen Services and Programs Fund .....	L-42
South Central Human Service Center.....	G-7
Southeast Human Service Center.....	G-7
State Aid Distribution Fund .....	L-44
State Disaster Relief Fund .....	L-46
State Employees.....	Section J
Analysis of FTE Changes .....	J-3
Analysis of State Employee Salary Increases .....	J-10
Number of State Employees - History.....	J-8
Overview.....	J-1
Salary and Health Insurance Increases - Cost History .....	J-14
State Fair .....	H-106
State Hospital .....	G-7
State Library .....	H-26

Strategic Investment and Improvements Fund .....	L-48
Student Loan Trust Fund .....	L-50
Supreme Court.....	H-15
Tax and Fee Increases .....	B-5
Tax Commissioner .....	D-12
Tobacco Prevention and Control Executive Committee.....	H-40
Tobacco Prevention and Control Trust Fund .....	L-52
Tobacco Settlement Trust Fund.....	L-54
Tourism Division of Department of Commerce .....	H-82
Transportation, Department of.....	H-123
Treasurer, State .....	D-7
Trust Fund Analyses .....	Section L
Tuition Trust Fund.....	L-57
University of North Dakota .....	F-27
UND Medical Center .....	F-30
University System .....	Section F
University System Office.....	F-10
University System Overview .....	F-1
Upper Great Plains Transportation Institute.....	H-91
Valley City State University .....	F-44
Veterans' Affairs, Department of .....	H-47
Veterans' Home .....	H-43
Veterans' Postwar Trust Fund.....	L-59
Vision Services - School for the Blind .....	H-30
Water Commission, State .....	H-119
Water Development Trust Fund.....	L-61
West Central Human Service Center .....	G-7
Williston Research Extension Center.....	H-93
Williston State College .....	F-24
Workforce Safety and Insurance.....	H-68

## EXECUTIVE SUMMARY

### GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2011	\$660,231,525 <sup>1</sup>
Add estimated 2011-13 general fund revenues and transfers	3,457,746,225
Total resources available	\$4,117,977,750
Less 2011-13 general fund appropriations	4,066,853,792
Estimated general fund balance - June 30, 2013	\$51,123,958 <sup>2</sup>

<sup>1</sup>This amount reflects a transfer of \$61,414,562 from the June 30, 2011, general fund balance to the budget stabilization fund, \$37,230,168 of 2009-11 deficiency appropriations, \$20,103,000 of estimated 2009-11 unspent general fund appropriation authority, and a \$615,112,998 transfer due to the repeal of the permanent oil tax trust fund.

<sup>2</sup>In addition, the budget stabilization fund is projected to have a June 30, 2013, balance of \$386,351,110.

### TOTAL APPROPRIATIONS SUMMARY

	2009-11 Legislative Appropriations	Increase (Decrease)	2011-13 Legislative Appropriations
General fund	\$3,296,595,649	\$770,258,143	\$4,066,853,792
Estimated income	5,642,342,384	215,285,203	5,857,627,587
Total all funds	\$8,938,938,033	\$985,543,346	\$9,924,481,379

### 2011-13 GENERAL FUND REVENUES

1. Provided for **general fund revenues** of \$4.1 billion, \$119.8 million, or 3 percent, more than the 2009-11 biennium revenues as included in the February 2011 legislative revenue forecast.
2. Anticipated state agency **general fund turnback** of \$20.1 million at the end of the 2009-11 biennium, including \$12.8 million of unspent 2009-11 appropriation authority for the Department of Human Services.
3. Provided for tax relief/reduction as follows:
  - a. Individual income tax rates were reduced by 17.9 percent resulting in reduced estimated individual income tax collections of \$120 million during the 2011-13 biennium.
  - b. Corporate income tax rates were reduced by 19.5 percent resulting in reduced estimated corporate income tax collections of \$25 million during the 2011-13 biennium.
  - c. Business privilege tax rates were reduced from 7 percent to 6.5 percent resulting in reduced estimated business privilege tax collections of \$2.125 million during the 2011-13 biennium.

- d. Gaming and excise taxes paid by charitable gaming organizations were reduced from a range of 5 percent to 20 percent of adjusting gross proceeds to a range of 1 percent to 2.5 percent of gross proceeds, resulting in reduced estimated gaming tax collections of \$6.8 million during the 2011-13 biennium.
4. Major areas of **revenue growth** (as compared to the revised revenue forecast for the 2009-11 biennium) include:
    - a. Sales and use taxes increasing by \$160.4 million or 13.1 percent.
    - b. Motor vehicle excise tax collections increasing by \$61.6 million, or 50.7 percent. (For the 2009-11 biennium, 25 percent of motor vehicle excise tax collections were deposited in the highway fund rather than the general fund.)
    - c. Oil and gas tax revenue allocations increasing by \$229 million, or 322.5 percent. (The 2011 Legislative Assembly created a new section to North Dakota Century Code Chapter 57-51.1 to provide the allocation of the state's share of oil and gas tax revenues resulting in the deposit to the general fund increasing from \$71 million to \$300 million.)
  5. Major areas of **revenue decline** (as compared to the revised revenue forecast for the 2007-09 biennium) include:
    - a. Individual income tax collections decreasing by \$74.1 million, or 12 percent (reflects income tax reductions noted above).
    - b. Corporate income tax collections decreasing by \$57 million, or 31.1 percent (reflects income tax reductions noted above).
    - c. Business privilege (financial institution) tax collections decreasing by \$1.3 million, or 20.4 percent (reflects tax reductions noted above).
    - d. Gaming tax collections decreasing by \$6.9 million, or 42.8 percent (reflects tax reductions noted above).
  6. Removed the \$60 million transfer from the **Bank of North Dakota** as provided for in the executive recommendation.
  7. Provided for **Mill and Elevator** transfers based on the projected level of Mill and Elevator profits each year. The anticipated transfer for the 2011-13 biennium is \$6.65 million, the same as the executive recommendation.
  8. Provided \$295 million from the **property tax relief sustainability fund**, which is the same amount transferred from the permanent oil tax trust fund relating to property tax relief for the 2009-11 biennium.
  9. Included a \$305 million transfer from the **strategic investment and improvements fund**.
  10. Anticipated **oil prices** to average \$72 per barrel in the first year of the 2011-13 biennium and \$75 per barrel in the second year. The

average oil price in March 2011 for North Dakota crude oil was \$95.51 per barrel.

11. **Oil production** is anticipated to average 404,625 barrels per day for the 2011-13 biennium. Average production in March 2011 was 358,589 barrels per day.
12. **State oil tax revenues** are \$300 million, an increase of \$229 million from the 2009-11 biennium level of \$71 million. The Legislative Assembly repealed the permanent oil tax trust fund and created a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues, designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:
  - a. The first \$200 million is deposited in the general fund;
  - b. The next \$341.79 million is deposited in the property tax relief sustainability fund;
  - c. The next \$100 million is deposited in the general fund;
  - d. The next \$100 million is deposited in the strategic investment and improvements fund;
  - e. The next \$22 million is deposited in the state disaster relief fund; and
  - f. Any additional revenues are deposited in the strategic investment and improvements fund.

The Legislative Assembly amended Section 15-08.1-08 to provide that if the unobligated balance in the strategic investment and improvements fund at the end of any month exceeds \$300 million, 25 percent of any revenues received for deposit in the fund in the subsequent month must be deposited instead into the legacy fund.

### PROPERTY TAX RELIEF

Provided property tax relief by appropriating \$341.79 million from the general fund for the 2011-13 biennium to the Department of Public Instruction for allocation to school districts to reduce school district property taxes. The funding provides for a reduction of up to 75 mills in school district property tax levies and replacement of the revenue to school districts through mill levy reduction grants. The Legislative Assembly also provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund after an allocation of \$200 million to the general fund.

### 2011-13 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of \$4.1 billion, \$770.3 million, or 23.4 percent, more than the 2009-11 adjusted legislative appropriations.
2. Major general fund appropriations increases relate to:
  - a. Department of Transportation - \$372 million.
  - b. Department of Human Services - \$279.9 million.
  - c. Department of Public Instruction - \$82.7 million.

- d. Higher education - \$62.5 million.
- e. Property tax relief for education - \$46.6 million.
- f. Bank of North Dakota - \$23.3 million.

### 2011-13 SPECIAL FUNDS APPROPRIATIONS

1. Provided special funds (estimated income) appropriations of \$5.9 billion, \$215.3 million more than the 2009-11 adjusted legislative appropriations.
2. Major special funds appropriations increases include:
  - a. Department of Transportation - \$416 million.
  - b. State Water Commission - \$132.3 million.
  - c. Land Department - \$91.7 million.
  - d. Department of Emergency Services - \$87.3 million.
  - e. Department of Human Services - \$35.2 million.
  - f. Bank of North Dakota - \$12.5 million.

### 2011-13 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Projected "ongoing" general fund taxes and fees of \$2,849.6 million for the 2011-13 biennium, an increase of \$311.4 million, or 12.3 percent, from the estimated ongoing general fund taxes and fees of \$2,538.2 million for the 2009-11 biennium.
2. Provided \$3,533.7 million of ongoing general fund appropriations and \$533.2 million of "one-time" general fund appropriations for the 2011-13 biennium.
3. Retained an estimated \$437.5 million at the end of the 2011-13 biennium, including \$51.1 million in the general fund and \$386.4 million in the budget stabilization fund.

### FEDERAL FISCAL STIMULUS FUNDS

Appropriated \$81.6 million of **federal fiscal stimulus funds** from the American Recovery and Reinvestment Act of 2009. This funding is not to be considered part of the agencies' base budget for the 2013-15 biennium. The following is a summary of the federal stimulus funds appropriated:

Information Technology Department	\$8,000,000
Attorney General	2,355,708
Department of Public Instruction	9,152,088
State Department of Health	3,492,228
Department of Human Services	519,175
Job Service North Dakota	1,500,000
Public Service Commission	658,217
Department of Commerce	24,496,750
State Water Commission	7,271,773
Department of Transportation	24,119,575
<b>Total</b>	<b>\$81,565,514</b>

## HIGHER EDUCATION

1. Increased **general fund** support by \$62,430,747 as follows:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)	
Ongoing general fund appropriations	\$534,062,895	\$606,525,437	\$72,462,542 <sup>1</sup>	13.6%
One-time general fund appropriations	59,292,152	49,260,357	(10,031,795)	(16.9%)
<b>Total</b>	<b>\$593,355,047</b>	<b>\$655,785,794</b>	<b>\$62,430,747</b>	<b>10.5%</b>

<sup>1</sup>The increase in funding is due in part to increasing funding for campus operations by approximately \$32.6 million, providing \$10 million of funding for campus equity distributions, and providing \$5 million of funding to be distributed to campuses based on student completion rates.

2. Decreased support from **special funds** by \$93,946,605, or 46.3 percent. Special funds support relates primarily to major capital projects funded from local sources or through the issuance of revenue bonds.
3. Adjusted the authorized number of **FTE positions** from 2,131.42 to 2,245.51 to reflect the number of FTE positions supported by the general fund.
4. Provided \$32.6 million from the general fund for **campus parity** to continue the fiscal year 2011 legislatively authorized salary increases and to provide 3 percent per year salary increases for the 2011-13 biennium, health insurance increases, and estimated utility cost increases.
5. Provided \$15,240,565 from the general fund for **campus equity and student affordability distributions** as determined by the State Board of Higher Education.
6. Provided \$10 million from the general fund to continue the **North Dakota career and technical education and academic scholarship programs**. This represents an increase of \$7 million from the 2009-11 biennium appropriation of \$3 million for the program.

## ELEMENTARY AND SECONDARY EDUCATION

1. Provided funding of \$1,350,992,316, of which \$1,223,111,478 is from the general fund, \$21,242,838 is from federal funds, \$5 million is from the oil and gas impact grant fund, and \$101.638 million is from the state tuition fund, for state school aid, including per student payments, transportation aid, special education, federal education jobs fund program payments, and grants for rapid growth enrollment and mill levy reductions. This level of funding represents an increase of \$76.7 million, including increases in funding of \$125 million from the general fund, \$15.3 million from the state tuition fund, and \$5 million from the oil and gas impact grant fund and decreases in

funding of \$64.4 million from federal funds and \$4.2 million from the property tax relief sustainability fund, from the 2009-11 legislative appropriation of \$1,274,254,480. In addition, the 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. The Legislative Assembly also provided the department use an additional \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium for adult education learning center grants. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to House Bill No. 1400 (2009).

2. Provided funding from the general fund for the following grants:
  - a. **Governor's School program** - \$460,000 (increase of \$50,000 from the 2009-11 biennium).
  - b. **National writing projects** - \$158,000 (increase of \$5,000 from the 2009-11 biennium).
  - c. **North Dakota Museum of Art** - \$380,000 (increase of \$35,000 from the 2009-11 biennium).
  - d. **North Dakota LEAD Center** - \$260,000 (the same as the 2009-11 biennium).
  - e. **Teacher center network** - \$360,000 (the same as the 2009-11 biennium).
  - f. **School food services** - \$1,380,000 (the same as the 2009-11 biennium).
  - g. **Adult education grants** - \$3,110,411 (increase of \$1,260,411 from the 2009-11 biennium). This general fund appropriation is in addition to the \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium reserved for adult education learning center grants.
  - h. **North Central Council for School Television** - \$485,000 (increase of \$40,000 from the 2009-11 biennium).
  - i. **Atlantik-Brucke exchange program** - \$105,000 (increase of \$30,000 from the 2009-11 biennium).
  - j. **North Dakota young entrepreneur education program** - \$120,000 (increase of \$20,000 from the 2009-11 biennium).
  - k. **"We the People" program** - \$22,000 (increase of \$4,000 from the 2009-11 biennium).
  - l. **Teacher mentoring program** - \$2.3 million (the same as the 2009-11 biennium).
  - m. **Continuing education grants** - \$100,000 (the same as the 2009-11 biennium).
  - n. **Curriculum alignment grants** - \$100,000.

- o. **Preschool continuing education grants program** - \$150,000.
  - p. **Prekindergarten space grant program** - \$125,000.
  - q. **Alternative education program grants** - \$300,000.
  - r. **Gearing Up for Kindergarten** - \$625,000.
3. Repealed the national board certification fund after providing the following funding from the fund:
- a. **National board certification** - \$185,000 (increase of \$82,500 from the 2009-11 biennium general fund appropriation of \$102,500).
  - b. **Accreditation mainframe rewrite** - \$200,000 of one-time funding for an Education Standards and Practices Board approval and accreditation mainframe rewrite.
  - c. **Administration of the ACT** - \$100,000 from the national board certification fund and \$678,400 from the general fund to provide a total of \$778,400 for the estimated costs of administering the ACT, including the writing test, and the WorkKeys assessments to all 11<sup>th</sup> grade students in the state.

### HUMAN SERVICES

1. Provided a total general fund appropriation for the Department of Human Services of \$932 million, \$279.9 million, or 42.9 percent, more than the \$652.1 million appropriated for the 2009-11 biennium. Of the \$279.9 million increase, \$171.4 million relates to additional state matching funds required due to changes in the state's federal medical assistance percentage (FMAP) and replacing federal fiscal stimulus funding relating to FMAP appropriated for the 2009-11 biennium with funding from the general fund.
2. Provided for the following funding changes due to changes in the state's **FMAP**. The federal medical assistance percentage determines the federal and state share of Medicaid expenditures:
  - a. Added \$104.9 million of additional funding from the general fund as a result of projected FMAP reductions for the 2011-13 biennium, the same amount as provided for in the executive budget.
  - b. Replaced federal fiscal stimulus funding relating to FMAP of \$66.5 million appropriated for the 2009-11 biennium with funding from the general fund.

- c. The schedule below presents recent and projected FMAPs for North Dakota:

Federal Fiscal Year	FMAP	Enhanced FMAP
2008	63.75%	N/A
2009	63.15%	69.95%
2010	63.01%	69.95%
2011	60.35% (fourth quarter)	69.95% (first quarter) 66.95% (second quarter) 64.95% (third quarter)
2012	55.40%	N/A
2013	55.56% (estimate)	N/A

3. Provided \$49.6 million, of which \$23.5 million is from the general fund, to provide 3 percent annual **inflationary increases** for human service providers, excluding physicians. The 2009 Legislative Assembly approved a 6 percent increase in the second year of the 2009-11 biennium for rebased services (hospitals, physicians, chiropractors, and ambulances) and dentists and a 6 percent annual increase for providers of other services.
4. Provided funding of \$27.5 million, of which \$8.5 million is from the general fund, for the state **children's health insurance program**. The Legislative Assembly maintained eligibility for the program at 160 percent of the federal poverty level.
5. Provided \$3.4 million from the general fund for increasing the **psychiatric inpatient hospitalization contract rates** at the human service centers.
6. Provided \$1.8 million from the general fund for **capital projects** at the State Hospital.

### CAPITAL CONSTRUCTION

1. Includes a total of \$1,406.6 million for the following capital projects:
  - a. \$195.7 million for major capital projects.
  - b. \$36.95 million for extraordinary repairs.
  - c. \$18.5 million for bond payments.
  - d. \$1,155 million for other projects.

The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$62,686,828	\$133,021,336
Extraordinary repairs	21,804,868	15,149,812
Bond payments	17,235,451	1,230,248
Other projects	235,376,503	920,120,309
Total	\$337,103,650	\$1,069,521,705

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 3 percent of salaries effective July 1, 2011, and 3 percent effective July 1, 2012. 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. Funding provided for these increases totals \$44.8 million, of which \$23.9 million is from the general fund. The 2011-13 legislative appropriation for the North Dakota University System included funding for parity to provide for inflationary costs, including the general fund share of 3 percent per year salary increases and health insurance increases.
2. Approved House Bill No. 1031 which creates a new section to Chapter 54-44.3 providing for a **compensation philosophy statement**.
3. Provided that classified state employee's compensation adjustments be based on **guidelines developed by the Office of Management and Budget (OMB)**. Guidelines are to be established for providing compensation adjustments for classified state employees in the 2011-13 biennium in accordance with the compensation philosophy statement and compensation initiatives included in House Bill No. 1031 (2011) and the external competitiveness target as determined by OMB.
4. Continued funding for the cost of **health insurance premiums** for state employees at \$886.62 per month per employee, an increase of \$60.96, or 7.4 percent, compared to the 2009-11 biennium premium of \$825.66. Funding provided for this increase totals \$13.2 million, of which \$7.2 million is from the general fund.
5. Provided \$1.25 million for **compensation equity adjustments** for selected agencies--Attorney General's office (\$125,000 general fund), Industrial Commission (\$502,832 general fund), State Treasurer (\$24,000 general fund), and Department of Transportation (\$600,000 special funds). Of the \$1.25 million, \$651,832 is from the general fund and \$600,000 is from special funds.
6. Provided an increase in **contributions to the Public Employees Retirement System** of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent. The Legislative Assembly did not

change the executive recommendation for contributions to the retirement system.

7. Provided an increase in the monthly rate for the **employee assistance program** of \$.12 from the 2009-11 rate of \$1.42 per month to \$1.54 per month.
8. Authorized a total of 11,234.67 **FTE positions**, 59.03 FTE positions more than the 2009-11 authorized level and 22.40 FTE positions less than the executive recommendation. The net increase, excluding higher education, is 59.03 FTE positions.

### CORRECTIONS

1. Provided a total general fund appropriation for the Department of Corrections and Rehabilitation of \$159.6 million, \$7.5 million, or 4.5 percent, less than the \$167.1 million appropriated for the 2009-11 biennium.
2. Provided ongoing general fund appropriation for the Department of Corrections and Rehabilitation of \$157.9 million, \$12.2 million, or 8.4 percent, more than the \$145.7 million appropriated for the 2009-11 biennium.
3. Provided borrowing authority of \$1.1 million from the Bank of North Dakota for completing the renovation and expansion project at the State Penitentiary.
4. Added 59 **new FTE positions**, including 47 FTE positions relating to the Penitentiary expansion project.
5. Provided \$27.6 million, of which \$25.5 million is from the general fund, for **male inmate contract housing**.
6. Provided \$8.5 million from the general fund for **female inmate contract housing**.

### INFORMATION TECHNOLOGY

1. Provided \$35 million, of which \$9.7 million is from the general fund, for state **agency information technology projects** for the 2011-13 biennium.
2. Provided \$3 million, of which \$2.1 million is from the general fund, to the Information Technology Department for continued operation and development relating to the **Criminal Justice Information Sharing Initiative**.
3. Provided \$3.6 million from the general fund to the Information Technology Department for continued development relating to the **Statewide Longitudinal Data System Initiative**. Of the \$3.6 million, \$1.9 million is ongoing funding for the initiative, and \$1.7 million is one-time funding for the initiative for the 2011-13 biennium.
4. Provided \$14 million, of which \$363,000 is from the general fund, to the Information Technology Department for the Health Information Technology Office and health information technology activities.

## ECONOMIC DEVELOPMENT

1. Appropriated \$12 million from the general fund for a transfer to the centers of research excellence fund for providing funding to **centers of research excellence** for the 2011-13 biennium for providing funding for a limited deployment-cooperative airspace project grant (\$4 million), centers of research excellence grants (\$5 million), and base realignment grants (\$3 million) for the 2011-13 biennium.
2. Provided \$9.4 million from the general fund to the Bank of North Dakota for the **PACE** fund (\$6 million), **Ag PACE** fund (\$1 million), **biofuels PACE** fund (\$1 million), and **beginning farmer revolving loan** fund (\$1.4 million), \$1.7 million less than the \$11.1 million appropriated for these funds for the 2009-11 biennium.
3. Provided \$1.5 million from the general fund to the Industrial Commission for **renewable energy development** programs, a decrease of \$1.5 million compared to the 2009-11 biennium.
4. Provided \$2,613,400 from the general fund to the Department of Commerce for the **North Dakota Trade Office**, \$549,400 more than the 2009-11 biennium general fund appropriation of \$2,064,000.
5. Provided \$900,000 from the general fund for the **Operation Intern** program, the same as the executive recommendation and the 2009-11 biennium. The Legislative Assembly also provided for the establishment of an internship fund and provided a continuing appropriation for the use of money in the fund.
6. Provided \$1.5 million to the Department of Commerce for **workforce enhancement grants**, of which \$375,000 is from the general fund and \$1.125 million is from carryover of funding provided in the 2009-11 biennium for a Great Plains Applied Energy Research Center. The total 2011-13 biennium appropriation is \$500,000 more than the 2009-11 biennium general fund appropriation of \$1 million.
7. Provided a \$3.1 million general fund appropriation to the Department of Human Services for grants to **child care service providers** for workforce development, quality improvement, technical assistance, and capacity building as provided in Section 50-11.1-14.1. This level of funding is \$1.28 million more than 2009-11 biennium one-time funding of \$1.82 million from the general fund appropriated to the North Dakota Development Fund, Inc., for providing financing to early childhood facilities (\$1,250,000); to the Department of Commerce for providing funding for early childhood facility grants for technical assistance, a business plan, or infrastructure (\$500,000); and funding for administration of the programs (\$70,000).
8. Provides \$150,000 from the general fund, of which \$50,000 is one-time funding, for the **American Indian Business Development Office**. This is an increase of \$50,000 from the 2009-11 legislative appropriation for the office.

## TRANSPORTATION

1. Anticipated regular **federal highway construction funds** of \$569.5 million for the 2011-13 biennium compared to \$500.9 million for the 2009-11 biennium.
2. Provided \$370.6 million for state highway projects (\$228.6 million) and county and township roadway projects (\$142 million) in **areas affected by oil and gas development**.
3. Provided \$60 million from the general fund to the State Treasurer for **transportation funding distributions to non-oil-producing counties, cities, and townships**. Of this amount, \$35 million is to be distributed during the 2009-11 biennium and \$25 million is to be distributed during the 2011-13 biennium.
4. Provided authority to borrow \$120 million from the Bank of North Dakota for **state highway emergency relief projects**.

## MILITARY-RELATED PROGRAMS

1. Provided \$905,000 from the general fund for maintenance and repair of the 41 state-supported National Guard facilities.
2. Provided \$1,550,149 from the general fund to enhance the **reintegration program** to support National Guard members and their families. Included in this recommendation is \$150,000 from the general fund to establish a Military Service Center in eastern North Dakota.
3. Provided unexpended funds for the **veterans' bonus program** from the 2009-11 biennium of approximately \$449,514 be continued and utilized for similar bonuses during the 2011-13 biennium.

## DISASTER-RELATED FUNDING

1. Provided a \$22 million transfer from the permanent oil tax trust fund to the state disaster relief fund prior to June 30, 2011, and authorized the Adjutant General to use this funding for costs associated with state disasters and flood mitigation efforts. Subject to Emergency Commission and Budget Section approval, the Adjutant General may specifically use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects in selected areas of the state, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state.
2. Provided spending authority up to \$9 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships. The Department of Emergency Services must distribute these grants prior to June 30, 2011, and any unspent funds may be used for costs associated with state disasters and flood mitigation efforts.



3. Provided \$7.8 million from the state disaster relief fund for expenses related to the 2009 flood disaster (\$3,369,258) and other unclosed state disasters (\$4,473,046) in the 2011-13 biennium.
4. Provided \$3.5 million from the state disaster relief fund to the Adjutant General for the purpose of providing the required state share of funding for defraying the expenses associated with presidential-declared disasters pursuant to Section 37-17.1-27.
5. Provided spending authority to the Department of Emergency Services to utilize \$400,000 from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters.
6. Provided \$22.5 million of federal funds or other income to the Adjutant General for expenses relating to 2011 flood disasters.

### MAJOR SPECIAL FUND BALANCES

	<b>Estimated June 30, 2013, Balance</b>
Legacy fund	\$618,558,299
Property tax relief sustainability fund	\$341,790,000
Strategic investment and improvements fund <sup>1</sup>	\$782,877

<sup>1</sup>House Bill No. 1451 (2011) provides that the lands and minerals trust fund be renamed to the strategic investment and improvements fund, and that as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. The bill states that it is the intent of the Legislative Assembly that the fund be used for one-time expenditures relating to improving state infrastructure or initiatives to improve efficiency and effectiveness of state government.

## **SECTION B - GENERAL FUND REVENUES**

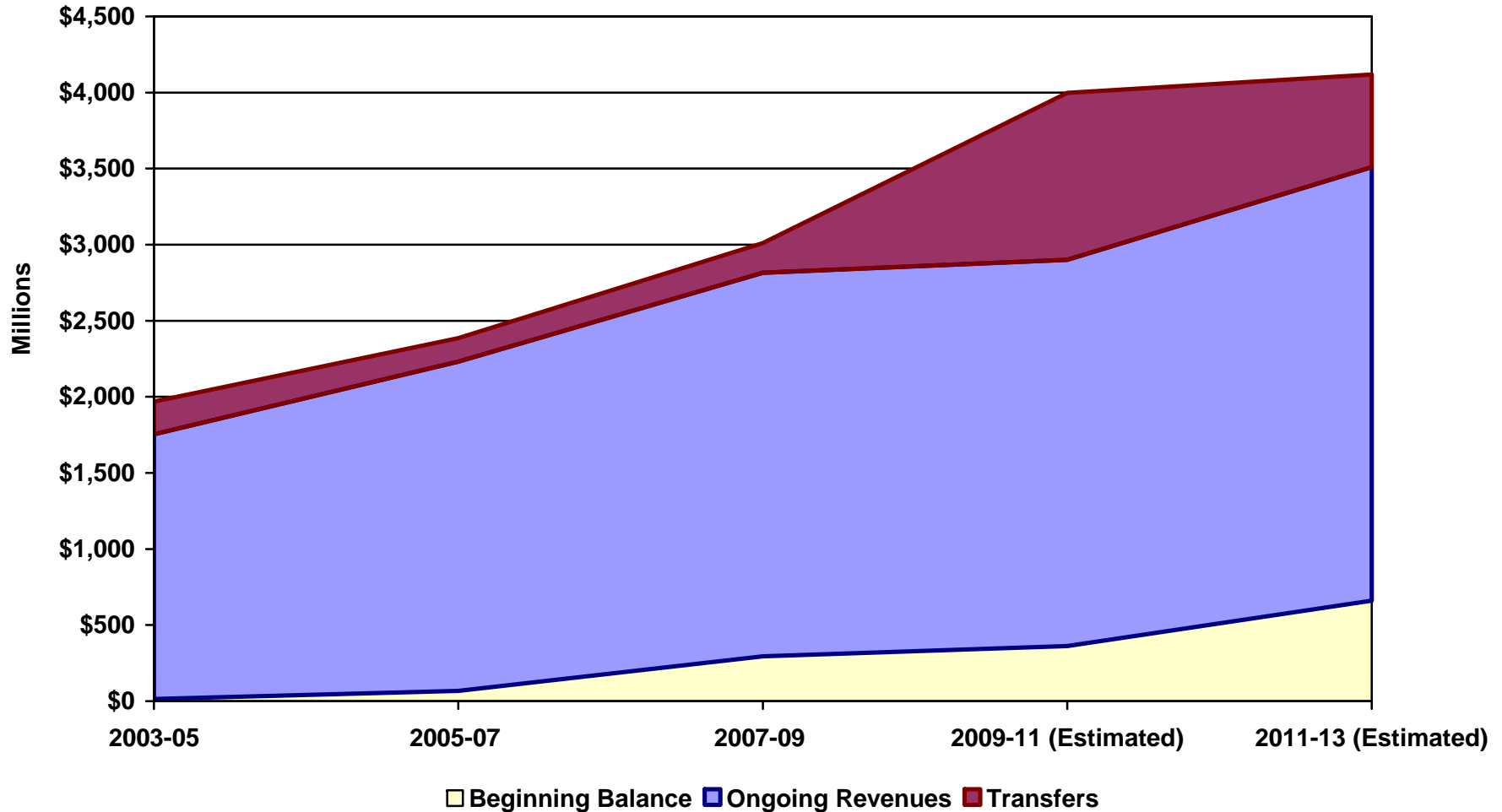
REVENUES SUMMARY	B-1
GENERAL FUND REVENUES FOR THE 2009-11 AND 2011-13 BIENNIUMS	B-6
PIE GRAPH – 2011-13 ESTIMATED GENERAL FUND REVENUES	B-8
PIE GRAPH – 2009-11 ESTIMATED GENERAL FUND REVENUES (FEBRUARY 2011 FORECAST)	B-9
DEFICIENCY APPROPRIATIONS FOR THE 2009-11 BIENNIUM	B-10

## GENERAL FUND REVENUE SUMMARY

### TOTAL REVENUES

Based on the 2011-13 biennium legislative revenue forecast, total 2011-13 biennium general fund revenues, including the estimated beginning balance, ongoing revenues, and transfers are estimated to be \$4,117.9 million, which is \$119.8 million, or 3 percent, more than total 2009-11 biennium revenues of \$3,998.1 million and an **increase of \$766.6 million** compared to the executive budget recommendation of \$3,351.3 million.

The following is a summary of revenues for the 2003-05 through 2011-13 bienniums:



	2003-05	2005-07	2007-09	2009-11 (Estimated)	2011-13 (Estimated)
Beginning balance	\$14,790,311	\$68,015,056	\$295,541,176	\$361,843,514	\$660,231,525
Ongoing revenues	1,739,132,961	2,162,706,208	2,520,712,137	2,538,189,089	2,849,611,225
Transfers	214,265,069	154,710,132	194,551,242	1,098,106,133	608,135,000
Total	\$1,968,188,341	\$2,385,431,396	\$3,010,804,555	\$3,998,138,736	\$4,117,977,750

### BEGINNING BALANCE

The executive budget (December 2010) estimated general fund beginning balances were \$361.8 million and \$79.6 million, respectively, for the 2009-11 and 2011-13 bienniums. The Legislative Assembly adopted a revised revenue forecast in February 2011 for the 2009-11 and 2011-13 bienniums. Based on this forecast, it was anticipated that the 2011-13 beginning balance would increase by \$42.6 million compared to the executive budget revenue forecast. Based on the 2011-13 legislative general fund revenue forecast, the July 1, 2011, beginning balance is estimated to be \$660.2 million, an **increase of \$580.6 million** compared to the executive budget forecast.

Other major legislative action affecting the July 1, 2011, beginning general fund balance includes:

- **House Bill No. 1012** provides a \$35 million supplemental appropriation to the State Treasurer for transportation funding distributions for the 2009-11 biennium.
- **House Bill No. 1451** repeals the permanent oil tax trust fund and transfers the balance in the fund to the general fund at the end of the 2009-11 biennium. As a result, the 2011-13 biennium beginning general fund balance is estimated to increase by \$615.1 million, the estimated ending balance in the permanent oil tax trust fund that will be transferred to the general fund.
- The 2011-13 legislative revenue forecast estimates unspent general fund authority for the 2009-11 biennium to be \$5 million, the same as the executive budget forecast. In addition, **House Bill No. 1015** removes the exemption for the Department of Corrections and Rehabilitation's estimated unspent 2009-11 appropriation authority of \$1.6 million; **Senate Bill No. 2006** provides carryover authority for \$50,000 of the Tax Department's estimated unspent 2009-11 appropriation authority; **Senate Bill No. 2009** provides carryover authority for \$60,000 of the Department of Agriculture's estimated unspent 2009 11 appropriation authority; **Senate Bill No. 2012** removes the exemption for the Department of Human Services' estimated unspent 2009-11 appropriation authority of \$12.8 million; and **Senate Bill No. 2057** removes the exemption for \$813,000 of the Department of Commerce's estimated unspent 2009-11 appropriation authority. Therefore, 2009-11 biennium unspent general fund appropriation authority is anticipated to total \$20,103,000.

### ONGOING REVENUES

The executive budget (December 2010) general fund revenue forecast, excluding transfers, was estimated to be \$2,495.6 million and \$2,732.5 million, respectively, for the 2009-11 and 2011-13 bienniums. The Legislative Assembly adopted a revised revenue forecast in February 2011 for the 2009-11 and 2011-13 bienniums. Total general fund revenues were estimated to **increase by \$42.6 million** for the 2009-11 biennium and **increase by \$4.2 million** for the 2011-13 biennium as compared to the executive budget revenue forecast. In addition, a change in federal law in December 2010 relating to corporate income tax is anticipated to reduce state corporate tax collections by \$46 million during the 2011-13 biennium. This revised forecast revision was approved for the Appropriations Committees in March 2011.

Based on the 2011-13 biennium legislative revenue forecast, general fund revenues, excluding transfers, for the 2011-13 biennium are anticipated to be \$2,849.6 million, which is 12.3 percent, or \$311.4 million, more than the 2009-11 biennium revised revenue forecast of \$2,538.2 million. The 2011 Legislative Assembly increased ongoing revenues by \$117.1 million, including \$229 million relating to the impact of House Bill No. 1451 providing for an increase in the allocation of oil and gas tax revenues to the general fund, as compared to the executive budget revenue forecast.

Major areas of 2011-13 biennium **revenue growth** as compared to the revised 2009-11 biennium revenue forecast include:

- Taxable sales and purchases are estimated to increase by \$160.4 million, or 13.1 percent (see **Sales and Use Taxes** section below).
- Motor vehicle excise tax collections are estimated to increase by \$61.6 million, or 50.7 percent (see **Motor Vehicle Excise Taxes** section below).
- Oil and gas tax revenue allocations are estimated to increase by \$229 million, or 322.5 percent (see **Oil Taxes** section below).

Major areas of 2009-11 biennium **revenue reduction** as compared to the revised 2009-11 biennium revenue forecast include:

- Individual income tax collections are estimated to decrease by \$74.1 million, or 12 percent and corporate income taxes are estimated to decrease by \$57 million, or 31.1 percent (see **Income Taxes** section below).
- Business privilege (financial institution) tax is estimated to decline by \$1.3 million, or 20.4 percent (see **Business Privilege Tax** section below).
- Gaming tax collections are estimated to decline by \$6.9 million, or 42.8 percent (see **Gaming Taxes** section below).

The 2011 Legislative Assembly approved the following bills, which have a major impact on revenues:

#### **Income Taxes**

- **House Bill No. 1047** amends the corporate and individual tax rates. Corporate income tax rates are reduced by 19.5 percent and individual income tax rates by 17.9 percent. The reduced income tax rate provisions of House Bill No. 1047 are estimated to reduce individual income tax collections by \$120 million and corporate income tax collections by \$25 million during the 2011-13 biennium.
- **Senate Bill No. 2210** provides tax credits for contributions to a housing incentive fund. The tax credits are anticipated to reduce individual income tax collections by \$1.33 million and corporate income tax collections by \$1.33 million during the 2011-13 biennium.
- **Senate Bill No. 2218** raises the maximum aggregate amount of income tax credits available for renaissance zone investments from \$7.5 million to \$8.5 million. This bill is anticipated to reduce income tax collections by a maximum of \$1 million during the 2011-13 biennium.
- **Change in federal tax law** in December 2010 allows businesses to deduct from their federal gross income tax the entire cost of capital investments in machinery and equipment rather than depreciating the cost over several years for purchases made between September 8, 2010, and December 31, 2011. For purchases in calendar year 2012, businesses can deduct 50 percent of the cost of capital investments and then apply regular depreciation schedules to the remaining values of the capital investment. This change in federal tax law is anticipated to reduce state corporate income tax collections by \$46 million during the 2011-13 biennium.

#### **Business Privilege Tax**

- **House Bill No. 1047** reduces the business privilege tax rate from 7 percent to 6.5 percent. This bill is anticipated to reduce general fund business privilege tax collections by \$2.125 million for the 2011-13 biennium.
- **Senate Bill No. 2210** provides tax credits for contributions to a housing incentive fund. The tax credits are anticipated to reduce business privilege tax collections by \$1.33 million during the 2011-13 biennium.

#### **Sales and Use Taxes**

- **House Bill No. 1424** provides a sales and use tax exemption for agricultural tank cleaners and foam markers and expands the retail compensation allowance. This bill is anticipated to reduce sales and use tax collections by \$1.7 million during the 2011-13 biennium.
- **Senate Bill No. 2171** provides a sales and use tax exemption for equipment used in telecommunications infrastructure development. This bill is anticipated to reduce sales and use tax collections by \$3.6 million during the 2011-13 biennium.
- **Senate Bill No. 2172** provides a sales tax exemption for receipts from coin-operated amusement or entertainment machines. This exception becomes effective in the second year of the 2011-13 biennium and is anticipated to reduce sales tax collections by \$322,000 for the 2011-13 biennium.

### Motor Vehicle Excise Taxes

- **House Bill No. 1012**, in the executive recommendation, provided for 25 percent of motor vehicle excise tax collections to be deposited in the highway fund rather than the general fund. The Legislative Assembly removed this provision which is anticipated to increase general fund motor vehicle excise tax collections by \$45.8 million.

### Gaming Taxes

- **Senate Bill No. 2042** reduces the gaming and excise taxes paid by charitable gaming organizations from a range of 5 percent to 20 percent of adjusted gross proceeds to a range of 1 percent to 2.5 percent of gross proceeds. This bill is anticipated to reduce gaming tax collections by \$6.8 million.

### Oil Taxes

**House Bill No. 1451** repeals the permanent oil tax trust fund and creates a new section to North Dakota Century Code Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

1. The first \$200 million is deposited in the general fund;
2. The next \$341,790,000 is deposited in the property tax relief sustainability fund;
3. The next \$100 million is deposited in the general fund;
4. The next \$100 million is deposited in the strategic investment and improvements fund;
5. The next \$22 million is deposited in the state disaster relief fund; and
6. Any additional revenues are deposited in the strategic investment and improvements fund.

This bill also amends Section 15-08.1-08 to provide that if the unobligated balance in the strategic investment and improvements fund at the end of any month exceeds \$300 million, 25 percent of any revenues received for deposit in the fund in the subsequent month must be deposited instead into the legacy fund.

Based on the February 2011 revised revenue forecast for the 2011-13 biennium, the state's share of total oil and gas tax collections are estimated to be \$774 million. **House Bill No. 1013** increases the allocation of oil and gas gross production taxes to the oil and gas impact grant fund from \$8 million to \$100 million, reducing the state's share of oil and gas gross production tax collections by \$92 million, from \$774 million to \$682 million. Of the \$682 million, \$4 million is projected to be deposited in the oil and gas research fund, \$300 million in the general fund, \$341,790,000 in the property tax relief sustainability fund, and \$36,210,000 in the strategic investment and improvements fund.

The forecasted oil tax revenue collections are based on a number of factors, including tax rate incentives and exemptions, oil prices, oil production, etc. The February 2011 legislative forecast estimated oil prices of \$72 per barrel in the first year of the 2011-13 biennium and \$75 per barrel in the second year. The estimated average daily production rate is approximately 404,625 barrels for the 2011-13 biennium. Actual prices, production, and other factors throughout the 2011-13 biennium could increase or decrease actual oil tax revenue collections.

### TRANSFERS

The February 2011 revised revenue forecast did not change the executive budget (December 2010) estimated total transfers of \$483 million and \$539.1 million, respectively, for the 2009-11 and 2011-13 bienniums. The 2011 Legislative Assembly provided for 2011-13 biennium transfers to the general fund of \$608.14 million, an increase of \$69 million compared to the executive budget forecast.

Major legislation affecting 2009-11 biennium transfers to the general fund include House Bill No. 1451 which repeals the permanent oil tax trust fund and transfers the balance, estimated to be \$615.1 million, to the general fund at the end of the 2009-11 biennium. As a result, 2009-11 biennium transfers increase from \$483 million to \$1,098.1 million.

Major legislative action affecting the 2011-13 biennium transfers to the general fund, as recommended in the executive budget, includes:

- **House Bill No. 1047** provides for a transfer of \$295 million from the property tax relief sustainability fund. The executive budget did not include this transfer.
- **House Bill No. 1451** removes the recommended transfer of \$232 million from the permanent oil tax trust fund.
- **Senate Bill No. 2015** removes the recommended \$60 million transfer from the Bank of North Dakota and the recommended \$239 million transfer from the lands and minerals trust fund and provides instead for a \$305 million transfer from the strategic investment and improvement fund.

**OTHER MAJOR TAX AND FEE CHANGE BILLS**

The following is a summary of other bills approved by the 2011 Legislative Assembly that provide for major tax or fee changes:

Bill No.	Description	Estimated General Fund Impact Due to Change	Estimated Other Funds Impact Due to Change
1038	Requires debt-settlement providers to be licensed and regulated		\$85,950
1041	Transfers regulation and registry of nurse aides, home health aides, and medication assistants I and II from the State Board of Nursing to the State Health Department		\$240,000
1063	Provides for an increase in barber licensing fees		\$14,425
1109	Extends the license period for a Class D operator's license and increases the fee		\$30,000
1321	Provides for deposit of non-anhydrous ammonia inspection fees in the environment and rangeland protection fund rather than the general fund	(\$478,208)	\$478,208
1391	Provides compliance with changes adopted by the Streamlined Sales and Use Tax Governing Board relating to the Streamlined Sales Tax Agreement	\$18,800	\$1,600
2016	Provides for an increase in law enforcement telecommunications system fees		\$85,000
2064	Increases caps and fees collected by the Insurance Department for boiler inspections		\$203,080
2080	Provides for licensing of veterinary dispensing outlets and registration of veterinary dispensing technicians		\$10,100
2101	Increases testing, certification, and renewal fees for water well contractors		\$27,000
2134	Increases annual assessment for honeybee colonies		\$42,000
2207	Requires registration of certain nonresident vehicles		\$3,258,445
2308	Provides for an assessment fee for online motor carrier permits issued		\$900,000
2347	Provides for a late fee for registrations of petroleum tanks not paid within 60 days		\$24,000

**GENERAL FUND REVENUE ESTIMATES FOR THE 2009-11 AND 2011-13 BIENNIUMS  
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS**

	Actual		Estimated		2011-13 Increase (Decrease) Compared to 2009-11	2011-13 Percentage Increase (Decrease) Compared to 2009-11
	2005-07 Biennium	2007-09 Biennium	2009-11 Biennium <sup>1</sup>	2011-13 Biennium <sup>2</sup>		
<b>Beginning balance</b>	\$68,015,056	\$295,541,176	\$361,843,514	\$660,231,525	\$298,388,011	82.5%
<b>Revenue source</b>						
Sales and use tax	\$841,930,866	\$1,046,485,684	\$1,221,799,026	\$1,382,234,660	\$160,435,634	13.1%
Motor vehicle excise tax	125,722,268	130,151,534	121,435,899 <sup>3</sup>	183,039,167	61,603,268	50.7%
Individual income tax	587,659,377	681,703,888	618,774,335 <sup>4</sup>	544,665,667 <sup>4</sup>	(74,108,668)	(12.0%)
Corporate income tax	232,294,310	239,695,937	183,256,592 <sup>5</sup>	126,243,667	(57,012,925)	(31.1%)
Insurance premium tax	52,873,010	64,388,601	64,152,315	70,560,000	6,407,685	10.0%
Business privilege tax	9,702,362	10,486,495	6,330,665	5,041,666	(1,288,999)	(20.4%)
Cigarette and tobacco tax	44,683,370	45,230,771	44,881,315	43,902,000	(979,315)	(2.2%)
Oil and gas gross production tax	45,970,447 <sup>6</sup>	39,309,315 <sup>6</sup>	32,718,333 <sup>6</sup>	133,834,000 <sup>7</sup>	101,115,667	309.0%
Oil extraction tax	25,029,553 <sup>6</sup>	31,690,685 <sup>6</sup>	38,281,667 <sup>6</sup>	166,166,000 <sup>7</sup>	127,884,333	334.1%
Coal conversion tax	49,217,864	49,438,952	38,774,869	35,764,000	(3,010,869)	(7.8%)
Gaming tax	17,986,019	20,042,392	16,165,195	9,241,952	(6,923,243)	(42.8%)
Lottery	12,600,000	11,055,000	11,000,000	11,000,000	0	0.0%
Wholesale liquor tax	12,787,869	14,076,919	14,884,872	14,934,000	49,128	0.3%
Mineral leasing fees	13,960,279	25,306,589	16,533,904	17,000,000	466,096	2.8%
Interest income	36,507,217	49,506,190	42,200,448	42,700,000	499,552	1.2%
Departmental collections	53,781,397	62,143,185	66,999,653	63,284,446	(3,715,207)	(5.5%)
<b>Total revenues</b>	<b>\$2,162,706,208</b>	<b>\$2,520,712,137</b>	<b>\$2,538,189,088</b>	<b>\$2,849,611,225</b>	<b>\$311,422,137</b>	<b>12.3%</b>
<b>Transfers and other sources</b>						
Transfer - Bank of North Dakota	\$60,000,000	\$60,000,000	\$1,000,000	\$0 <sup>8</sup>	(\$1,000,000)	(100.0%)
Transfer - Student loan trust	9,000,000	3,100,000	0	0	0	N/A
Transfer - Mill and Elevator	5,000,000	0	9,585,457 <sup>9</sup>	6,650,000 <sup>9</sup>	(2,935,457)	(30.6%)
Transfer - Gas tax administration	1,400,000	1,274,056	1,288,000	1,485,000	197,000	15.3%
Transfer - Lands and minerals trust fund	6,800,000	15,000,000	35,000,000	0	(35,000,000)	(100.0%)
Transfer - Permanent oil tax trust fund	55,300,000	115,000,000	1,050,112,998 <sup>10</sup>	0	(1,050,112,998)	(100.0%)
Transfer - Property tax relief sustainability fund	0	0	0	295,000,000	295,000,000	N/A
Transfer - Strategic investment and improvements fund	0	0	0	305,000,000	305,000,000	N/A
Transfer - Health care trust fund	16,900,000	0	0	0	0	N/A
Transfer - Information technology savings	0	0	0	0	0	N/A
Transfers - Other	310,132	177,186	1,119,678	0	(1,119,678)	(100.0%)
<b>Total transfers and other sources</b>	<b>\$154,710,132</b>	<b>\$194,551,242</b>	<b>\$1,098,106,133</b>	<b>\$608,135,000</b>	<b>(\$489,971,133)</b>	<b>(44.6%)</b>
<b>Total beginning balance, revenues, and transfers</b>	<b>\$2,385,431,396</b>	<b>\$3,010,804,555</b>	<b>\$3,998,138,735</b>	<b>\$4,117,977,750</b>	<b>\$119,839,015</b>	<b>3.0%</b>
Federal fiscal relief payments	\$0	\$0	\$0	\$0	\$0	N/A
<b>Total revenues, including federal fiscal relief payments</b>	<b>\$2,385,431,396</b>	<b>\$3,010,804,555</b>	<b>\$3,998,138,735</b>	<b>\$4,117,977,750</b>	<b>\$119,839,015</b>	<b>3.0%</b>



<sup>1</sup> Revised 2009-11 revenue forecast.

<sup>2</sup> Legislative amounts for the 2011-13 biennium.

<sup>3</sup> Senate Bill No. 2012 (2009) provides for 25 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund for the 2009-11 biennium. This bill is anticipated to reduce general fund motor vehicle excise tax collections by \$30.5 million for the 2009-11 biennium.

<sup>4</sup> The amount shown for the 2009-11 biennium reflects a revenue reduction of \$90 million relating to income tax relief. The amount shown for the 2011-13 biennium reflects a revenue reduction of an additional \$120 million relating to income tax rate reductions of 17.9 percent as provided for in House Bill No. 1047 (2011).

<sup>5</sup> The amount shown for the 2009-11 biennium reflects a revenue reduction of \$10 million relating to income tax relief. The amount shown for the 2011-13 biennium reflects a revenue reduction of an additional \$25 million relating to income tax rate reductions of 19.5 percent as provided for in House Bill No. 1047 (2011).

<sup>6</sup> From 1999 through 2003, North Dakota Century Code Section 57-51.1-07.2 provided that if, at the end of any biennium, oil and gas gross 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 Senate Bill No. 2015 (2003) amended 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. In August 2003, \$11.91 million was transferred from the permanent oil tax trust fund to the general fund, pursuant to Section 6 of Senate Bill No. 2015.

Total oil and gas tax collections were \$120.5 million during the 2003-05 biennium, resulting in \$49.5 million being transferred to the permanent oil tax trust fund at the end of that biennium. The July 1, 2005, balance in the permanent oil tax trust fund was \$50.4 million.

Total oil and gas tax collections were \$240.8 million during the 2005-07 biennium, resulting in \$169.8 million being transferred to the permanent oil tax trust fund at the end of that biennium. The July 1, 2007, balance in the permanent oil tax trust fund was \$143.3 million.

Total oil and gas tax collections were \$555.3 million during the 2007-09 biennium, resulting in \$484.3 million being transferred to the permanent oil tax trust fund at the end of that biennium. The July 1, 2009, balance in the permanent oil tax trust fund was \$489.7 million.

Total oil and gas tax collections are estimated to be \$978.2 million for the 2009-11 biennium, resulting in \$907.2 million being transferred to the permanent oil tax trust fund. The 2009 Legislative Assembly authorized transfers from the permanent oil tax trust fund for funding centers of excellence (\$6,620,541), higher education capital projects and programs (\$13,616,145), transfer to the property tax relief sustainability fund (\$295,000,000), water project grants (\$2,526,445), grants to tribal colleges (\$700,000), funding for Prairie Public Broadcasting (\$1,008,100), and for a transfer to the general fund of \$435,000,000, of which \$295,000,000 is for property tax relief. The estimated June 30, 2011, balance in the permanent oil tax trust fund is \$615.1 million. The 2011 Legislative Assembly repealed the permanent oil tax trust fund and provided for a transfer of the balance in the fund to the general fund at the end of the 2009-11 biennium.

<sup>7</sup> The 2011 Legislative Assembly created a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

The first \$200 million is deposited in the general fund;

The next \$341,790,000 is deposited in the property tax relief sustainability fund;

The next \$100 million is deposited in the general fund;

The next \$100 million is deposited in the strategic investment and improvements fund;

The next \$22 million is deposited in the state disaster relief fund; and

Any additional revenues are deposited in the strategic investment and improvements fund.

Total oil and gas collections are estimated to be \$774 million for the 2011-13 biennium. House Bill No. 1013 increases the allocation of oil and gas gross production taxes to the oil and gas impact grant fund from \$8 million to \$100 million, reducing the state's share of oil and gas gross production tax collections by \$92 million, from \$774 million to \$682 million. Of the \$682 million, \$4 million is to be deposited in the oil and gas research fund, \$300 million in the general fund, \$341,790,000 in the property tax relief sustainability fund; and \$36,210,000 in the strategic investment and improvements fund.

<sup>8</sup> The Legislative Assembly removed the \$60 million transfer from the Bank of North Dakota for the general fund included in the executive budget.

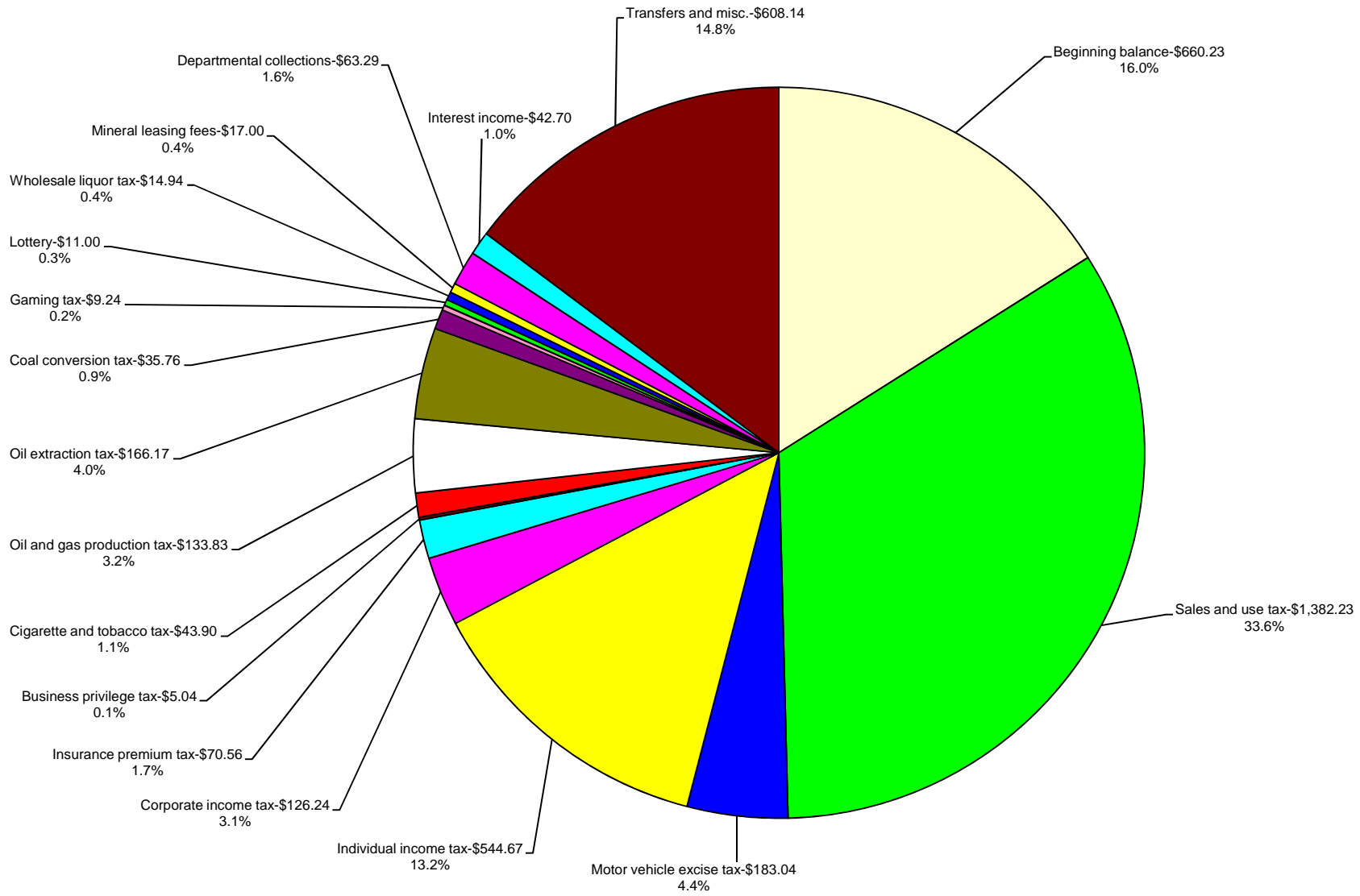
<sup>9</sup> The 2009-11 Legislative Assembly repealed the \$5 million transfer from the Mill and Elevator for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits. The amounts shown for the 2009-11 and 2011-13 bienniums are the estimated transfers based on projected Mill and Elevator profits for the 2009-11 and 2011-13 bienniums.

<sup>10</sup> The 2011 Legislative Assembly repealed the permanent oil tax trust fund and provided for a transfer of the balance in the fund to the general fund at the end of the 2009-11 biennium. Therefore, transfers from the permanent oil tax trust fund are anticipated to increase from \$435 million as provided for by the 2009 Legislative Assembly to \$1,098.1 million due to action by the 2011 Legislative Assembly to repeal the permanent oil tax trust fund at the end of the 2009-11 biennium in House Bill No. 1451.

## 2011-13 ESTIMATED GENERAL FUND REVENUES

Total 2011-13 Estimated General Fund Revenues - \$4,117.98

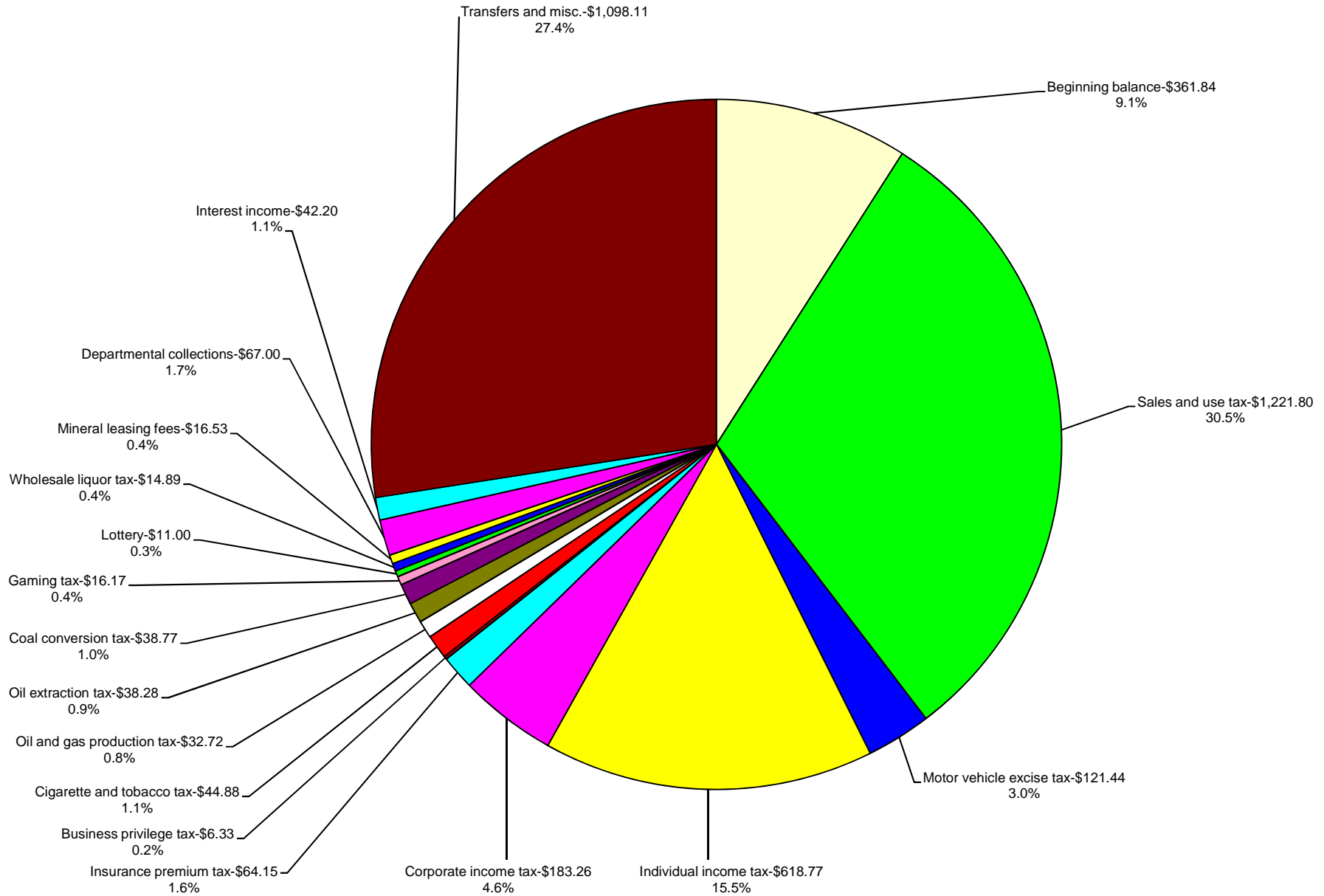
(Amounts Shown in Millions)



# 2009-11 ESTIMATED GENERAL FUND REVENUES

Total 2009-11 Estimated General Fund Revenues - \$3,998.14

(Amounts Shown in Millions)



## DEFICIENCY APPROPRIATIONS FOR THE 2009-11 BIENNIUM

	Executive Budget Recommendation			Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>State Treasurer</b> - Funding for supplemental transportation funding distributions to "non-oil-producing" political subdivisions for the 2009-11 biennium (HB 1012)				\$35,000,000		\$35,000,000
<b>Tax Department</b> - Estimated amounts needed for the homestead tax credit (\$1.349 million) and disabled veteran property tax credit (\$461,000) (SB 2023)	\$1,810,000		\$1,810,000	1,810,000		1,810,000
<b>Industrial Commission</b> - Funding for salaries and operating expenses relating to its oil and gas industry regulatory responsibilities (HB 1343)				150,000		150,000
<b>Department of Public Instruction</b> - Estimated amount for grants from federal funds (SB 2013)		\$30,000,000	30,000,000		\$30,000,000	30,000,000
<b>Department of Public Instruction</b> - Estimated amount needed for property tax relief (mill levy reduction grants) for the 2009-11 biennium. The Office of Management and Budget is to transfer \$4.233 million from the permanent oil tax trust fund to the property tax relief sustainability fund by June 30, 2011. (SB 2023)		4,233,000	4,233,000		4,233,000	4,233,000
<b>Department of Public Instruction</b> - Additional funding for property tax relief (mill levy reduction grants) for the 2009-11 biennium (SB 2015)				211,264		211,264
<b>Agriculture Department/Game and Fish Department</b> - Funding for a transfer from the game and fish fund to the Agriculture Department for the payment of Wildlife Services for the 2009-11 biennium (SB 2009, SB 2017)					200,000	200,000
<b>Valley City State University</b> - Estimated amount needed for expenses resulting from the 2009 flood (SB 2023)	58,904		58,904	58,904		58,904
<b>Adjutant General</b> - Funding for emergency snow removal grants (SB 2369)					9,000,000	9,000,000
<b>Total deficiency appropriations for the 2009-11 biennium</b>	<b>\$1,868,904</b>	<b>\$34,233,000</b>	<b>\$36,101,904</b>	<b>\$37,230,168</b>	<b>\$43,433,000</b>	<b>\$80,663,168</b>

## SECTION C - APPROPRIATIONS

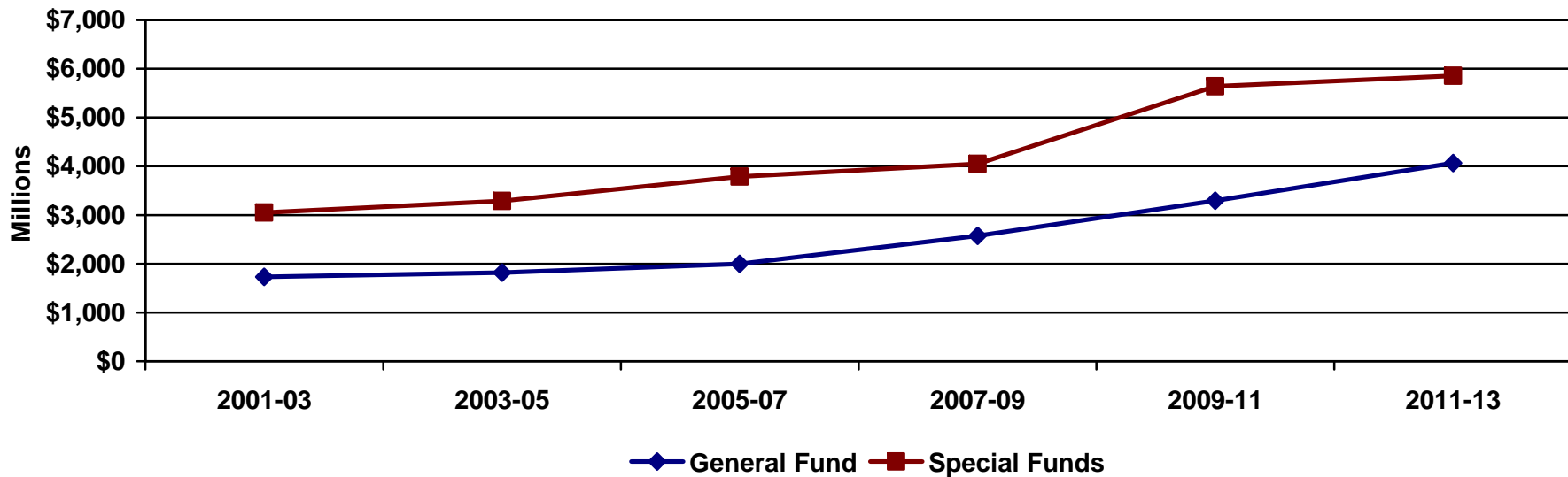
APPROPRIATIONS SUMMARY	C-1
COMPARISON OF 2011-13 AND 2009-11 LEGISLATIVE APPROPRIATIONS	C-2
COMPARISON OF EXECUTIVE BUDGET AND LEGISLATIVE APPROPRIATIONS FOR THE 2011-13 BIENNIUM	C-5
ONE-TIME FUNDING ITEMS FOR THE 2011-13 BIENNIUM	C-6
COMPARISON OF "GENERAL FUND EQUIVALENT" APPROPRIATIONS	C-11
FEDERAL HEALTH CARE REFORM APPROPRIATIONS	C-13
CONTINGENT GENERAL FUND APPROPRIATIONS	C-14
PIE GRAPH - 2011-13 BIENNIUM GENERAL FUND APPROPRIATIONS	C-15
BAR CHART - COMPARISON OF 2011-13 AND 2009-11 GENERAL FUND APPROPRIATIONS	C-16
PIE GRAPH - 2011-13 BIENNIUM ALL FUNDS APPROPRIATIONS	C-17
BAR CHART - COMPARISON OF 2011-13 AND 2009-11 ALL FUNDS APPROPRIATIONS	C-18

## APPROPRIATIONS SUMMARY

The 2011 Legislative Assembly provided general fund appropriations of \$4,066,853,792, \$770,258,143, or 23.4 percent, more than the 2009-11 legislative appropriations and \$771,284,251, or 23.4 percent, more than the 2011-13 executive budget recommendation. Of the \$4,066,853,792, \$3,533,695,032 is considered ongoing general fund appropriations and \$533,158,760 is considered one-time general fund appropriations. Ongoing spending increased by 18.5 percent. Additional information regarding one-time general fund appropriations is provided in the one-time funding schedule included in this section.

The 2011 Legislative Assembly provided special fund appropriations of \$5,857,627,587, \$215,285,203, or 3.8 percent, more than the 2009-11 legislative appropriations and \$140,378,245, or 2.3 percent, less than the executive budget recommendation.

The following is a summary of legislative appropriations for the bienniums 2001-03 through 2011-13:



Biennium	General Fund Appropriations	Special Fund Appropriations	Total Appropriations
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	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033
2011-13	\$4,066,853,792	\$5,857,627,587	\$9,924,481,379

**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 2009-11 AND 2011-13 LEGISLATIVE APPROPRIATIONS**

Budget No.	Budget	Legislative Appropriation 2009-11		Legislative Appropriation 2011-13		Increase (Decrease) From 2009-11 to 2011-13	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
<b>General Government</b>							
101	Governor's office	\$3,474,358	\$108,174,037	\$3,773,942	\$25,291,658	\$299,584	(\$82,882,379)
108	Secretary of State	6,161,588	18,477,264	9,326,160	16,113,144	3,164,572	(2,364,120)
110	Office of Management and Budget	32,197,196	41,766,644	32,892,699	43,407,160	695,503	1,640,516
112	Information Technology Department	19,170,785	229,541,839	19,252,204	164,328,887	81,419	(65,212,952)
117	State Auditor	6,762,229	9,075,031	7,143,808	9,571,330	381,579	496,299
120	State Treasurer	2,238,985	2,238,985	26,705,390	26,705,390	24,466,405	24,466,405
125	Attorney General	28,960,432	54,161,841	31,542,245	58,969,422	2,581,813	4,807,581
127	Tax Commissioner	44,516,586	44,712,586	39,238,449	39,248,449	(5,278,137)	(5,464,137)
140	Office of Administrative Hearings		1,498,712		1,827,199		328,487
150	Legislative Assembly	16,014,554	16,014,554	14,267,917	14,267,917	(1,746,637)	(1,746,637)
160	Legislative Council	10,439,503	10,509,503	11,561,158	11,631,158	1,121,655	1,121,655
180	Judicial branch	82,590,015	84,634,822	83,482,362	85,664,636	892,347	1,029,814
188	Commission on Legal Counsel for Indigents	9,470,148	11,420,365	9,808,430	11,779,282	338,282	358,917
190	Retirement and Investment Office		3,705,650		4,232,954		527,304
192	Public Employees Retirement System	13,000	6,146,488		6,867,890	(13,000)	721,402
	<b>Total General Government</b>	<u>\$262,009,379</u>	<u>\$642,078,321</u>	<u>\$288,994,764</u>	<u>\$519,906,476</u>	<u>\$26,985,385</u>	<u>(\$122,171,845)</u>
<b>Education</b>							
<b>Elementary, Secondary, and Other Education</b>							
201	Department of Public Instruction	\$819,455,590 <sup>1</sup>	\$1,333,176,744 <sup>1</sup>	\$902,190,651	\$1,358,394,074	\$82,735,061	\$25,217,330
226	Land Department		13,792,561		105,465,189		91,672,628
250	State Library	4,651,028	6,586,364	5,263,975	7,398,585	612,947	812,221
252	School for the Deaf	7,139,896	9,308,446	6,718,772	8,806,779	(421,124)	(501,667)
253	North Dakota Vision Services - School for the Blind	3,510,068	4,328,970	3,797,240	4,632,331	287,172	303,361
270	Department of Career and Technical Education	25,981,008	36,743,890	27,981,679	38,748,567	2,000,671	2,004,677
	<b>Total Elementary, Secondary, and Other Education</b>	<u>\$860,737,590</u>	<u>\$1,403,936,975</u>	<u>\$945,952,317</u>	<u>\$1,523,445,525</u>	<u>\$85,214,727</u>	<u>\$119,508,550</u>
<b>Property Tax Relief - Education</b>							
201	Department of Public Instruction	\$295,000,000	\$295,000,000	\$341,790,000	\$341,790,000	\$46,790,000	\$46,790,000
	<b>Total Property Tax Relief - Education</b>	<u>\$295,000,000</u>	<u>\$295,000,000</u>	<u>\$341,790,000</u>	<u>\$341,790,000</u>	<u>\$46,790,000</u>	<u>\$46,790,000</u>
<b>Higher Education</b>							
215	North Dakota University System office	\$86,508,682	\$91,257,640	\$116,629,810	\$119,384,528	\$30,121,128	\$28,126,888
227	Bismarck State College	27,849,535	28,259,035	31,935,693	40,470,693	4,086,158	12,211,658
228	Lake Region State College	10,765,011	13,374,931	9,640,610	9,640,610	(1,124,401)	(3,734,321)
229	Williston State College	9,836,888	25,211,888	11,518,698	13,743,698	1,681,810	(11,468,190)
230	University of North Dakota (UND)	134,863,462	196,482,462	153,602,504	184,052,504	18,739,042	(12,429,958)
232	UND School of Medicine and Health Sciences	41,115,401	41,115,401	46,783,021	46,783,021	5,667,620	5,667,620
235	North Dakota State University (NDSU)	128,763,124	186,863,124	121,939,625	158,039,625	(6,823,499)	(28,823,499)
238	State College of Science	39,156,042	46,292,042	44,985,191	55,685,191	5,829,149	9,393,149
239	Dickinson State University	25,231,011	25,581,011	23,215,454	23,215,454	(2,015,557)	(2,365,557)
240	Mayville State University	19,018,467	22,686,967	13,083,328	13,083,328	(5,935,139)	(9,603,639)
241	Minot State University	39,877,100	67,127,100	43,020,973	59,055,528	3,143,873	(8,071,572)
242	Valley City State University	19,245,122	37,745,122	28,162,473	29,177,473	8,917,351	(8,567,649)
243	Dakota College at Bottineau	7,210,530	9,210,530	7,055,942	7,055,942	(154,588)	(2,154,588)
244	North Dakota Forest Service	3,855,768	4,853,254	4,212,472	5,215,958	356,704	362,704
	<b>Total Higher Education</b>	<u>\$593,296,143</u>	<u>\$796,060,507</u>	<u>\$655,785,794</u>	<u>\$764,603,553</u>	<u>\$62,489,651</u>	<u>(\$31,456,954)</u>

Budget No.	Budget	Legislative Appropriation 2009-11		Legislative Appropriation 2011-13		Increase (Decrease) From 2009-11 to 2011-13	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
<b>Total Education</b>		<u>\$1,749,033,733</u>	<u>\$2,494,997,482</u>	<u>\$1,943,528,111</u>	<u>\$2,629,839,078</u>	<u>\$194,494,378</u>	<u>\$134,841,596</u>
<b>Health and Welfare</b>							
301	State Department of Health	\$27,231,665	\$205,260,196	\$34,013,780	\$194,962,533	\$6,782,115	(\$10,297,663)
305	Tobacco Prevention and Control Executive Committee		12,882,000		12,922,614		40,614
313	Veterans' Home	16,841,722	33,677,020	5,553,323	20,896,646	(11,288,399)	(12,780,374)
316	Indian Affairs Commission	684,585	702,585	822,878	822,878	138,293	120,293
321	Department of Veterans' Affairs	1,031,487	1,031,487	1,417,219	1,417,219	385,732	385,732
325	Department of Human Services	652,145,814	2,290,395,951	932,025,219	2,605,426,051	279,879,405	315,030,100
360	Protection and Advocacy Project	1,725,815	4,713,318	1,985,365	5,104,253	259,550	390,935
380	Job Service North Dakota	1,565,442	71,770,286	1,879,892	71,996,698	314,450	226,412
<b>Total Health and Welfare</b>		<u>\$701,226,530</u>	<u>\$2,620,432,843</u>	<u>\$977,697,676</u>	<u>\$2,913,548,892</u>	<u>\$276,471,146</u>	<u>\$293,116,049</u>
<b>Regulatory</b>							
401	Insurance Commissioner		\$16,191,800		\$18,401,730		\$2,209,930
405	Industrial Commission	\$14,275,254	63,593,238	\$17,075,613	63,842,369	\$2,800,359	249,131
406	Labor Commissioner	1,421,583	1,834,334	1,540,125	1,964,636	118,542	130,302
408	Public Service Commission	5,676,165	16,338,407	6,020,215	19,081,863	344,050	2,743,456
412	Aeronautics Commission	550,000	12,932,666	554,500	13,088,188	4,500	155,522
413	Department of Financial Institutions		6,186,488		6,836,318		649,830
414	Securities Department	1,798,362	2,115,561	1,909,220	2,226,419	110,858	110,858
471	Bank of North Dakota	11,100,000	55,417,274	34,400,000	91,253,155	23,300,000	35,835,881
473	Housing Finance Agency		71,424,343		38,590,046		(32,834,297)
475	Mill and Elevator		40,057,242		47,071,877		7,014,635
485	Workforce Safety and Insurance		56,877,605		58,413,293		1,535,688
<b>Total Regulatory</b>		<u>\$34,821,364</u>	<u>\$342,968,958</u>	<u>\$61,499,673</u>	<u>\$360,769,894</u>	<u>\$26,678,309</u>	<u>\$17,800,936</u>
<b>Public Safety</b>							
504	Highway Patrol	\$31,357,985	\$42,251,715	\$34,443,274	\$45,968,599	\$3,085,289	\$3,716,884
530	Department of Corrections and Rehabilitation	167,140,829	238,652,574	159,565,919	191,172,069	(7,574,910)	(47,480,505)
540	Adjutant General	28,010,807	213,141,291	16,437,139	130,159,041	(11,573,668)	(82,982,250)
	Department of Emergency Services	12,734,407	64,355,794	12,916,416	151,798,892	182,009	87,443,098
<b>Total Public Safety</b>		<u>\$239,244,028</u>	<u>\$558,401,374</u>	<u>\$223,362,748</u>	<u>\$519,098,601</u>	<u>(\$15,881,280)</u>	<u>(\$39,302,773)</u>
<b>Agriculture and Economic Development</b>							
601	Department of Commerce	\$63,476,303 <sup>2</sup>	\$201,737,408 <sup>2</sup>	\$41,759,865	\$130,394,802	(\$21,716,438)	(\$71,342,606)
602	Agriculture Department	7,547,383	21,728,849	8,196,746	22,997,997	649,363	1,269,148
616	State Seed Department		6,827,495		6,894,011		66,516
627	Upper Great Plains Transportation Institute	1,589,793	26,326,992	1,919,628	24,419,961	329,835	(1,907,031)
628	Branch research centers	12,367,190	27,559,006	14,945,208	29,942,789	2,578,018	2,383,783
630	NDSU Extension Service	22,000,412	47,929,289	24,885,644	48,014,454	2,885,232	85,165
638	Northern Crops Institute	1,439,221	3,037,486	1,692,582	3,347,307	253,361	309,821
640	Main Research Center	60,217,151	105,930,418	54,456,398	98,589,973	(5,760,753)	(7,340,445)
649	Agronomy Seed Farm		1,275,238		1,435,168		159,930
665	State Fair Association	15,697,150	18,697,150	730,000	730,000	(14,967,150)	(17,967,150)
670	Racing Commission	295,000	325,000	317,501	447,501	22,501	122,501
<b>Total Agriculture and Economic Development</b>		<u>\$184,629,603</u>	<u>\$461,374,331</u>	<u>\$148,903,572</u>	<u>\$367,213,963</u>	<u>(\$35,726,031)</u>	<u>(\$94,160,368)</u>
<b>Natural Resources</b>							
701	State Historical Society	\$52,474,252	\$68,846,089	\$13,034,891	\$16,585,304	(\$39,439,361)	(\$52,260,785)



Budget No.	Budget	Legislative Appropriation 2009-11		Legislative Appropriation 2011-13		Increase (Decrease) From 2009-11 to 2011-13	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
709	Council on the Arts	1,368,734	3,104,220	1,363,602	3,218,462	(5,132)	114,242
720	Game and Fish Department		59,463,938	300,000 <sup>3</sup>	65,987,742 <sup>3</sup>	300,000	6,523,804
750	Parks and Recreation Department	15,833,959	28,782,013	16,623,556	29,293,088	789,597	511,075
770	State Water Commission	14,123,899	326,209,708	14,995,199	459,415,420	871,300	133,205,712
	<b>Total Natural Resources</b>	<u>\$83,800,844</u>	<u>\$486,405,968</u>	<u>\$46,317,248</u>	<u>\$574,500,016</u>	<u>(\$37,483,596)</u>	<u>\$88,094,048</u>
<b>Transportation</b>							
801	Department of Transportation	\$4,600,000	\$1,251,615,588	\$376,550,000 <sup>4</sup>	\$2,039,604,459 <sup>4</sup>	\$371,950,000	\$787,988,871
	<b>Total Transportation</b>	<u>\$4,600,000</u>	<u>\$1,251,615,588</u>	<u>\$376,550,000</u>	<u>\$2,039,604,459</u>	<u>\$371,950,000</u>	<u>\$787,988,871</u>
	<b>TOTAL APPROPRIATIONS</b>	<u>\$3,259,365,481</u>	<u>\$8,858,274,865</u>	<u>\$4,066,853,792</u>	<u>\$9,924,481,379</u>	<u>\$807,488,311</u>	<u>\$1,066,206,514</u>
<b>APPROPRIATION SUMMARY</b>							
	General Government	\$262,009,379	\$642,078,321	\$288,994,764	\$519,906,476	\$26,985,385	(\$122,171,845)
	Education	1,749,033,733	2,494,997,482	1,943,528,111	2,629,839,078	194,494,378	134,841,596
	Health and Welfare	701,226,530	2,620,432,843	977,697,676	2,913,548,892	276,471,146	293,116,049
	Regulatory	34,821,364	342,968,958	61,499,673	360,769,894	26,678,309	17,800,936
	Public Safety	239,244,028	558,401,374	223,362,748	519,098,601	(15,881,280)	(39,302,773)
	Agriculture and Economic Development	184,629,603	461,374,331	148,903,572	367,213,963	(35,726,031)	(94,160,368)
	Natural Resources	83,800,844	486,405,968	46,317,248	574,500,016	(37,483,596)	88,094,048
	Transportation	4,600,000	1,251,615,588	376,550,000	2,039,604,459	371,950,000	787,988,871
	<b>TOTAL APPROPRIATIONS</b>	<u>\$3,259,365,481</u> *	<u>\$8,858,274,865</u> *	<u>\$4,066,853,792</u>	<u>\$9,924,481,379</u>	<u>\$807,488,311</u>	<u>\$1,066,206,514</u>
	* 2009-11 appropriations made by the 61st Legislative Assembly	\$3,259,365,481	\$8,858,274,865				
	2009-11 deficiency appropriations made by the 62nd Legislative Assembly	37,230,168	80,663,168				
	Total 2009-11 appropriations	<u>\$3,296,595,649</u>	<u>\$8,938,938,033</u>				

<sup>1</sup> The 2009-11 biennium amounts shown for the Department of Public Instruction include a \$5 million contingent general fund appropriation for supplemental transportation aid payments to school districts.

<sup>2</sup> The 2009-11 biennium amounts shown for the Department of Commerce include a \$5 million contingent general fund transfer to the centers of excellence fund.

<sup>3</sup> The 2011-13 biennium amounts shown for the Game and Fish Department reflect a \$300,000 transfer from the general fund to the game and fish fund.

<sup>4</sup> The 2011-13 biennium amounts shown for the Department of Transportation reflect a \$370.6 million transfer from the general fund to the highway fund for state, county, and township roadway projects in areas affected by oil and gas development and a \$100,000 transfer from the general fund to the public transportation fund for distribution to public transit agencies.

**COMPARISON OF EXECUTIVE BUDGET AND LEGISLATIVE APPROPRIATIONS FOR THE 2011-13 BIENNIUM**

Major Category	Executive Budget		Legislative Appropriation		Increase (Decrease) From	
	2011-13		2011-13		Executive Budget to	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government	\$263,666,401	\$494,528,222	\$288,994,764	\$519,906,476	\$25,328,363	\$25,378,254
Elementary and Secondary Education	902,064,740	1,352,783,163	902,190,651	1,358,394,074	125,911	5,610,911
Property Tax Relief - Education	0 <sup>1</sup>	341,790,000 <sup>1</sup>	341,790,000	341,790,000	341,790,000	0
Higher Education	648,214,406	737,451,610	655,785,794	764,603,553	7,571,388	27,151,943
Other Education	44,211,790	165,611,406	43,761,666	165,051,451	(450,124)	(559,955)
Human Services	927,363,658	2,611,024,908	932,025,219	2,605,426,051	4,661,561	(5,598,857)
Other Health and Welfare	39,645,733	299,412,053	45,672,457	308,122,841	6,026,724	8,710,788
Regulatory	36,337,188	324,637,857	61,499,673	360,769,894	25,162,485	36,132,037
Public Safety	229,555,281	476,366,213	223,362,748	519,098,601	(6,192,533)	42,732,388
Agriculture and Economic Development	152,608,787	369,133,850	148,903,572	367,213,963	(3,705,215)	(1,919,887)
Natural Resources	46,051,557	572,552,426	46,317,248	574,500,016	265,691	1,947,590
Transportation	5,850,000	1,548,283,665	376,550,000 <sup>2</sup>	2,039,604,459 <sup>2</sup>	370,700,000	491,320,794
<b>Total</b>	<b>\$3,295,569,541</b>	<b>\$9,293,575,373</b>	<b>\$4,066,853,792</b>	<b>\$9,924,481,379</b>	<b>\$771,284,251</b>	<b>\$630,906,006</b>

<sup>1</sup> The 2011-13 executive budget provided funding directly from the property tax relief sustainability fund.

<sup>2</sup> Reflects a transfer of \$370.6 million from the general fund to the highway fund for state, county, and township roadway projects in areas affected by oil and gas development and a \$100,000 transfer from the general fund to the public transit fund for distribution to public transit agencies.

**ONE-TIME FUNDING ITEMS FOR THE 2011-13 BIENNIUM**

	Bill No.	Executive Budget			Legislative Appropriations - General Fund	Legislative Appropriations Increase (Decrease) From Total Executive Budget
		General Fund	Permanent Oil Tax Trust Fund	Total Funds		
<b>101 Governor's office</b>						
Governor's transition funding	SB 2001	\$65,000		\$65,000	\$65,000	\$0
<b>108 Secretary of State</b>						
Database and processing platform migration project	SB 2002	3,500,000		3,500,000	3,500,000	0
Online public meeting notice system	SB 2002	43,039		43,039	43,039	0
<b>110 Office of Management and Budget</b>						
Repairs as identified in the Capitol building envelop study	SB 2015	2,800,000		2,800,000	2,800,000	0
North Dakota 125th anniversary coordinator	SB 2015	50,000		50,000	50,000	0
Capitol complex parking lot repairs	SB 2015			0	800,000	800,000
State Board of Integrative Health	SB 2271			0	4,000	4,000
<b>112 Information Technology Department</b>						
Criminal Justice Information System Initiative projects	HB 1021	200,000		200,000	200,000	0
Statewide Longitudinal Data System Initiative	HB 1021	1,757,624		1,757,624	1,757,624	0
<b>120 State Treasurer</b>						
Information technology development costs	SB 2005	235,000		235,000	266,588	31,588
Transportation funding distributions	HB 1012			0	25,000,000	25,000,000
<b>125 Attorney General</b>						
Equipment and vehicle purchases	SB 2003	312,400		312,400	312,400	0
<b>127 Tax Department</b>						
GenTax software version upgrade	SB 2006	1,000,000		1,000,000	1,000,000	0
<b>150 Legislative Assembly</b>						
Redistricting special session	HB 1001	272,018		272,018	272,018	0
Information technology projects	HB 1001	159,938		159,938	159,938	0
Computer equipment replacement	HB 1001	510,750		510,750	510,750	0
Legislative wing equipment and improvements	HB 1001	1,300,000		1,300,000	1,300,000	0
<b>160 Legislative Council</b>						
Information technology projects	HB 1001	483,807		483,807	483,807	0
Computer equipment replacement	HB 1001	76,000		76,000	76,000	0
Office equipment replacement	HB 1001	25,000		25,000	25,000	0
Office improvements	HB 1001	50,000		50,000	50,000	0
Performance review of the State Auditor's office	SB 2004			0	100,000	100,000

	Bill No.	Executive Budget			Legislative Appropriations - General Fund	Appropriations Increase (Decrease) From Total Executive Budget
		General Fund	Permanent Oil Tax Trust Fund	Total Funds		
<b>180 Judicial branch</b>						
Disaster recovery study	HB 1002	100,000		100,000	0	(100,000)
Equipment over \$5,000	HB 1002	187,500		187,500	185,000	(2,500)
Information technology equipment over \$5,000	HB 1002	534,480		534,480	516,480	(18,000)
Work Assessment Policy Committee and weighted caseload studies	HB 1002	300,000		300,000	200,000	(100,000)
<b>201 Department of Public Instruction</b>						
Education Standards and Practices Board database project	SB 2013	200,000		200,000	0	(200,000)
State automated reporting system computer application maintenance	SB 2013	384,000		384,000	384,000	0
<b>215 North Dakota University System office</b>						
Student mental health services	HB 1003	156,000		156,000	0	(156,000)
<b>227 Bismarck State College</b>						
Plant Services Building	HB 1003	1,500,000		1,500,000	1,500,000	0
Special assessments payoff	HB 1003	900,000		900,000	257,933	(642,067)
National Energy Center of Excellence project	HB 1003			0	3,300,000	3,300,000
<b>228 Lake Region State College</b>						
Roof replacement project	HB 1003			0	866,000	866,000
<b>229 Williston State College</b>						
Science laboratory renovation	HB 1003		\$1,320,000	1,320,000	1,320,000	0
Campus branding project	HB 1003		1,000,000	1,000,000	1,000,000	0
Workforce training building project	HB 1003			0	500,000	500,000
<b>230 University of North Dakota (UND)</b>						
Joint information technology facility	HB 1003	11,200,000		11,200,000	12,500,000	1,300,000
Special assessments payoff	HB 1003	281,013		281,013	97,146	(183,867)
<b>232 UND School of Medicine and Health Sciences</b>						
Space utilization plan	HB 1003			0	100,000	100,000
<b>235 North Dakota State University</b>						
Special assessments payoff	HB 1003	2,319,700		2,319,700	272,683	(2,047,017)
<b>238 State College of Science</b>						
Old Main renovation	HB 1003	8,180,000		8,180,000	0	(8,180,000)
Bisek Hall renovation and addition project	HB 1003			0	10,300,000	10,300,000
Special assessments payoff	HB 1003	125,851		125,851	58,666	(67,185)
<b>239 Dickinson State University</b>						
Stoxen Library	HB 1003	8,800,000		8,800,000	0	(8,800,000)
Operating funds to replace reduced oil royalty revenues and for Theodore Roosevelt digitization project	HB 1003			0	900,000	900,000

	Bill No.	Executive Budget			Legislative Appropriations - General Fund	Appropriations Increase (Decrease) From Total Executive Budget
		General Fund	Permanent Oil Tax Trust Fund	Total Funds		
<b>240 Mayville State University</b>						
Special assessments payoff	HB 1003	392,493		392,493	84,513	(307,980)
Water drainage study	HB 1003			0	55,000	55,000
<b>241 Minot State University</b>						
Geothermal energy project	HB 1003			0	4,850,000	4,850,000
<b>242 Valley City State University</b>						
Rhoades Science Center addition and renovation	HB 1003	7,971,000		7,971,000	10,300,000	2,329,000
Special assessments payoff	HB 1003	283,567		283,567	48,416	(235,151)
<b>243 Dakota College at Bottineau</b>						
Campus improvements	HB 1003			0	700,000	700,000
<b>244 Forest Service</b>						
Emerald ash borer mitigation	HB 1003	250,000		250,000	250,000	0
<b>252 School for the Deaf</b>						
Extraordinary repairs	SB 2013	103,800		103,800	103,800	0
<b>253 North Dakota Vision Services - School for the Blind</b>						
Contingency	SB 2013	300,000		300,000	0	(300,000)
Equipment over \$5,000	SB 2013	8,500		8,500	25,500	17,000
Facility master plan	SB 2013	20,000		20,000	20,000	0
Instructional equipment	SB 2013	24,500		24,500	24,500	0
<b>270 Department of Career and Technical Education</b>						
STOP the Violence program	HB 1019	10,000		10,000	0	(10,000)
<b>301 State Department of Health</b>						
Regional health network incentives	HB 1004	275,000		275,000	0	(275,000)
ST-elevation myocardial infarction response program grant	HB 1004			0	600,000	600,000
Contingent appropriation for litigation and administrative proceedings	HB 1004			0	500,000	500,000
<b>313 Veterans' Home</b>						
New Veterans' Home landscaping	HB 1007	25,000		25,000	0	(25,000)
Repair irrigation system	HB 1007	55,000		55,000	0	(55,000)
Reshape and grade oxbow	HB 1007	46,500		46,500	0	(46,500)
<b>321 Department of Veterans' Affairs</b>						
Discharge project	HB 1007	22,000		22,000	22,000	0
Website	HB 1007	15,593		15,593	15,593	0
"Stand down" events	HB 1177			0	20,000	20,000
Veterans' post war trust fund programs	HB 1468			0	210,000	210,000
Vans to transport veterans	HB 1468			0	50,000	50,000
<b>325 Department of Human Services</b>						
State Hospital capital projects	SB 2012	1,800,000		1,800,000	1,800,000	0
Medicaid supplemental payments	HB 1152			0	1,527,802	1,527,802
Guardianship services	HB 1199			0	64,000	64,000
Medicaid Management Information System	SB 2015			0	1,474,362	1,474,362
Computer modifications	SB 2024			0	185,256	185,256

	Bill No.	Executive Budget			Legislative Appropriations - General Fund	Appropriations Increase (Decrease) From Total Executive Budget
		General Fund	Permanent Oil Tax Trust Fund	Total Funds		
<b>405 Industrial Commission</b>						
Analysis of oil-bearing rocks	HB 1014	40,000		40,000	40,000	0
Paleontologic preparation work	HB 1014	62,400		62,400	62,400	0
Renewable energy development program	HB 1014	3,000,000		3,000,000	1,500,000	(1,500,000)
Sand deposit study	HB 1014	50,000		50,000	50,000	0
Shallow gas study	HB 1014	25,000		25,000	25,000	0
Carbon dioxide storage facility administrative fund	HB 1014			0	532,000	532,000
Temporary employees - Core library	HB 1014			0	90,000	90,000
<b>412 Aeronautics Commission</b>						
Database	SB 2206			0	4,500	4,500
<b>471 Bank of North Dakota</b>						
Western Area Water Supply Authority loan	HB 1206			0	25,000,000	25,000,000
<b>504 Highway Patrol</b>						
Law Enforcement Training Academy project	HB 1011	3,558,300		3,558,300	0	(3,558,300)
Radio equipment replacement	HB 1011	1,076,000		1,076,000	1,076,000	0
<b>530 Department of Corrections and Rehabilitation</b>						
Capital projects	HB 1015	617,968		617,968	617,968	0
Equipment over \$5,000	HB 1015	462,800		462,800	304,600	(158,200)
Extraordinary repairs	HB 1015	984,740		984,740	741,490	(243,250)
<b>540 Adjutant General</b>						
Central electronics bank dispatch system	SB 2016	1,100,000		1,100,000	1,100,000	0
Message switch upgrades	SB 2016	235,000		235,000	235,000	0
Technology projects	SB 2016			0	100,000	100,000
Military service center	SB 2016	72,700		72,700	72,700	0
State building extraordinary repairs	SB 2016	385,381		385,381	325,381	(60,000)
Armory grants	SB 2016			0	60,000	60,000
State Radio tower package	SB 2016	2,100,000		2,100,000	1,500,000	(600,000)
Statewide seamless base map	SB 2016	400,000		400,000	400,000	0
Equipment	SB 2016	1,577,347		1,577,347	1,525,347	(52,000)
<b>601 Department of Commerce</b>						
Transfer to centers of workforce excellence fund	HB 1018	2,000,000		2,000,000	0	(2,000,000)
WorkKeys	HB 1018	125,000		125,000	0	(125,000)
Child care credential grants	HB 1018	150,000		150,000	0	(150,000)
American Indian Business Office	HB 1018	100,000		100,000	0	(100,000)
Child care grants and loans	HB 1018	920,338		920,338	0	(920,338)
Centers of excellence	HB 1018	13,000,000		13,000,000	0	(13,000,000)
Transfer to workforce excellence fund	SB 2057			0	375,000	375,000
American Indian Business Office	SB 2057			0	50,000	50,000

	Bill No.	Executive Budget			Legislative	Appropriations
		General Fund	Permanent Oil Tax Trust Fund	Total Funds	Appropriations - General Fund	Increase (Decrease) From Total Executive Budget
Centers of research excellence	SB 2057			0	12,000,000	12,000,000
Electronic portfolio pilot project	SB 2057			0	150,000	150,000
2020 and Beyond initiative	SB 2057			0	50,000	50,000
<b>628 Branch research centers</b>						
Capital bond payments	HB 1020	149,600		149,600	0	(149,600)
<b>640 Main Research Center</b>						
Capital projects	HB 1020	6,991,650		6,991,650	6,991,650	0
Capital bond payments	HB 1020	421,690		421,690	0	(421,690)
<b>701 State Historical Society</b>						
Extraordinary repairs	SB 2018	125,000		125,000	125,000	0
Database migration	SB 2018	30,900		30,900	30,900	0
Enhanced marketing	SB 2018	75,000		75,000	75,000	0
Fort Abercrombie bank stabilization	SB 2018	350,000		350,000	350,000	0
Historic sites exhibits	SB 2018	90,000		90,000	90,000	0
Information technology business analysis	SB 2018	145,410		145,410	10,000	(135,410)
North Dakota 125th anniversary celebration planning	SB 2018	50,000		50,000	50,000	0
Temporary staff for expansion	SB 2018	59,800		59,800	59,800	0
North Dakota 8th grade curriculum	SB 2018			0	125,000	125,000
<b>709 Council on the Arts</b>						
CulturePulse web marketing initiative	HB 1010	15,000		15,000	0	(15,000)
<b>750 Parks and Recreation Department</b>						
Equipment	SB 2019	58,000		58,000	58,000	0
Capital projects	SB 2019	4,299,210		4,299,210	4,299,210	0
Little Missouri State Park trail leases	SB 2019	85,000		85,000	85,000	0
Statewide comprehensive outdoor recreation plan	SB 2019	40,000		40,000	40,000	0
Grant to International Peace Garden for conservatory addition	SB 2019			0	242,000	242,000
for victims of the September 11, 2001, terrorist attack	SB 2019			0	25,000	25,000
<b>801 Department of Transportation</b>						
Devils Lake highway project	HB 1012	5,850,000		5,850,000	5,850,000	0
State road projects in areas affected by oil and gas development	HB 1012		228,600,000	228,600,000	228,600,000	0
County and township road projects in areas affected by oil and gas development	HB 1012		142,000,000	142,000,000	142,000,000	0
Transfer to public transportation fund	SB 2015				100,000	100,000
<b>Total</b>		<u>\$110,491,307</u>	<u>\$372,920,000</u>	<u>\$483,411,307</u>	<u>\$533,158,760</u>	<u>\$49,747,453</u>

## COMPARISON OF "GENERAL FUND EQUIVALENT" APPROPRIATIONS

The following is a comparison of general fund equivalent appropriations included in the 2011-13 executive recommendation and 2011-13 legislative appropriations to general fund equivalent funding provided in the 2009-11 biennium.

	2009-11 Legislative General Fund Equivalent Appropriations <sup>1</sup>	2011-13 Executive Recommendation - General Fund Equivalent Appropriations <sup>2</sup>	Increase (Decrease) Compared to 2009-11		2011-13 Legislative General Fund Equivalent Appropriations <sup>2</sup>	Legislative Increase (Decrease) Compared to 2009-11		Legislative Increase (Decrease) Compared to Executive Recommendation	
Ongoing general fund equivalent appropriations	\$2,980,043,264	\$3,559,668,234	\$579,624,970	19.5%	\$3,543,195,032	\$563,151,768	18.9%	(\$16,473,202)	(0.5%)
One-time general fund equivalent appropriations	296,012,524	514,320,669	218,308,145	73.7%	560,093,760	264,081,236	89.2%	45,773,091	8.9%
<b>Total general fund equivalent appropriations</b>	<b>\$3,276,055,788</b>	<b>\$4,073,988,903</b>	<b>\$797,933,115</b>	<b>24.4%</b>	<b>\$4,103,288,792</b>	<b>\$827,233,004</b>	<b>25.3%</b>	<b>\$29,299,889</b>	<b>0.7%</b>

**NOTE:** The ongoing general fund equivalent appropriation increase of \$563,151,768 from the 2011-13 biennium to the 2009-11 biennium consists of:

Department of Human Services FMAP adjustments	\$171,387,387	5.8%
Other costs to continue items (including property tax relief)	138,280,000	4.6%
Increases for Department of Public Instruction	82,679,533	2.8%
Increases for higher education	72,462,542	2.4%
Other increases	98,342,306	3.3%
<b>Total</b>	<b>\$563,151,768</b>	<b>18.9%</b>

<sup>1</sup>General fund appropriations for the 2009-11 biennium include:

General fund appropriations	\$3,259,365,481
Industrial Commission - Oil and Gas Division contingency (lands and minerals trust fund)	515,207
Higher education operations and capital projects (permanent oil tax trust fund)	10,750,000
Grant assistance to tribally controlled community colleges (permanent oil tax trust fund)	700,000
Assistance to Dickinson Research Center (permanent oil tax trust fund)	925,000
Water project grants (permanent oil tax trust fund)	2,792,000
Prairie Public Broadcasting (permanent oil tax trust fund)	1,008,100
<b>Total</b>	<b>\$3,276,055,788</b>

<sup>2</sup>The table below details general fund equivalent appropriations included in the executive recommendation and in current legislative appropriations.

	2011-13 Biennium Executive Recommendation	2011-13 Biennium Legislative Appropriations
<b>Ongoing funding</b>		
Ongoing general fund appropriations	\$3,185,078,234	\$3,533,695,032
Ongoing general fund equivalent appropriations		
Grant assistance to tribally controlled community colleges (permanent oil tax trust fund)	1,000,000	0
Mill levy reduction grants (property tax relief sustainability fund)	341,790,000	0
Career and technical education and academic scholarship program (lands and minerals trust fund)	10,000,000	0
Department of Human Services (2009-11 general fund carryover)	12,800,000	0



State school aid funding (2009-11 general fund carryover)	9,000,000	9,500,000
Total ongoing general fund equivalent appropriations	\$3,559,668,234	\$3,543,195,032
<b>One-time funding</b>		
One-time general fund appropriations	\$110,491,307	\$533,158,760
One-time general fund equivalent appropriations		
County and township road projects in oil areas (permanent oil tax trust fund)	142,000,000	0
State road projects in oil areas (permanent oil tax trust fund)	228,600,000	0
Higher education capital projects (permanent oil tax trust fund)	2,320,000	0
Department of Human Services Medicaid management information system replacement project (permanent oil tax trust fund)	1,474,362	0
Investments to startup stage technology-based businesses, workforce enhancement fund, tourism infrastructure grants, Nekoma missile site project, base realignment grants, and grant to a not-for-profit organization assisting individuals with business ideas (2009-11 general fund carryover)	0	4,100,000
Department of Corrections and Rehabilitation (2009-11 general fund carryover)	1,600,000	0
School for the Deaf capital project (2009-11 general fund carryover)	835,000	835,000
Centers of excellence program (2009-11 general fund carryover)	5,000,000	0
State disaster relief funding (permanent oil tax trust fund)	22,000,000*	22,000,000*
Total one-time general fund equivalent appropriations	\$514,320,669	\$560,093,760
Total general fund equivalent appropriations	\$4,073,988,903	\$4,103,288,792

\*The executive budget has been adjusted to reflect funding for state disaster relief in Senate Bill No. 2369. The funding is to be transferred from the permanent oil tax trust fund to the state disaster relief fund during the 2009-11 biennium.

## APPROPRIATIONS RELATING TO THE IMPLEMENTATION OF FEDERAL HEALTH CARE REFORM

The schedule below summarizes funding included in the 2011-13 executive budget recommendation and funding appropriated by the 2011 Legislative Assembly relating to the implementation of the Patient Protection and Affordable Care Act.

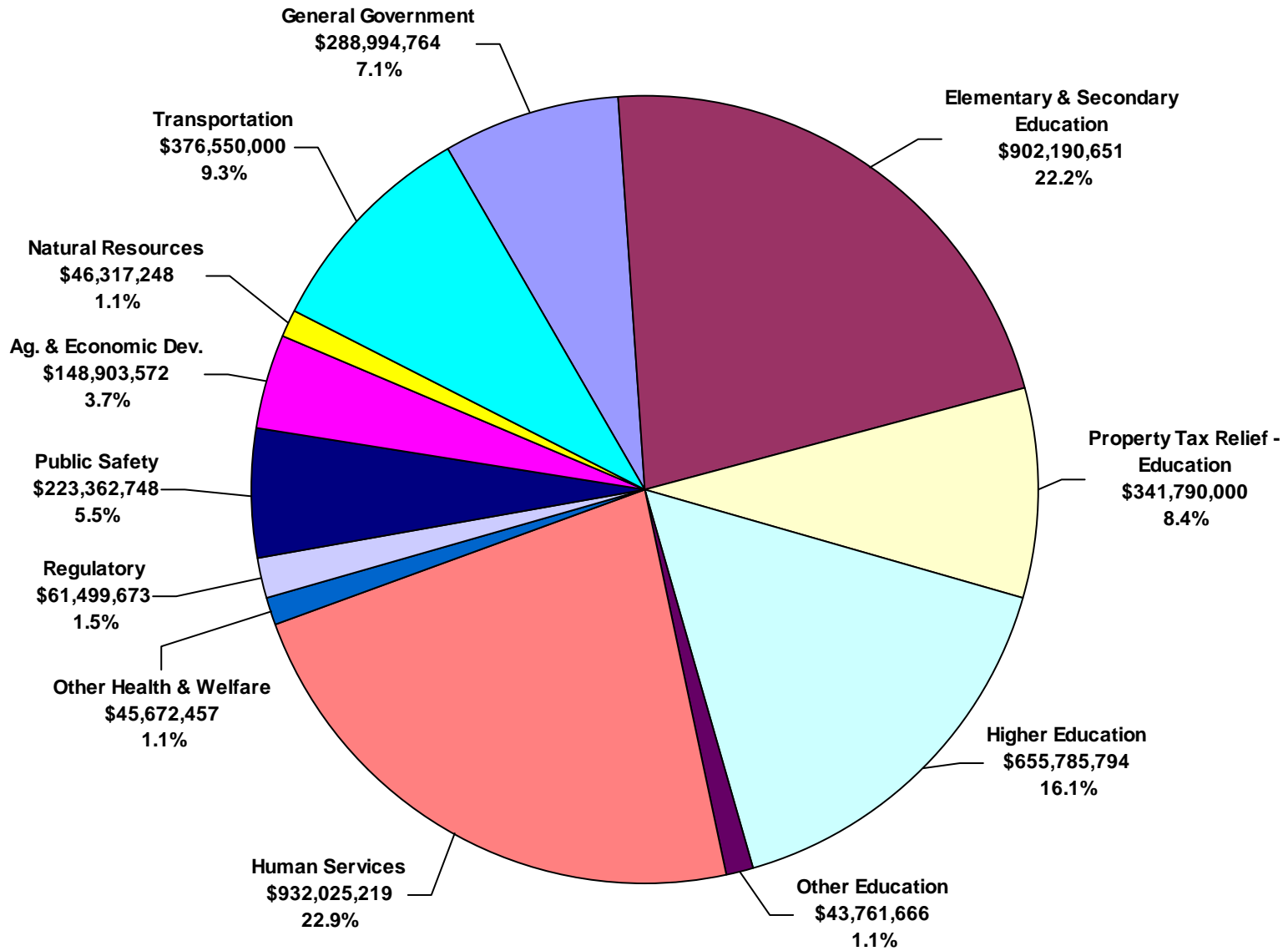
Department	Description	2011-13 Executive Budget				2011-13 Legislative Appropriations			
		FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
State Department of Health	HB 1004 - Funding for complying with federal health care reform provisions in the following areas: Public health infrastructure Abstinence Home visiting	1.00		\$200,000 182,100 1,413,012	\$200,000 182,100 1,413,012	1.00			
	Total - State Department of Health	1.00		\$1,795,112	\$1,795,112	1.00			
Department of Human Services	SB 2012 - Funding to expand the Medicaid program and implement various federal regulations	7.00	\$225,507	305,588	531,095				
Insurance Commissioner	SB 2010 - Funding for enhanced insurance premium rate review activities relating to health care reform	5.00		2,504,055	2,504,055			\$1,418,637	\$1,418,637
	HB 1126 - Relates to the creation of a health insurance exchange and includes an appropriation of federal funds from the Patient Protection and Affordable Care Act							1,000,000	1,000,000
	Total - Insurance Commissioner	5.00		\$2,504,055	\$2,504,055			\$2,418,637	\$2,418,637
<b>Total</b>		<b>13.00</b>	<b>\$225,507</b>	<b>\$4,604,755</b>	<b>\$4,830,262</b>	<b>1.00</b>		<b>\$2,418,637</b>	<b>\$2,418,637</b>

## CONTINGENT 2011-13 GENERAL FUND APPROPRIATIONS

Bill No. - Agency	Description	Amount
HB 1004 - State Department of Health	The State Department of Health received \$500,000 from the general fund for possible litigation and other administrative proceedings involving the federal Environmental Protection Agency. The department may also borrow up to \$500,000 from the Bank of North Dakota for this purpose. The department may only spend the general fund appropriation and borrow funding from the Bank upon receiving approval from the Attorney General.	\$500,000
HB 1014 - Industrial Commission - Department of Mineral Resources	The Department of Mineral Resources may spend \$192,393 for an additional FTE position if the oil drilling rig count exceeds 180 for 30 consecutive days and may spend an additional \$192,393 for another FTE position if the drilling rig count exceeds 190 for 30 consecutive days. The department may also spend \$359,186 for 2 additional FTE positions if the total number of oil wells in the state exceeds 9,300. The Department of Mineral Resources must receive Emergency Commission approval prior to spending any of the additional funds.	743,972
HB 1020 - Williston Research Center	The Williston Research Center may spend \$210,000 of funding and hire 1 FTE director position only if 50 percent of the 2011-13 biennium costs relating to the director position is not provided by the Montana State University Eastern Agriculture Research Center.	210,000
<b>Total</b>		<b>\$1,453,972</b>

# 2011-13 BIENNIUM GENERAL FUND APPROPRIATIONS

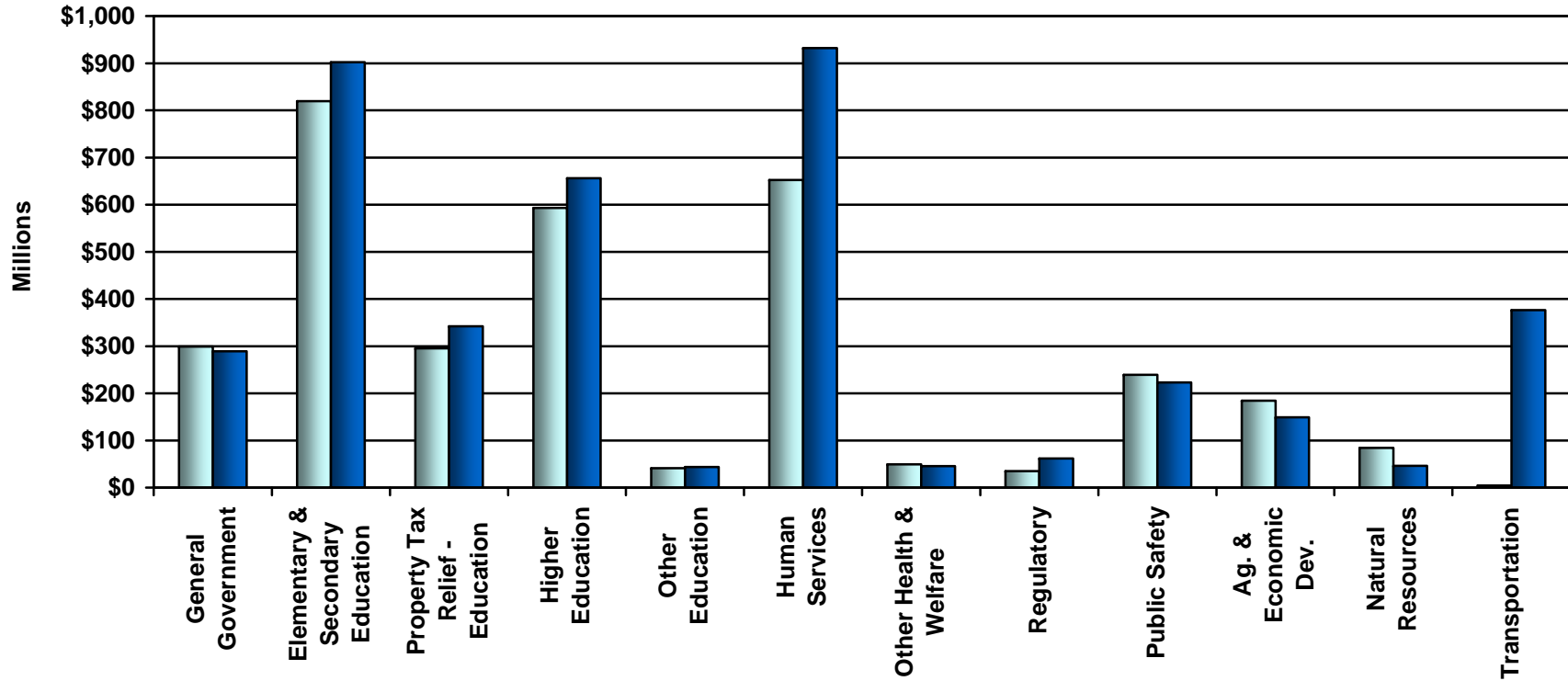
Total 2011-13 General Fund Appropriations - \$4,066,853,792



# COMPARISON OF 2009-11 AND 2011-13 GENERAL FUND APPROPRIATIONS

(Amounts Shown in Millions)

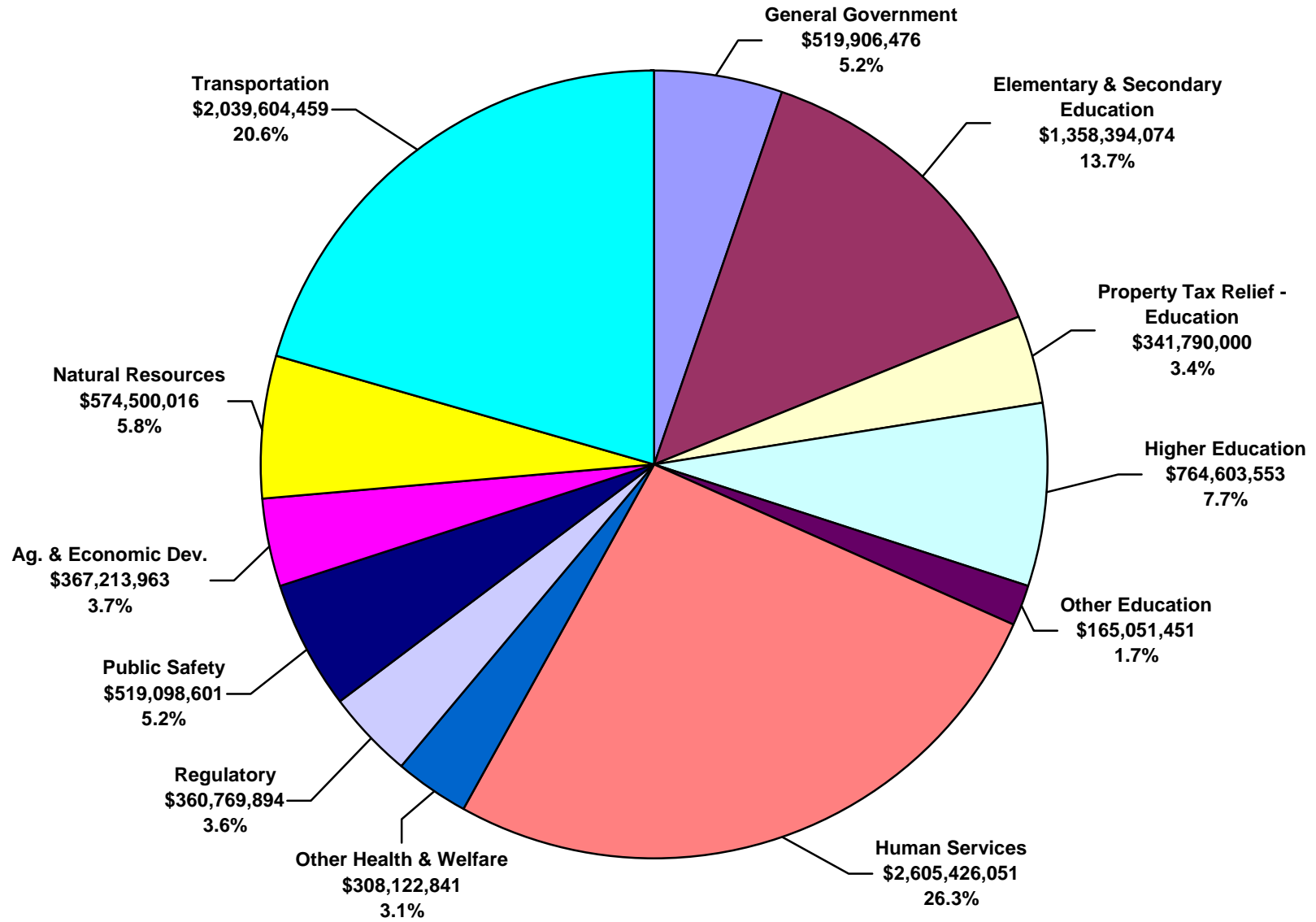
2009-11 Biennium 2011-13 Biennium



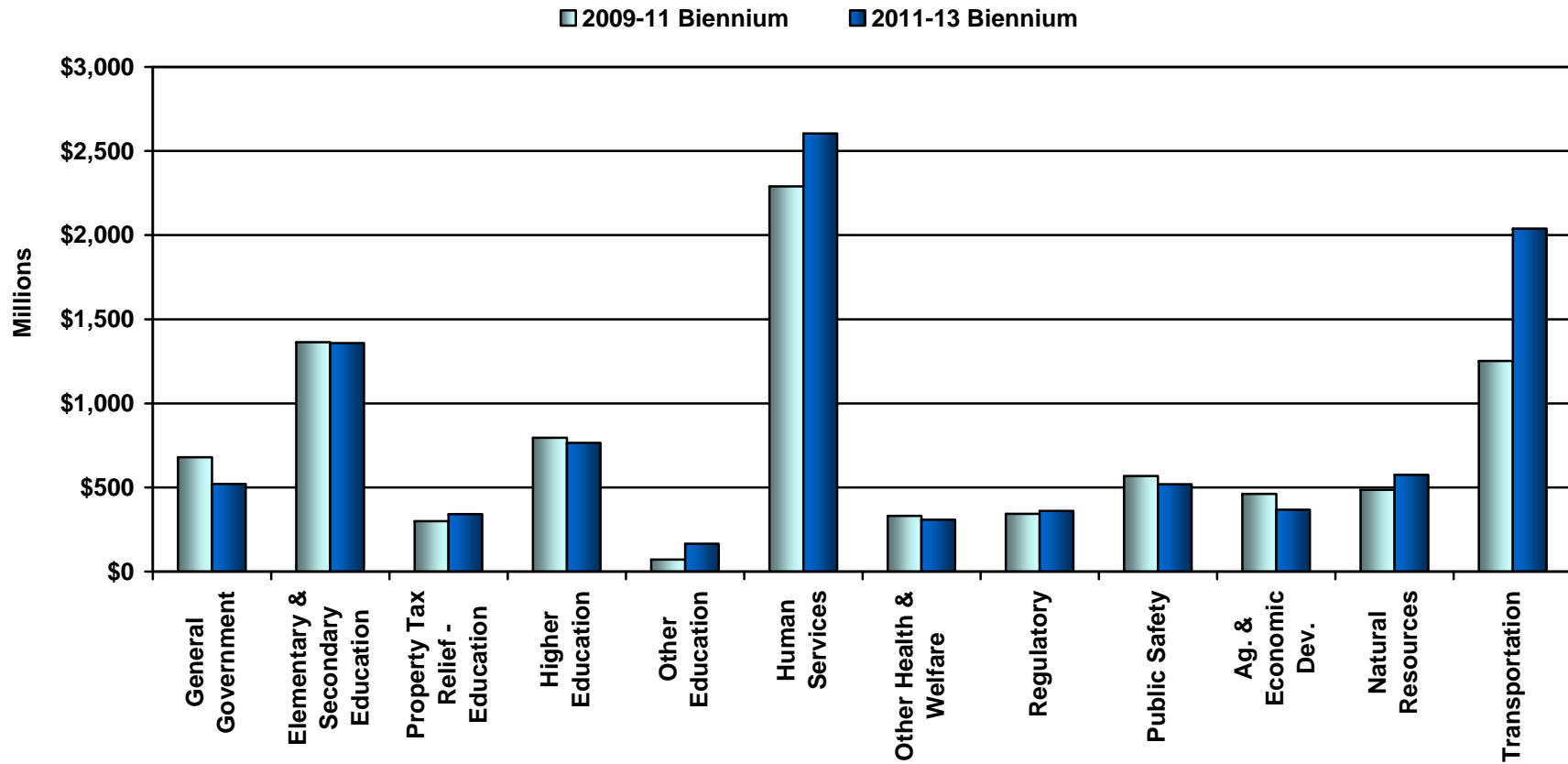
	2009-11 Biennium	2011-13 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$298,819,379	\$288,994,764	(\$9,824,615)	(3.29%)
Elementary & Secondary Education	819,455,590	902,190,651	82,735,061	10.10%
Property Tax Relief - Education	295,211,264	341,790,000	46,578,736	15.78%
Higher Education	593,355,047	655,785,794	62,430,747	10.52%
Other Education	41,282,000	43,761,666	2,479,666	6.01%
Human Services	652,145,814	932,025,219	279,879,405	42.92%
Other Health & Welfare	49,080,716	45,672,457	(3,408,259)	(6.94%)
Regulatory	34,971,364	61,499,673	26,528,309	75.86%
Public Safety	239,244,028	223,362,748	(15,881,280)	(6.64%)
Ag. & Economic Dev.	184,629,603	148,903,572	(35,726,031)	(19.35%)
Natural Resources	83,800,844	46,317,248	(37,483,596)	(44.73%)
Transportation	4,600,000	376,550,000	371,950,000	8,085.87%
<b>Total</b>	<b>\$3,296,595,649</b>	<b>\$4,066,853,792</b>	<b>\$770,258,143</b>	<b>23.37%</b>

# 2011-13 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2011-13 Biennium All Funds Appropriations - \$9,924,481,379



## COMPARISON OF 2009-11 AND 2011-13 ALL FUNDS APPROPRIATIONS (Amounts Shown in Millions)



	2009-11 Biennium	2011-13 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$678,888,321	\$519,906,476	(\$158,981,845)	(23.42%)
Elementary & Secondary Education	1,363,176,744	1,358,394,074	(4,782,670)	(0.35%)
Property Tax Relief - Education	299,444,264	341,790,000	42,345,736	14.14%
Higher Education	796,119,411	764,603,553	(31,515,858)	(3.96%)
Other Education	70,760,231	165,051,451	94,291,220	133.25%
Human Services	2,290,395,951	2,605,426,051	315,030,100	13.75%
Other Health & Welfare	330,036,892	308,122,841	(21,914,051)	(6.64%)
Regulatory	343,118,958	360,769,894	17,650,936	5.14%
Public Safety	567,401,374	519,098,601	(48,302,773)	(8.51%)
Ag. & Economic Dev.	461,574,331	367,213,963	(94,360,368)	(20.44%)
Natural Resources	486,405,968	574,500,016	88,094,048	18.11%
Transportation	1,251,615,588	2,039,604,459	787,988,871	62.96%
<b>Total</b>	<u>\$8,938,938,033</u>	<u>\$9,924,481,379</u>	<u>\$985,543,346</u>	<u>11.03%</u>

## SECTION D - ELECTED OFFICIALS

AGRICULTURE COMMISSIONER	D-20
ATTORNEY GENERAL	D-9
GOVERNOR'S OFFICE	D-1
INSURANCE COMMISSIONER	D-15
PUBLIC SERVICE COMMISSION	D-18
SECRETARY OF STATE	D-3
STATE AUDITOR	D-5
STATE TAX COMMISSIONER	D-12
STATE TREASURER	D-7



**Governor  
Budget No. 101  
Senate Bill No. 2001**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	18.00	\$3,773,942	\$21,517,716	\$25,291,658
<b>2011-13 legislative appropriations</b>	<b>18.00</b>	<b>3,773,942</b>	<b>21,517,716</b>	<b>25,291,658</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$299,584	(\$83,181,963)	(\$82,882,379)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$3,474,358	\$0	\$3,474,358
<b>2011-13 legislative appropriations</b>	<b>3,708,942</b>	<b>65,000</b>	<b>3,773,942</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$234,584	\$65,000	\$299,584
Percentage increase (decrease) to 2009-11 appropriations	6.8%	N/A	8.6%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0%	0%	0%

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the Governor's office.				
<b>Total</b>	<u>0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 18 FTE positions, the same as the 2009-11 biennium.

### **One-Time Funding**

In Section 2 of Senate Bill No. 2001, the Legislative Assembly identified \$21,582,716 of one-time funding for the 2011-13 biennium, including \$65,000 from the general fund and \$21,517,716 from special funds. The funding of \$65,000 from the general fund is for the transition of staff, and the \$21,517,716 of special funds is federal education jobs funding to be transferred to the Department of Public Instruction. Section 3 of Senate Bill No. 2001 provides that the federal education jobs funding transferred to the Department of Public Instruction and appropriated to the department in Senate Bill No. 2013 is one-time funding for the 2011-13 biennium. The department may not request funding from the general fund to replace this one-time funding in its base budget request for the 2013-15 biennium.

### **Other Sections in Bill**

**Additional funding** - Section 4 provides a continuing appropriation for the Governor to receive and spend any additional federal or other funds available during the 2011-13 biennium.

**Governor and Lieutenant Governor salaries** - Sections 5 and 6 provide the statutory changes increasing the Governor's and Lieutenant Governor's salaries. The Legislative Assembly authorized 2011-13 biennium annual salary increases of 3 percent for elected officials. The Governor's annual salary is increased from the current level of \$110,285 to \$113,594, effective July 1, 2011, and to \$117,001, effective July 1, 2012. The Lieutenant Governor's annual salary is increased from the current level of \$85,615 to \$88,183, effective July 1, 2011, and to \$90,829, effective July 1, 2012.

**Secretary of State  
Budget No. 108  
Senate Bill No. 2002**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	28.00	\$9,326,160	\$6,786,984	\$16,113,144
<b>2011-13 legislative appropriations</b>	<b>28.00</b>	<b>9,326,160</b>	<b>6,786,984</b>	<b>16,113,144</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$3,164,572	(\$5,528,692)	(\$2,364,120)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$5,356,588	\$805,000	\$6,161,588
<b>2011-13 legislative appropriations</b>	<b>5,783,121</b>	<b>3,543,039</b>	<b>9,326,160</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$426,533	\$2,738,039	\$3,164,572
Percentage increase (decrease) to 2009-11 appropriations	8.0%	340.1%	51.4%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the Secretary of State.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 28 FTE positions, the same as the 2009-11 biennium.

### **One-Time Funding**

In Section 2 of Senate Bill No. 2002, the Legislative Assembly identified \$3,543,039 from the general fund, of which \$3.5 million relates to continuing the Secretary of State's mainframe migration computer project and \$43,039 is for an online public meeting system, as one-time funding for the 2011-13 biennium. These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Secretary of State is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### **Other Sections in Bill**

**Funding limitation** - Section 3 provides the one-time funding of \$3.5 million from the general fund for the mainframe migration computer project included in the operating expenses line item of the bill and may not be used for any other purpose and the appropriation authority must be canceled on June 30, 2013.

**General services operating fund** - Section 4 provides that any unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2011, is not subject to the provisions of North Dakota Century Code Section 54-09-08, and any unexpended funds are available and may be expended by the Secretary of State during the 2011-13 biennium for the mainframe migration computer project (also known as the database and processing platform migration project).

**Secretary of State's salary** - Section 5 provides the statutory changes increasing the Secretary of State's salary. The Legislative Assembly authorized 2011-13 biennium annual salary increases of 3 percent for elected officials. The Secretary of State's annual salary is increased from the current level of \$87,728 to \$90,360, effective July 1, 2011, and to \$93,071, effective July 1, 2012.

### **Related Legislation**

**Lobbyist registration** - House Bill No. 1314 relates to a civil penalty for persons lobbying without registration with the Secretary of State.

**Uniform Military and Overseas Voters Act** - Senate Bill No. 2120 relates to the adoption of the Uniform Military and Overseas Voters Act, absentee voting, and absent voter ballots.

**Commission of Combative Sports** - Senate Bill No. 2286 relates to a name change from the state athletic commissioner to the state commissioner of combative sports and to the combination of the Athletic Advisory Board and Mixed Fighting Style Advisory Board into the Commission of Combative Sports.

**State Auditor  
Budget No. 117  
Senate Bill No. 2004**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	50.80	\$7,143,808	\$2,427,522	\$9,571,330
<b>2011-13 legislative appropriations</b>	<b>50.80</b>	<b>7,143,808</b>	<b>2,427,522</b>	<b>9,571,330</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	(1.00)	\$381,579	\$114,720	\$496,299

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$6,612,229	\$150,000	\$6,762,229
<b>2011-13 legislative appropriations</b>	<b>7,143,808</b>	<b>0</b>	<b>7,143,808</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$531,579	(\$150,000)	\$381,579
Percentage increase (decrease) to 2009-11 appropriations	8.0%	(100.0%)	5.6%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the State Auditor.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 50.8 FTE positions, one less than the 2009-11 biennium. The Legislative Assembly did not change the executive recommendation to delete 1 FTE clerical position not requested by the agency.

#### **Other Sections in Bill**

**Performance review** - Section 3 appropriates \$100,000 from the general fund to the Legislative Council and provides that the Legislative Management may contract with a national private accounting firm for a performance review of the State Auditor's office, including quality controls, procedures, technical applications, professionalism, customer feedback, efficiency, staffing review, and reporting.

**Salary of State Auditor** - Section 4 provides statutory changes to North Dakota Century Code Section 54-10-10 relating to the salary of the State Auditor. The Legislative Assembly authorized 2011-13 biennium annual salary increases of 3 percent for elected officials. The State Auditor's salary is to be increased from the current level of \$87,728 to \$90,360, effective July 1, 2011, and to \$93,071, effective July 1, 2012.

#### **Related Legislation**

**Political subdivision reports** - House Bill No. 1145 relates to political subdivision reports in lieu of audits.

**State Treasurer  
Budget No. 120  
Senate Bill No. 2005, House Bill No. 1012**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	7.00	\$1,649,802	\$0	\$1,649,802
<b>2011-13 legislative appropriations</b>	<b>7.00</b>	<b>26,705,390</b>	<b>0</b>	<b>26,705,390</b>
Legislative increase (decrease) to executive budget	0.00	\$25,055,588	\$0	\$25,055,588
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$10,533,595) <sup>1</sup>	\$0	(\$10,533,595) <sup>1</sup>

<sup>1</sup>The amount shown reflects a \$35 million general fund appropriation approved by the 2011 Legislative Assembly for supplemental transportation funding distributions to non-oil-producing counties, cities, and townships for the 2009-11 biennium.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$2,238,985	\$35,000,000	\$37,238,985
<b>2011-13 legislative appropriations</b>	<b>1,438,802</b>	<b>25,266,588</b>	<b>26,705,390</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	(\$800,183)	(\$9,733,412)	(\$10,533,595)
Percentage increase (decrease) to 2009-11 appropriations	(35.7%)	(27.8%)	(28.3%)
2011-13 legislative increase (decrease) to executive budget	\$24,000	\$25,031,588	\$25,055,588
Percentage increase (decrease) to executive budget	1.7%	10,651.7%	1,518.7%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding for position reclassifications for two accounting positions.		\$24,000		\$24,000
Added one-time funding for additional information technology development costs for changes in tax distributions.		31,588		31,588

Provided one-time funding for 2011-13 supplemental transportation funding distributions to counties, cities, and townships in non-oil-producing areas (House Bill No. 1012).	25,000,000		25,000,000
Total	<u>0.00</u>	<u>\$25,055,588</u>	<u>\$0</u>
	<u><u>0.00</u></u>	<u><u>\$25,055,588</u></u>	<u><u>\$0</u></u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation, which included funding for 7 FTE positions, the same as the 2009-11 biennium.

**One-Time Funding**

In Section 2 of Senate Bill No. 2005, the Legislative Assembly identified \$266,588 of one-time funding from the general fund for the 2011-13 biennium for information technology development costs. In Section 6 of House Bill No. 1012, the Legislative Assembly identified \$25 million of one-time funding from the general fund for the 2011-13 biennium for supplemental transportation funding distributions for counties, cities, and townships in non-oil-producing areas. These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the State Treasurer is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Sections in Senate Bill No. 2005**

**Salary of State Treasurer** - Section 3 provides statutory changes to North Dakota Century Code Section 54-11-13 relating to the salary of the State Treasurer. The Legislative Assembly authorized 2011-13 biennium annual salary increases of 3 percent for elected officials. The State Treasurer's salary is to be increased from the current level of \$82,845 to \$85,330 effective July 1, 2011, and to \$87,890 effective July 1, 2012.

**Related Legislation**

**House Bill No. 1012** provides an appropriation of \$35 million from the general fund for the 2009-11 biennium and an appropriation of \$25 million from the general fund for the 2011-13 biennium to the State Treasurer for supplemental transportation funding distributions to counties, cities, and townships in non-oil-producing areas.

**House Bill No. 1088** amends Section 54-11-01 to provide that the State Treasurer report to the Budget Section within 90 days of the beginning of each fiscal year of all warrants and checks outstanding for more than 90 days and less than three years. The bill also limits adjustments from the general fund made by the State Treasurer to underpayments, overpayments, or erroneous payments of tax distributions to \$100 per biennium, unless approved by the Emergency Commission.

**House Bill No. 1094** provides that the State Treasurer, rather than the State Investment Board, shall invest the funds in the national board certification fund. The funds are to be invested in accordance with the prudent investor rule.



**Attorney General  
Budget No. 125  
Senate Bill No. 2003, House Bill No. 1269**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	202.50	\$31,609,538	\$26,841,318	\$58,450,856
<b>2011-13 legislative appropriations</b>	<b>204.00</b>	<b>31,542,245</b>	<b>27,427,177</b>	<b>58,969,422</b>
Legislative increase (decrease) to executive budget	1.50	(\$67,293)	\$585,859	\$518,566
Legislative increase (decrease) to 2009-11 appropriations	1.50	\$2,581,813	\$2,225,768	\$4,807,581

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$28,960,432	\$0	\$28,960,432
<b>2011-13 legislative appropriations</b>	<b>31,229,845</b>	<b>312,400</b>	<b>31,542,245</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,269,413	\$312,400	\$2,581,813
Percentage increase (decrease) to 2009-11 appropriations	7.8%	N/A	8.9%
2011-13 legislative increase (decrease) to executive budget	(\$67,293)	\$0	(\$67,293)
Percentage increase (decrease) to executive budget	(0.2%)	0.0%	(0.2%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed salary equity funding for forensic staff.		(\$105,401)		(\$105,401)
Increased funding for salary increases for forensic staff upon certification to provide a total of \$125,000 from the general fund.		38,108		38,108

Added 1.5 FTE positions and funding from the NICS Improvement Act of 2007 for salaries and wages and operating expenses associated with maintaining information received from the judicial system regarding individuals with mental disability and their rights to possess firearms.	1.50		\$585,859	585,859
Total	<u>1.50</u>	<u>(\$67,293)</u>	<u>\$585,859</u>	<u>\$518,566</u>

### FTE Changes

The 2011-13 biennium appropriation includes funding for 204 FTE positions, an increase of 1.5 FTE positions from the executive recommendation and the 2009-11 biennium authorized level of 202.5 FTE positions. The Legislative Assembly added 1.5 FTE positions for implementation of House Bill No. 1269 (2011) which relates to individuals with mental disability and their rights to possess firearms. The FTE positions must be removed when grant funding is no longer available.

### One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$312,400 of one-time funding from the general fund for the 2011-13 biennium for crime lab equipment and Bureau of Criminal Investigation vehicles, and \$2,355,708 from federal stimulus funds for 7 FTE positions for the 2011-13 biennium for the justice assistance grant program (\$1,702,160 and 4 FTE positions), Internet Crimes Against Children Grant program (\$192,547 and 1 FTE position), Rural Law Enforcement Assistance Act funding (\$413,326 and 2 FTE positions), and compensation adjustments for the 7 FTE positions (\$47,675). These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Attorney General is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Federal Fiscal Stimulus Funding

In Section 1 of Senate Bill No. 2003, the Legislative Assembly appropriated \$2,355,708 of federal fiscal stimulus funds from the American Recovery and Reinvestment Act of 2009 to the Attorney General for 7 FTE positions for the 2011-13 biennium for the justice assistance grant program (\$1,702,160 and 4 FTE positions), Internet Crimes Against Children Grant program (\$192,547 and 1 FTE position), Rural Law Enforcement Assistance Act funding (\$413,326 and 2 FTE positions), and compensation adjustments for the 7 FTE positions (\$47,675).

In Section 11 of Senate Bill No. 2003, the Legislative Assembly provided legislative intent that the Attorney General's base budget for the 2013-15 biennium not include funding or FTE positions for employees paid for with federal fiscal stimulus funds during the 2011-13 biennium. The Attorney General may request funding for these positions as optional requests in the agency's budget request for the 2013-15 biennium.

### 24/7 Sobriety Program

The 2007 Legislative Assembly authorized the Attorney General to establish a sobriety program pilot project during the 2007-09 biennium. The pilot program began on January 1, 2008. The Attorney General established a 24/7 sobriety pilot program in 12 counties in the South Central Judicial District. The 2009 Legislative Assembly, in House Bill No. 1306, authorized the Attorney General to establish a statewide 24/7 sobriety program, established guidelines and program fees, and created and provided a continuing appropriation to the Attorney General from the 24/7 sobriety program fund. The goal of the program is to remove intoxicated drivers from the road and improve their ability to succeed in treatment. From January 1, 2008, through May 2, 2011, the program included 1,720 participants, of which 1,114 graduated from the program, 236 failed the program, 109 reoffended, and 261 were still active in the program.

### Other Sections in Senate Bill No. 2003

**Gaming enforcement grants** - Section 3 provides \$510,000 from the gaming and excise tax allocation fund for local gaming enforcement grants for the 2011-13 biennium.

**Missing children** - Section 4 amends North Dakota Century Code Section 12-60-25 relating to lost, missing, or runaway children.

**State Fire Marshal services** - Sections 5 and 6 create new sections to Chapter 18-01 to provide that the Attorney General shall charge and collect fees for services provided by the State Fire Marshal program to entities covered by the fire and tornado fund and the petroleum release compensation fund.

**Attorney General's salary** - Section 7 provides the statutory changes increasing the Attorney General's salary. The Attorney General's annual salary is increased from the current level of \$113,266 to \$134,135 effective July 1, 2011, and to \$138,159 effective July 1, 2012.

**Refund of tax** - Section 8 amends Section 57-43.1-03.2 relating to the refund of tax for fuel purchased by Native Americans to remove references to the Attorney General.

**Refund fund** - Section 9 allows the Attorney General to retain the June 30, 2011, balance in the Attorney General refund fund rather than transferring the balance to the general fund.

**Project planning and implementation** - Section 10 requires the Attorney General to involve the Information Technology Department in the study and planning of the criminal history repository replacement project, for the biennium beginning July 1, 2011, and ending June 30, 2013. The Attorney General shall include Information Technology Department architects in software development, computer systems, and security and network on the project team responsible for the study and planning of the project and receive approval from the Information Technology Department before proceeding with any study recommendations relating to the project.

#### **Related Legislation**

**House Bill No. 1269** provides an appropriation of NICS Improvement Act of 2007 funds for 1.5 FTE positions for implementing provisions relating to individuals with mental disability and their rights to possess firearms.

**Senate Bill No. 2070** increases the amounts provided by the 2009 Legislative Assembly which the Attorney General can charge and collect from the fire and tornado fund and the petroleum release fund for State Fire Marshal services for the 2009-11 biennium. Fees to be collected from the fire and tornado fund were increased by \$140,000 for a total of \$450,000, and fees to be collected from the petroleum release fund were increased by \$60,000 for a total of \$95,000.

**Senate Bill No. 2247** provides that the Attorney General may create a Domestic Violence Fatality Review Commission to review domestic violence deaths that have occurred in the state.

**State Tax Commissioner  
Budget No. 127  
Senate Bill No. 2006**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	133.00	\$39,093,515	\$10,000	\$39,103,515
<b>2011-13 legislative appropriations</b>	<b>134.00</b>	<b>39,238,449</b>	<b>10,000</b>	<b>39,248,449</b>
Legislative increase (decrease) to executive budget	1.00	\$144,934	\$0	\$144,934
Legislative increase (decrease) to 2009-11 appropriations	1.00	(\$7,088,137) <sup>1</sup>	(\$186,000)	(\$7,274,137) <sup>1</sup>

<sup>1</sup>The amounts shown reflect a \$1,810,000 general fund appropriation approved by the 2011 Legislative Assembly for additional expenses associated with the homestead tax credit program (\$1,349,000) and the disabled veteran property tax credit program (\$461,000).

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$33,462,339	\$12,864,247	\$46,326,586
<b>2011-13 legislative appropriations</b>	<b>38,238,449</b>	<b>1,000,000</b>	<b>39,238,449</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$4,776,110	(\$11,864,247)	(\$7,088,137)
Percentage increase (decrease) to 2009-11 appropriations	14.3%	(92.2%)	(15.3%)
2011-13 legislative increase (decrease) to executive budget	\$144,934	\$0	\$144,934
Percentage increase (decrease) to executive budget	0.4%	0%	0.4%

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

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Tax Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: Reduced funding for salaries by \$26,829 and added \$29,440 for operating expenses to reclassify 1 vacant FTE project manager position to a compliance officer II position.		\$2,611		\$2,611

Added contingent funding for 1 FTE compliance officer II position based on additional tax revenues collected.	1.00	142,323		142,323
Total	<u>1.00</u>	<u>\$144,934</u>	<u>\$0</u>	<u>\$144,934</u>

### FTE Changes

The 2011-13 biennium appropriation includes funding for 134 FTE positions, an increase of 1 FTE position from the executive recommendation and the 2009-11 biennium authorized level of 133 FTE positions. The Legislative Assembly added funding for 1 contingent FTE compliance officer II position based on additional tax revenues collected. The Legislative Assembly also authorized the Tax Commissioner to reclassify 1 FTE project manager position to a compliance officer II position.

### One-Time Funding

In Section 2 of Senate Bill No. 2006, the Legislative Assembly identified \$1 million of one-time funding from the general fund for the 2011-13 biennium for GenTax upgrades. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the Tax Commissioner is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Other Sections in Bill

**Motor vehicle fuel taxes** - Section 3 provides for a transfer of \$1,485,000 to the general fund from motor vehicle fuel tax collections which is the amount related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and administration of these taxes.

**Tax Commissioner's salary** - Section 4 provides the statutory changes increasing the Tax Commissioner's salary. The Tax Commissioner's annual salary is increased from the current level of \$95,212 to \$98,068 effective July 1, 2011, and to \$101,010 effective July 1, 2012.

**Exemption - Grant to North Dakota State University** - Section 5 provides for an exemption from North Dakota Century Code Section 54-44.1-11 of up to \$50,000 of the Tax Commissioner's unspent general fund authority for the 2009-11 biennium. The funds may be distributed by the Tax Commissioner as a grant to North Dakota State University, Department of Agribusiness and Applied Economics, for the purpose of converting the software of the core model used for the preparation of agricultural land valuations as required under Section 57-02-27.2 during the 2011-13 biennium.

**Legislative Management study - Income tax credits** - Section 6 provides for a Legislative Management study of the state's income tax credits during the 2011-12 interim. The study must involve the Tax Commissioner and include an inventory of all of the state's income tax credits, a review of the nature of each credit, an indication of the targeted class of recipients of each credit, an analysis of possible barriers to using the credits, an analysis of possible gaps and overlaps in the state's income tax credits, the relationship of state income tax credits to federal tax policy, and a review of the effectiveness of each credit.

**Contingent funding - Emergency Commission approval** - Section 7 provides contingent funding of \$142,323 from the general fund which may be used by the Tax Department to hire 1 FTE compliance officer II position, upon Emergency Commission approval, for the purpose of performing additional compliance projects. The Emergency Commission may approve the use of these funds and the additional FTE position only if the Tax Department certifies that compliance projects conducted by the new compliance officer authorized by the 2011 Legislative Assembly have resulted in the collection of at least \$500,000, during the nine-month period beginning on the date the new compliance officer position is filled.

### Related Legislation

**House Bill No. 1217** includes the following provisions to expand the disabled veteran property tax credit program:

- Include disabled veterans who have an extra-schedular rating to include individual unemployability that brings the veteran's total disability to 100 percent as determined by the Department of Veterans' Affairs.
- Extend the property exemption for unremarried surviving spouses who receive Department of Veterans' Affairs dependency and indemnity compensation to 100 percent of the first \$5,400 in taxable valuation. (The exemption was previously based on the disabled veteran's percentage of disability.)

- Replace \$120,000 of true and full property value with \$5,400 of taxable valuation for determining tax credit.

**Senate Bill No. 2006** includes an appropriation of \$4.244 million for expenditures relating to the disabled veteran property tax credit program. Provisions of House Bill No. 1217 are anticipated to require an additional \$215,000 of funding for the program for a total of \$4.459 million relating to the disabled veteran property tax credit program for the 2011-13 biennium. The additional \$215,000 was not appropriated.

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments  
Budget No. 401  
Senate Bill No. 2010, House Bill No. 1126**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	50.50	\$0	\$18,437,148	\$18,437,148
<b>2011-13 legislative appropriations</b>	<b>45.50</b>	<b>0</b>	<b>18,401,730</b>	<b>18,401,730</b>
Legislative increase (decrease) to executive budget	(5.00)	\$0	(\$35,418)	(\$35,418)
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$0	\$2,209,930	\$2,209,930

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding provided for 5 FTE positions and temporary employees related to federal health care reform health insurance premium rate review requirements. (The Legislative Assembly provided funding of \$1,418,636 from special funds for operating expenses and information technology for the department to utilize in complying with health insurance premium rate review requirements.)	(5.00)		(\$1,085,418)	(\$1,085,418)
Added funding from the insurance tax distribution fund to be distributed to the North Dakota Firefighters Association for auto extrication training.			50,000	50,000
Added funding for American Health Benefit Exchange project planning as mandated by the Patient Protection and Affordable Care Act of 2010 (House Bill No. 1126).			1,000,000	1,000,000
<b>Total</b>	<b>(5.00)</b>	<b>\$0</b>	<b>(\$35,418)</b>	<b>(\$35,418)</b>

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 45.5 FTE positions, a decrease of 5 FTE positions from the executive recommendation and the same as the 2009-11 biennium authorized level of 45.5 FTE positions. The Legislative Assembly removed 5 FTE positions and temporary employees related to federal health care reform health insurance premium rate review requirements, including an insurance company examiner (\$149,869), a research analyst (\$144,938), a company financial analyst (\$145,012), an insurance form rate analyst (\$62,287), a state health insurance counselor (\$133,845), and temporary salaries (\$181,815).

**Insurance Tax Payments to Fire Departments**

The Legislative Assembly did not change the executive recommendation to provide \$6.2 million of special funds from the insurance tax distribution fund to the Insurance Commissioner to be distributed to fire departments. This is the same level of funding provided in the 2009-11 biennium.

**North Dakota Firefighters Association Grant Funding**

The Legislative Assembly provided special funds of \$670,000 from the insurance tax distribution fund and \$170,000 from the state fire and tornado fund to be distributed to the North Dakota Firefighters Association in two equal payments in the 2011-13 biennium. This is an increase of \$50,000 from the executive recommendation and the same level of funding as provided in the 2009-11 biennium. The Legislative Assembly provided \$50,000 of this funding from the insurance tax distribution fund to be distributed to the association for auto extrication training.

**Administrative Costs of Special Funds**

Sections 4, 5, 6, and 7 provide for administrative costs allocated to the bonding fund, state fire and tornado fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The schedule below provides information regarding the administrative costs allocated to each special fund. The decreases from the 2009-11 biennium will result in the amount of Insurance Department administrative costs being paid from the insurance regulatory trust fund increasing by \$53,540.

	<b>2009-11 Biennium Legislative Appropriation</b>	<b>2011-13 Biennium Executive Recommendation</b>	<b>Increase (Decrease)</b>
Bonding fund	\$41,518	\$46,769	\$5,251
State fire and tornado fund	\$1,454,159	\$1,441,575	(\$12,584)
Unsatisfied judgment fund	\$24,087	\$27,349	\$3,262
Petroleum tank release compensation fund	\$96,238	\$46,769	(\$49,469)

**Other Sections in Senate Bill No. 2010**

**Commissioner's salary** - Section 8 provides the statutory changes relating to the Insurance Commissioner's annual salary. The commissioner's salary is to increase from \$87,728 to \$90,360 on July 1, 2011, and \$93,071 on July 1, 2012.

**Reports to the Budget Section** - Section 9 provides that the Insurance Commissioner report at each Budget Section meeting during the 2011-12 interim regarding the status of provisions of the Patient Protection and Affordable Care Act.

**Related Legislation**

**Surplus lines insurance** - House Bill No. 1123 revises North Dakota law relating to surplus lines insurance to conform to the requirements of the United States Nonadmitted and Reinsurance Reform Act of 2010 (NRRRA). The bill provides that the state collect premium taxes on multistate policies where North Dakota is the insured's home state.

**Compliance with federal law** - House Bill No. 1125 provides the Insurance Commissioner authority to administer and enforce the provisions of the Patient Protection and Affordable Care Act and of the Health Care and Education Reconciliation Act of 2010 to the extent that the provisions apply to the commissioner's jurisdiction. The bill provides that the Insurance Commissioner provide regular updates to the Legislative Management during the 2011-12 interim. The bill also provides that the commissioner submit proposed legislation to the Legislative Management for consideration at a special legislative session if the commissioner is required by federal law to implement any program or requirement before January 1, 2013.

**American health benefit exchange** - House Bill No. 1126 provides the Insurance Commissioner authority to plan for the implementation of a health insurance exchange that meets the requirements of the federal health care reform law and any future regulations. The bill provides an appropriation of \$1 million from the federal funds available under the Patient Protection and Affordable Care Act of 2010 to the Insurance Commissioner for planning.



**Health carrier external appeals and internal claims and appeals procedures** - House Bill No. 1127 updates language in the North Dakota Century Code to ensure that the state's appeals process meets the requirements of 2010 federal legislation.

**Boiler and other inspections** - Senate Bill No. 2064 increases the cap and fees collected by the Insurance Commissioner for boiler and other inspections, the annual fee for a reciprocal commission and welder-qualified card, and the fee for a hobby boiler operating examination and license.

**Federal health care reform law** - Senate Bill No. 2309 states that the Legislative Assembly declares the federal laws known as the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 are not authorized by the United States Constitution and violate its true meaning and intent as given by the founders and ratifiers. The bill provides that the Legislative Assembly consider enacting any measure necessary to prevent the enforcement of these Acts within the state. The bill also provides that no federal provision may interfere with an individual's choice of a medical or insurance provider except as otherwise provided by state laws.

**Petroleum release compensation fund** - Senate Bill No. 2347 requires tank owners or operators participating in the petroleum release compensation fund to pay a \$25 per month late fee for each tank if the registration fee is not paid within 60 days of July 1.

**Public Service Commission  
Budget No. 408  
Senate Bill No. 2008**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	43.00	\$6,020,215	\$13,061,648	\$19,081,863
<b>2011-13 legislative appropriations</b>	<b>43.00</b>	<b>6,020,215</b>	<b>13,061,648</b>	<b>19,081,863</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$344,050	\$2,399,406	\$2,743,456

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$5,676,165	\$0	\$5,676,165
<b>2011-13 legislative appropriations</b>	<b>6,020,215</b>	<b>0</b>	<b>6,020,215</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$344,050	\$0	\$344,050
Percentage increase (decrease) to 2009-11 appropriations	6.1%	N/A	6.1%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0.0%	N/A	0.0%

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the Public Service Commission.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 43 FTE positions, the same as the 2009-11 biennium.

### **Federal Fiscal Stimulus Funding**

The Legislative Assembly did not change the executive recommendation to provide \$658,217 of one-time federal funding relating to continuation of federal fiscal stimulus funding for the regulation and oversight of energy transmission and generation infrastructure. The Public Service Commission may utilize this funding for 3 temporary FTE positions, training costs, and other related operating expenses.

### **Abandoned Mine Lands Reclamation**

The Legislative Assembly did not change the executive recommendation to provide an increase of \$1.5 million of federal funds authority related to an increase in available federal funds for abandoned mine lands reclamation.

### **Other Sections in Bill**

**Salary of commissioners** - Section 3 provides statutory changes to North Dakota Century Code Section 49-01-05 relating to the salaries of the Public Service Commissioners. The Legislative Assembly authorized 2011-13 biennium salary increases of 3 percent effective July 1, 2011, and 3 percent effective July 1, 2012, for elected officials. The Public Service Commissioners' salaries are to be increased from the current level of \$90,122 to \$92,826 effective July 1, 2011, and to \$95,611 effective July 1, 2012.

**Rail rate complaint case funding** - Section 4 provides a transfer of \$900,000 from the Bank of North Dakota beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. If any amount is spent, the Public Service Commission is to reimburse the beginning farmer revolving loan fund using amounts from damages or proceeds received, net of legal fees, from a successful outcome of a rail rate complaint case.

**Legislative Management pipeline safety study** - Section 5 provides that the Legislative Management consider studying gas pipelines in the state focusing on safety concerns of gas utility distribution and transmission, including all pipeline activity and addressing the jurisdiction of pipelines in the state in consultation with the Public Service Commission, Industrial Commission, and North Dakota One Call.

### **Related Legislation**

**Siting application fees** - Senate Bill No. 2196 lowers the jurisdictional threshold for siting wind farms to one-half megawatt, and for siting other energy generation the threshold is 50 megawatts. The bill also provides for siting fees for transfer applications and certifications under Section 49-22-03(3).

**Certificate of public convenience and necessity - Secured by electric public utility** - Senate Bill No. 2322 requires electric transmission providers to obtain a certificate of public convenience and necessity from the commission before interconnecting with an existing transmission line owned or operated by an electric public utility.

**Agriculture Commissioner  
Budget No. 602  
Senate Bill Nos. 2009 and 2128**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	74.50	\$8,384,734	\$13,645,923	\$22,030,657
<b>2011-13 legislative appropriations</b>	<b>77.00</b>	<b>8,196,746</b>	<b>14,801,251</b>	<b>22,997,997</b>
Legislative increase (decrease) to executive budget	2.50	(\$187,988)	\$1,155,328	\$967,340
Legislative increase (decrease) to 2009-11 appropriations	2.50	\$649,363	\$419,785 <sup>1</sup>	\$1,069,148

<sup>1</sup>This amount reflects a \$200,000 other funds deficiency appropriation provided to the Agriculture Commissioner for the Wildlife Services program for the 2009-11 biennium.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$7,547,383	\$0	\$7,547,383
<b>2011-13 legislative appropriations</b>	<b>8,196,746</b>	<b>0</b>	<b>8,196,746</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$649,363	\$0	\$649,363
Percentage increase (decrease) to 2009-11 appropriations	8.6%	N/A	8.6%
2011-13 legislative increase (decrease) to executive budget	(\$187,988)	\$0	(\$187,988)
Percentage increase (decrease) to executive budget	(2.2%)	N/A	(2.2%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added a research analyst FTE position.	1.00	\$131,000	\$20,000	\$151,000
Added a .5 FTE marketing specialist position.	0.50	96,000		96,000
Removed a new sustainable agriculture FTE position included in the executive recommendation.	(1.00)	(294,888)		(294,888)

Added 2 FTE anhydrous ammonia inspection positions (see <b>Anhydrous Ammonia Inspection Duties</b> section below).	2.00		410,328	410,328
Removed funding included in the executive recommendation for transportation research.		(50,000)		(50,000)
Added funding for honeybee colony research grants.		75,000		75,000
Added funding for Johne's disease control.		200,000		200,000
Added funding for the Wildlife Services program (see <b>Wildlife Services</b> section below).			350,000	350,000
Added funding for operating expenses of the Crop Protection Product Harmonization and Registration board.			25,000	25,000
Added funding to reimburse livestock producers for losses resulting from official disease testing of livestock (Senate Bill No. 2128).		4,900		4,900
Adjusted the funding source for department rent expense and a grant to the Dairy Coalition from the general fund to the environment and rangeland protection fund (see <b>Environment and Rangeland Protection Fund</b> section below).		(350,000)	350,000	0
Total	<u>2.50</u>	<u>(\$187,988)</u>	<u>\$1,155,328</u>	<u>\$967,340</u>

#### FTE Changes

The Legislative Assembly authorized 77 FTE positions for the 2011-13 biennium, an increase of 2.5 FTE positions from the 2009-11 biennium authorized level of 74.5 FTE positions. The Legislative Assembly removed 1 new FTE sustainable agriculture position included in the executive recommendation and added 2 FTE anhydrous ammonia inspector positions, 1 FTE research analyst position, and a .5 FTE marketing specialist position.

#### Wildlife Services

The 2011-13 biennium appropriation includes \$1,417,400 for Wildlife Services, an increase of \$150,000 from the 2009-11 biennium adjusted appropriation of \$1,267,400. The 2011-13 biennium appropriation includes \$868,800 from the game and fish fund, \$298,600 from the general fund, and \$250,000 to be transferred from the State Water Commission.

Section 3 of Senate Bill No. 2009 provides a \$200,000 deficiency appropriation from other funds received from the Game and Fish Department for the Wildlife Services program for the 2009-11 biennium.

#### Anhydrous Ammonia Inspection Duties

House Bill No. 1321 transfers anhydrous ammonia inspection duties from the Insurance Commissioner to the Agriculture Commissioner, eliminates the anhydrous ammonia storage facility inspection fund, and deposits anhydrous ammonia tonnage fees in the environment and rangeland protection fund. The Legislative Assembly provided the Agriculture Commissioner with funding for 2 FTE anhydrous ammonia inspector positions and related operating expenses. The funding for the positions is from the environment and rangeland protection fund.

**Environment and Rangeland Protection Fund**

Section 4 of Senate Bill No. 2009 identifies \$5,103,037 of funding included in the other funds appropriation of the Agriculture Commissioner as being from the environment and rangeland protection fund. This represents an increase of \$845,328 from the executive recommendation to provide \$4,257,709 from the fund and an increase of \$1,214,459 from the 2009-11 legislative appropriation from the fund to the Agriculture Commissioner of \$3,888,578.

The Legislative Assembly increased the Agriculture Commissioner's appropriation from the environment and rangeland protection fund as compared to the executive recommendation as follows:

Provided funding for the operating expenses of a new research analyst FTE position	\$20,000
Changed the funding source for department rent expense from the general fund to the environment and rangeland protection fund	100,000
Changed the funding source for a grant to the Dairy Coalition from the general fund to the environment and rangeland protection fund	250,000
Provided funding for 2 FTE anhydrous ammonia inspection positions and operating expenses	450,328
Increased funding for expenses of the Crop Protection Product Harmonization and Registration Board	25,000
<b>Total</b>	<b>\$845,328</b>

Section 5 of Senate Bill No. 2009 also provides for a transfer of \$200,000 from the environment and rangeland protection fund to the minor use pesticide fund.

Sections 13, 14, and 15 of Senate Bill No. 2009 amend Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 to deposit fertilizer distribution, registration, licensing, and inspection fees in the environment and rangeland protection fund rather than the general fund. This is estimated to reduce 2011-13 biennium general fund revenues by \$785,000. For additional information, see the environment and rangeland protection fund analysis in the Trust Fund Analyses section (Section L).

**Other Sections in Senate Bill No. 2009**

**Game and fish fund** - Section 6 authorizes \$1,068,261 from the game and fish fund during the 2011-13 biennium for the Wildlife Services program (\$868,800) and for expenses of the State Board of Animal Health (\$199,461).

**State Water Commission funding** - Section 7 provides that \$250,000 of the other funds appropriation for the Agriculture Commissioner is from funding received from the State Water Commission for the Wildlife Services program.

**Johne's disease control unexpended 2009-11 biennium appropriation** - Section 8 provides that unexpended appropriations from Senate Bill No. 2342 (2009) for Johne's disease control are not to be cancelled at the end of the 2009-11 biennium and may be continued into the 2011-13 biennium.

**Agriculture Commissioner salary** - Section 9 provides statutory changes to Section 4-01-21 relating to the salary of the Agriculture Commissioner. The salary is to be increased from \$90,122 to \$92,826 on July 1, 2011, and to \$95,610 on July 1, 2012.

**Sustainable agriculture program** - Section 10 amends Section 4-01-23 to provide changes to the statutory requirements of the sustainable agriculture program administered by the Agriculture Commissioner.

**Wine and spirits promotion** - Sections 11 and 12 amend Sections 5-01-17 and 5-01-19 relating to special events permits for wine and spirit promotion in the state.

**Related Legislation**

**Senate Bill No. 2085** allows the Agriculture Commissioner to assess a civil penalty to a person distributing or selling noxious weeds and allows the Agriculture Commissioner to use up to \$50,000 of the Agriculture Department appropriation from the environment and rangeland protection fund for invasive weed control for the 2011-13 biennium.

**Senate Bill No. 2128** appropriates \$4,900 from the general fund to the Agriculture Commissioner for providing reimbursement to livestock producers for losses resulting from official disease testing of livestock.

## **SECTION E - ELEMENTARY AND SECONDARY EDUCATION**

OVERVIEW	E-1
LEGISLATIVE CHANGES TO THE EXECUTIVE RECOMMENDATION AND MAJOR PROGRAM CHANGES	E-4
STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION - COMPARISON OF 2009-11 AND 2011-13 BIENNIUMS	E-13
PER STUDENT STATE SCHOOL AID PAYMENTS AND WEIGHTED STUDENT UNITS FOR THE 2009-11 AND 2011-13 BIENNIUMS	E-15



# ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

## STATE SCHOOL AID

The Legislative Assembly appropriated \$1,350,992,316, of which \$1,223,111,478 is from the general fund, \$21,242,838 is from federal funds, \$5 million is from the oil and gas impact grant fund, and \$101.638 million is from the state tuition fund, for state school aid, including per student payments, transportation aid, special education, federal education jobs fund program payments, and grants for rapid enrollment and mill levy reductions. This level of funding represents an increase of \$76.7 million, including increases in funding of \$125 million from the general fund, \$15.3 million from the state tuition fund, and \$5 million from the oil and gas impact grant fund and decreases in funding of \$64.4 million from federal funds and \$4.2 million from the property tax relief sustainability fund, from the 2009-11 legislative appropriation of \$1,274,254,480. In addition, the 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. The Legislative Assembly also provided the department reserve an additional \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium for adult education learning center grants. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to provisions of House Bill No. 1400 (2009).

The legislative appropriation for the state school aid program follows substantially the executive budget recommendations and the recommendations of the North Dakota 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 Assembly did not provide for an alternative teacher-effectiveness compensation system factor included in the executive budget recommendation, but instead increased the special education factor and per student payment rates beyond the levels provided in the executive recommendation. In addition, the Legislative Assembly added a weighting factor of .15 for students who are enrolled in an alternative middle school program for at least 15 hours per week effective July 1, 2013, through June 30, 2015. The legislative appropriation for the state school aid program:

- Includes \$54.3 million to continue the formula, including \$6.2 million for a new **at-risk weighting factor** approved by the 2009 Legislative Assembly for students considered at risk of failing if they do not receive additional services and \$7.36 million for **additional school calendar days** approved by the 2009 Legislative Assembly. The 2009 Legislative Assembly added one day to the school calendar effective for the first year of the 2011-13 biennium to provide a total of 182 days each year of the 2011-13 biennium.
- Provides an additional \$36.2 million to increase **per student payments** to provide a per student payment rate of \$3,910 for the 2011-12 school year and \$3,980 for the 2012-13 school year.
- Recognizes estimated savings of \$6 million from the reduced cost of the **transition minimum**.
- Provides \$3 million to replace the technology factor with a **data collection factor** for schools acquiring PowerSchool.
- Provides \$4.8 million to increase the **special education weighting factor**.
- Includes a **maximum payment provision** that, excluding equity payments, caps a school district's state aid payment for the 2011-12 school year at 142 percent of the baseline funding per weighted student unit. No maximum is established for any year thereafter.
- Authorizes the department to spend up to \$800,000 of the grants - state school aid line item for **gifted and talented programs**, the same as the 2009-11 biennium, and up to \$800,000 for **regional education association grants**, \$400,000 more than the 2009-11 biennium.
- Provides \$48.5 million for **transportation grants** and the related increases in the state transportation formula rates.
- Increases funding for **special education contracts** by \$500,000 to provide a total of \$16 million.
- Provides for the distribution of **federal education jobs fund program payments** totaling \$21,242,838. The funding is to be made available to school districts for use in hiring or rehiring school employees during the 2010-11 school year; therefore, the 2011-13 executive budget recommended and the 2011 Legislative Assembly approved an emergency clause to allow funds to begin to be distributed during the 2010-11 school year.
- Provides that federal "education jobs fund" money received by a school district may not be included in a district's **unobligated general fund balance** for purposes of determining state aid.
- Provides \$341,790,000 from the general fund for property tax relief **mill levy reduction grants**.
- Provides \$5 million from the oil and gas impact grant fund for **rapid enrollment growth grants**.

The legislative appropriation for the state school aid program of \$1,350,992,316 is summarized as follows:

Per student formula payments	\$918,459,478
Transportation aid payments	48,500,000
Special education - Contracts	16,000,000
Rapid enrollment growth grants	5,000,000
Mill levy reduction grants	341,790,000
Federal education jobs fund program payments	21,242,838
<b>Total</b>	<b>\$1,350,992,316</b>

## OTHER APPROPRIATIONS

The legislative appropriation also provides:

1. **National board certification** - \$185,000 from the national board certification fund for payments to teachers receiving national board certification, an increase in funding of \$82,500 from the 2009-11 legislative appropriation.
2. **Governor's School program** - \$460,000 from the general fund for support of the Governor's School program, an increase of \$50,000 from the 2009-11 legislative appropriation.
3. **National writing projects** - \$158,000 from the general fund for support of the Red River Valley Writing Project (\$75,000) and the Northern Plains Writing Project (\$83,000), an increase of \$5,000 from the 2009-11 legislative appropriation.
4. **North Dakota Museum of Art** - \$380,000 from the general fund for support of the North Dakota Museum of Art rural art outreach project, an increase of \$35,000 from the 2009-11 legislative appropriation.
5. **North Dakota LEAD Center** - \$260,000 from the general fund for support of the North Dakota LEAD Center, the same as the 2009-11 legislative appropriation.
6. **Teacher center network** - \$360,000 from the general fund for support of the teacher center network, the same as the 2009-11 legislative appropriation.
7. **School food services** - \$1.38 million from the general fund to provide child nutrition and food distribution program state matching funds, the same as the 2009-11 legislative appropriation.
8. **Adult education grants** - \$3,110,411 from the general fund to provide adult education grants, an increase of \$1,260,411 from the 2009-11 legislative appropriation. In addition, the Legislative Assembly also provided the department reserve an additional \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium for adult education learning center grants.
9. **North Central Council for School Television** - \$485,000 from the general fund for a grant to the North Central Council for School Television, an increase of \$40,000 from the 2009-11 legislative appropriation.
10. **Atlantik-Brucke/Atlantik Forum exchange program** - \$105,000 from the general fund for a grant to the Atlantik-Brucke/Atlantik Forum exchange program, an increase of \$30,000 from the 2009-11 legislative appropriation.
11. **North Dakota young entrepreneur education program** - \$120,000 from the general fund for a grant to the North Dakota young entrepreneur education program, an increase of \$20,000 from the 2009-11 legislative appropriation.
12. **"We the People" program** - \$22,000 from the general fund for a grant to the "We the People" program, an increase of \$4,000 from the 2009-11 legislative appropriation.
13. **Teacher mentoring program** - \$2.3 million from the general fund for a teacher support system grant program to be administered by the Education Standards and Practices Board, the same as the 2009-11 legislative appropriation. In addition, the Legislative Assembly placed the teacher mentoring program operated by the Education Standards and Practices Board into the North Dakota Century Code.
14. **Continuing education grants** - \$100,000 from the general fund for continuing education grants to individuals pursuing degrees or diplomas in education leadership, individuals becoming career advisors, or individuals pursuing a school counselor credential, the same as the 2009-11 legislative appropriation.
15. **Curriculum alignment grants** - \$100,000 from the general fund for a new program to improve the alignment of language arts between high schools and institutions of higher education.
16. **Preschool continuing education grants program** - \$150,000 from the general fund for continuing education grants for preschool teachers.

17. **Prekindergarten space grant program** - \$125,000 from the general fund for grants of up to \$5,000 per classroom to assist schools in making safety compliant space available for licensed prekindergarten programs.
18. **Alternative education program grants** - \$300,000 from the general fund for grants to school districts that offer alternative education programs for students in grades 6 through 8.
19. **Gearing Up for Kindergarten** - \$625,000 from the general fund to support the Gearing Up for Kindergarten program provided by the North Dakota State University Extension Service.
20. **Administration of the ACT** - \$678,400 from the general fund and \$100,000 from the national board certification fund to provide a total of \$778,400 for the estimated costs of administering the ACT, including the writing test, and the WorkKeys assessments to all 11<sup>th</sup> grade students in the state.
21. **North Dakota Indian Education Advisory Council** - \$66,000 from the general fund for the estimated costs of continuing the North Dakota Indian Education Advisory Council.
22. **Accreditation mainframe rewrite** - \$200,000 of one-time funding from the national board certification fund for an Education Standards and Practices Board approval and accreditation mainframe rewrite.
23. **State automated reporting system (STARS)** - \$384,000 of one-time funding from the general fund for a rewrite and maintenance of the department's STARS application used to gather school district information.
24. **Contingent distributions - State school aid - 2011-13 biennium** - Senate Bill No. 2150 places into the North Dakota Century Code the provision that if any money remains in the grants - state aid line item after all statutory payment obligations have been met, the Superintendent of Public Instruction is to distribute the remaining amount as additional per student payments on a prorated basis.

The legislative appropriation **did not** provide funding for the following programs included in the executive recommendation:

1. **Alternative Teacher-Effectiveness Compensation System Factor** - \$7.5 million from the general fund for a state school aid factor available to school districts implementing an alternative teacher-effectiveness compensation system.
2. **Alternative Teacher-Effectiveness Compensation System Review Panel** - \$300,000 from the general fund for costs associated with the alternative Teacher-Effectiveness Compensation System Review Panel and a contracted program adviser.
3. **Principal mentoring grant program** - \$461,500 from the general fund to establish a mentoring program for new principals.

**Department of Public Instruction  
Budget No. 201  
Senate Bill Nos. 2013 and 2150, House Bill No. 1047**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	99.75	\$902,064,740	\$792,508,423	\$1,694,573,163
<b>2011-13 legislative appropriations</b>	<b>99.75</b>	<b>1,243,980,651</b>	<b>456,203,423</b>	<b>1,700,184,074</b>
Legislative increase (decrease) to executive budget	0.00	\$341,915,911	(\$336,305,000)	\$5,610,911
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$129,313,797	(\$91,750,731) <sup>1</sup>	\$37,563,066

<sup>1</sup>This amount reflects the following 2009-11 appropriations:

- \$30 million of additional federal funds to the Department of Public Instruction for providing grants to school districts authorized in Section 6 of Senate Bill No. 2013.
- \$4,233,000 of funds from the property tax relief sustainability fund for property tax relief (mill levy reduction grants) for the 2009-11 biennium authorized in Senate Bill No. 2023.
- \$211,264 of funds from the general fund for property tax relief (mill levy reduction grants) for the 2009-11 biennium authorized in Section 19 of Senate Bill No. 2015.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,113,915,854	\$751,000	\$1,114,666,854
<b>2011-13 legislative appropriations</b>	<b>1,243,596,651</b>	<b>384,000</b>	<b>1,243,980,651</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$129,680,797	(\$367,000)	\$129,313,797
Percentage increase (decrease) to 2009-11 appropriations	11.6%	(48.9%)	11.6%
2011-13 legislative increase (decrease) to executive budget	\$342,115,911	(\$200,000)	\$341,915,911
Percentage increase (decrease) to executive budget	38.0%	(34.2%)	37.9%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted the funding source of mill levy reduction grants from the property tax relief sustainability fund to the general fund.		\$341,790,000	(\$341,790,000)	\$0

Removed funding for state school aid added in the executive budget for the alternative teacher-effectiveness compensation system factor.	(7,500,000)		(7,500,000)
Increased state school aid to provide for changes to the per student payment rates.	4,200,000		4,200,000
Increased state school aid to provide an increase in the formula weighting factor for special education. The executive recommendation included an increase in the special education weighting factor from .07 to .073 for the 2011-13 biennium. The Legislative Assembly provided an increase from .073 to .079 during the second year of the 2011-13 biennium.	2,300,000		2,300,000
Added funding from the oil and gas impact fund for rapid enrollment grants.		5,000,000	5,000,000
Changed the funding source of one-time funding for an Education Standards and Practices Board approval and accreditation mainframe rewrite to provide funding from the national board certification fund.	(200,000)	200,000	0
Changed the funding source of the national board certification program to provide funding from the national board certification fund.	(185,000)	185,000	0
Added funding from the national board certification fund to provide for the increased costs of administering the ACT, including the writing test, and WorkKeys assessments, to all 11 <sup>th</sup> grade students to provide a total of \$778,400, of which \$678,400 is from the general fund.		100,000	100,000
Increased funding for other grants as follows:	1,415,411		1,415,411

	General Fund Increase	Total General Fund
North Central Council for School Television	\$40,000	\$485,000
Governor's School	50,000	460,000
Atlantik-Brucke/Atlantik Forum exchange program	30,000	105,000
Rural art outreach project	20,000	380,000
Red River Valley Writing Project	5,000	75,000
North Dakota young entrepreneur education program	10,000	120,000
Adult education grants	1,260,411	3,110,411 <sup>1</sup>
<b>Total general fund</b>	<b>\$1,415,411</b>	<b>\$4,735,411</b>

<sup>1</sup>In addition to the funding provided from the general fund for adult education grants, the Legislative Assembly also provided the department reserve an additional \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium for adult education learning center grants during the 2011-13 biennium.

Removed funding added in the executive budget for principal mentoring grants.	(461,500)	(461,500)
Removed funding added in the executive budget for the Alternative Teacher Compensation System Review Panel and contracted program adviser.	(300,000)	(300,000)
Added funding for alternative education program grants.	300,000	300,000
Added funding for support of the Gearing Up for Kindergarten program.	625,000	625,000
Decreased funding for the Professional Development Advisory Committee.	(68,000)	(68,000)
Total	<u>0.00</u>	<u>\$341,915,911</u>
		<u>(\$336,305,000)</u>
		<u>\$5,610,911</u>

#### FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 99.75 FTE positions, the same as the 2009-11 biennium.

#### One-Time Funding

In Section 2 of Senate Bill No. 2013, the Legislative Assembly identified \$384,000 of one-time funding from the general fund for a rewrite and maintenance of the department's state automated reporting system application used to gather school district information. The executive recommendation also included \$200,000 of one-time funding from the general fund for an Education Standards and Practices Board approval and accreditation mainframe rewrite. The Legislative Assembly changed the funding source to provide funding from the national board certification fund for the project.

#### State School Aid - Per Student Payments, Transportation Aid, Special Education Contracts, Supplemental Operations Grants, Supplemental One-Time Grants, and Mill Levy Reduction Grants

The Legislative Assembly appropriated \$1,350,992,316, of which \$1,223,111,478 is from the general fund, \$21,242,838 is from federal funds, \$5 million is from the oil and gas impact grant fund, and \$101,638,000 is from the state tuition fund, for state school aid, including per student payments, federal education jobs fund program payments, transportation aid, special education, rapid enrollment grants, and mill levy reduction grants. This level of funding represents an increase of \$76.7 million from the 2009-11 legislative appropriation of \$1,274,254,480. Funding is increased \$125 million from the general fund, \$15.3 million from the state tuition fund, and \$5 million from the oil and gas impact grant fund and funding from federal funds and the property tax relief sustainability fund are reduced \$64.4 million and \$4.2 million, respectively. (See the schedules following this section for a comparison of state school aid and other grants for the 2009-11 and 2011-13 bienniums.)

#### Per Student Formula Payments

The Legislative Assembly provided an appropriation of \$918,459,478, of which \$816,821,478 is from the general fund and \$101,638,000 is from the state tuition fund, for state school aid for per student formula payments. This level of funding represents an increase of \$110.1 million, of which \$94.8 million is from the general fund and \$15.3 million is from the state tuition fund, from the 2009-11 biennium appropriation of \$808,370,295. The executive budget recommendation for the 2011-13 biennium included funding to implement one additional school calendar day (\$7.36 million) and an "at-risk" factor for state school aid per student formula payments (\$6.2 million) approved by the 2009 Legislative Assembly. In addition, the executive budget recommendation for the 2011-13 biennium included \$3 million to change the .002 technology factor to a .006 data collection factor, \$2.5 million to increase the factor for special education from .07 to .073, \$7.5 million for a .06 factor for students under an approved alternative teacher compensation plan, and \$32 million for increased per student payment rates. The Legislative Assembly did not change the executive budget recommendation relating to the additional school calendar day, the "at-risk" factor, or the data collection factor. The Legislative Assembly removed the alternative teacher compensation plan factor and increased per student payment rates and the factor for special education from .073 to .079 in the second year of the 2011-13 biennium.

The Legislative Assembly provided for a weighting factor of .15 for students who are enrolled in an alternative middle school program. The alternative middle school program factor will be effective July 1, 2013, through June 30, 2015. The Legislative Assembly also provided \$300,000 from the general fund for grants to school districts that offer alternative education programs for middle school students during the 2011-13 biennium.

### **Transportation Aid**

The executive budget recommendation for the 2011-13 biennium included funding of \$48.5 million from the general fund for transportation aid. This level of funding is the same as the 2009-11 biennium, which included a \$5 million appropriation from the general fund for supplemental transportation aid payments contingent on the Office of Management and Budget projecting during the 2009-11 biennium that the June 30, 2011, ending balance of the state general fund will be at least \$30 million more than estimated by the 2009 Legislative Assembly. The February 2011 executive revenue forecast estimates the conditions will be met and the contingent supplemental transportation aid payments will be made. The Legislative Assembly did not change the executive budget recommendation for transportation aid.

Section 36 of Senate Bill No. 2150 requires the Department of Public Instruction to distribute transportation aid for the 2011-13 biennium 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:

- One dollar and three cents per mile for schoolbuses having a capacity of 10 or more passengers.
- Forty-six cents per mile for vehicles having a capacity of nine or fewer passengers.
- Forty-six cents per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- Forty-six cents per mile one-way for family transportation if the student lives more than two miles from the public school the student attends.
- Twenty-six cents per student for each one-way trip.

Section 36 of Senate Bill No. 2150 also provides that if any funds appropriated for transportation aid for the 2011-13 biennium remain unspent after all statutory obligations are met, the Department of Public Instruction is to prorate and distribute 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 \$16 million for special education contracts. The 2011-13 biennium appropriation is \$500,000 more than the 2009-11 biennium appropriation of \$15.5 million.

### **Mill Levy Reduction Grants**

The 2011 Legislative Assembly, in Senate Bill No. 2023, provided for a transfer of \$4,233,000 from the permanent oil tax trust fund to the property tax relief sustainability fund by June 30, 2011, and a deficiency appropriation for additional mill levy reduction grants during the 2009-11 biennium. In addition, the Legislative Assembly provided, in Senate Bill No. 2015, \$211,264 from the general fund for mill levy reduction grants to provide a total of \$299,444,264 for mill levy reduction grants during the 2009-11 biennium.

In addition to the \$295 million from the general fund appropriated by the 2009 Legislative Assembly for mill levy reduction grants, the executive budget recommendation for the 2011-13 biennium provided \$341.8 million from the property tax relief sustainability fund to the Department of Public Instruction for allocation to school districts to reduce school district property taxes for the 2011-13 biennium. The Legislative Assembly, in House Bill No. 1047, transfers \$295 million from the property tax relief sustainability fund to the general fund in July 2011 and provides \$341.8 million from the general fund to the Department of Public Instruction for mill levy reduction grants during the 2011-13 biennium.

In Section 9 of House Bill No. 1451 the Legislative Assembly also provided for the deposit of \$341.8 million from the state's share of oil and gas tax collections in the property tax relief sustainability fund for continuing property tax relief in the 2013-15 biennium.

### **Rapid Enrollment Grants**

The Legislative Assembly, in Senate Bill No. 2150, provided \$5 million from the oil and gas impact grant fund to the Superintendent of Public Instruction for rapid enrollment grants. If the number of students enrolled in a district increases by at least 7 percent annually, and if that increase is equal to at least 25 students, the district's grant equals the per student payment multiplied by the actual increase in its student enrollment. The Superintendent of Public Instruction may not award more than \$2.5 million in grants during the first year of the 2011-13 biennium. If the appropriated amount is insufficient, the Superintendent of Public Instruction is authorized to prorate the grants. A district is precluded from receiving a rapid enrollment grant if the district is not eligible to receive state aid because of its general fund ending balance.

### **Regional Education Association Incentives**

The executive budget recommendation increased funding for base payments to regional education associations by \$400,000 to provide a total of \$800,000 for the 2011-13 biennium and required:

- A regional education association to offer coordination and facilitation of professional development activities for teachers and administrators employed by its member districts;
- Supplementation of technology support services;
- Assistance with achieving school improvement goals identified by the Superintendent of Public Instruction;
- Assistance with the collection, analysis, and interpretation of student achievement data; and
- Assistance with the expansion and enrichment of curricular offerings.

The Legislative Assembly did not change the executive budget recommendation relating to the funding of regional education associations.

### **Teacher Compensation Increases**

Section 39 of Senate Bill No. 2150 provides that during the 2011-13 biennium the board of each school district use at least 70 percent of all new money received as per student payments to increase the compensation paid to teachers and provide compensation to teachers who begin employment with the district on or after July 1, 2011. New money does not include equity payments; regional education association money and grants; PowerSchool acquisition, implementation, and utilization money; and contingent distributions.

### **Contingent Distributions - State School Aid**

Section 29 of Senate Bill No. 2150 places into the North Dakota Century Code the provision that if any money remains in the grants - state aid line item after all statutory payment obligations have been met, the Superintendent shall distribute the remaining amount as additional per student payments on a prorated basis.

### **Contingent Transfer for Special Education**

Section 1 of Senate Bill No. 2150 places into the North Dakota Century Code the provision 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 introduce legislation requesting the following Legislative Assembly return any amount transferred under these provisions to the Bank of North Dakota.

### **Other Sections in Senate Bill No. 2013**

**Education jobs funds** - Section 3 provides the federal education jobs funding of \$21,517,716 included in the department's appropriation for the 2011-13 biennium is one-time funding and the Superintendent of Public Instruction may not request funding from the general fund to replace this one-time funding in the department's base budget request for the 2013-15 biennium.

**STAGEnet connectivity appropriation** - Section 4 appropriates \$131,000 from the general fund to the Information Technology Department to complete school district connectivity to STAGEnet during the 2011-13 biennium.

**North Dakota academic and career and technical education scholarship program appropriation** - Section 5 appropriates \$10 million from the general fund to the State Board of Higher Education for North Dakota academic and career and technical education scholarships for the 2011-13 biennium.



**2009-11 appropriation** - Section 6 appropriates \$30 million of additional federal funds to the Department of Public Instruction for providing grants to school districts during the 2009-11 biennium.

**Tuition apportionment** - Section 7 provides that any money available in the state tuition fund in excess of the \$101,638,000 appropriated in Section 1 is appropriated to the Department of Public Instruction for distribution to school districts.

**Payments for 2009-11 biennium educational services** - Section 8 provides that the Department of Public Instruction may use money appropriated for state school aid and special education contracts for the 2011-13 biennium to pay claims due during the 2009-11 biennium but not filed with the department until the 2011-13 biennium.

**Regional education association grants** - Section 9 provides for the distribution of up to \$800,000 from the grants - state school aid line item for regional education association grants to assist with the cost of compensating coordinators during the 2011-13 biennium. The maximum annual grant to a regional education association is the lesser of \$50,000 or 70 percent of the total compensation of the coordinator.

**Contingent adult education learning center grants** - Section 10 provides for the distribution of \$500,000 made available in Section 19 by reserving estimated unobligated excess state school aid funding from the 2009-11 biennium.

**Continuing education grants** - Section 11 provides for the distribution of up to \$100,000 from the grants - other grants line item for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per student payments based on latest average daily membership.

**Gifted and talented program and Medicaid matching distribution** - Section 12 provides that the Department of Public Instruction use \$800,000 of the 2011-13 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 13 provides that, notwithstanding 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.

**Amendment of 2009 Session Laws** - Sections 18 and 19 amend 2009 Session Laws to provide that the Department of Public Instruction continue up to \$9.5 million of estimated excess funding for state school aid and transportation aid payments from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments (\$9 million) and adult education learning center grants (\$500,000). Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to provisions of House Bill No. 1400 (2009). The Department of Public Instruction anticipates the 2009-11 biennium funding for state school aid will exceed the per student state school aid obligation by approximately \$8 million and the funding for transportation aid payments will exceed obligations by approximately \$1.9 million. The 2009 Legislative Assembly provided in House Bill No. 1400 that any funds appropriated for state school aid remaining after the department has provided for all statutory payment obligations be distributed as additional per student payments on a prorated basis according to the latest available average daily membership of each school district and that any funds remaining after the application of the transportation formula be distributed on a pro rata basis based on percentage of total transportation formula payments.

**National board certification fund** - Section 23 repeals the national board certification fund and Section 20 provides that any funds remaining in the national board certification fund at the end of the 2011-13 biennium be transferred to the general fund.

**Superintendent's annual salary** - Section 22 provides statutory changes relating to the Superintendent of Public Instruction's annual salary. The Superintendent's salary is increased from \$99,872 to \$102,868 on July 1, 2011, and \$105,954 on July 1, 2012.

### Related Legislation

**Mill levy reduction grants** - Section 13 of House Bill No. 1047 appropriates \$341,790,000 from the general fund to the Department of Public Instruction for allocation to school districts to reduce school district property taxes. Section 14 transfers \$295 million from the property tax relief sustainability fund to the general fund on July 1, 2011. The bill provides for a reduction of up to 75 mills in school district property tax levies and replacement of the revenue to school districts through mill levy reduction grants. The bill limits the grant to a school district from exceeding the grant in the preceding school year by more than the percentage increase in statewide taxable valuation. The bill also reduces financial institutions taxes and corporate and individual income taxes.

**Indian education issues study** - House Bill No. 1049 requires the Superintendent of Public Instruction study Indian education issues to develop criteria for grants to low-performing schools.

**State reimbursement for education** - House Bill No. 1074 requires school districts to receive state reimbursement for 80 percent of the room and board costs paid by the district for a student with disabilities who is placed in a facility regardless of whether that facility is located within or outside the student's school district of residence.

**National board certification fund** - House Bill No. 1094 provides that the national board certification fund must be invested by the State Treasurer in accordance with the prudent investor rule. In addition, Senate Bill No. 2013 repeals the national board certification fund (Section 23) and provides that any funds remaining in the national board certification fund at the end of the 2011-13 biennium be transferred to the general fund (Section 20).

**State school aid payments, rapid enrollment grants, Gearing Up for Kindergarten, special education contingent transfer, contingent additional per student payments, PowerSchool, regional education associations, Professional Development Advisory Committee, teacher mentoring program, high school graduation requirements, scholarships, career interest inventory, assessments, kindergarten, weighting factors, imputed taxable valuation, gubernatorial waivers, federal "education jobs fund" money, school construction loans, early childhood education, transportation grants, isolated schools, alternative education programs, teacher compensation, Education Funding and Taxation Committee, adult education, and alternative education services report** - Senate Bill No. 2150:

- Appropriates \$5 million from the oil and gas impact grant fund to the Superintendent of Public Instruction for **rapid enrollment grants**.
- Appropriates \$625,000 from the general fund to the Superintendent of Public Instruction for the purpose of supporting the **Gearing Up for Kindergarten** program provided by the North Dakota State University Extension Service.
- Places into the North Dakota Century Code the provision 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.
- Places into the North Dakota Century Code the provision that if any money remains in the grants - state aid line item after all statutory payment obligations have been met, the Superintendent is to distribute the remaining amount as **additional per student payments** on a prorated basis.
- Places the **teacher mentoring program** operated by the Education Standards and Practices Board into the North Dakota Century Code, authorizes the Education Standards and Practices Board to use any money it receives for the teacher support program to provide staff compensation, training, evaluation, and stipends for mentors and experienced teachers who assist first-year and non-first-year teachers participating in the program and to pay for any other administrative expenses resulting from the program, and makes the teacher support program available to teachers employed by school districts, special education units, area career and technology centers, regional education associations, and schools funded by the Bureau of Indian Education.
- Directs the Superintendent of Public Instruction to forward that portion of a school district's state aid which is attributable to the acquisition and use of **PowerSchool** and any related technology support services directly to the Information Technology Department. If the amount forwarded exceeds the cost incurred by the Information Technology Department, it must be returned to the school district as per student payments.
- Removes the list of administrative functions and student services that were statutorily required of a regional education association and requires **regional education associations** to offer coordination and facilitation of professional development activities for teachers and administrators employed by its member districts; supplementation of technology support services; assistance with achieving school improvement goals identified by the Superintendent of Public Instruction; assistance with the collection, analysis, and interpretation of student achievement data; and assistance with the expansion and enrichment of curricular offering.

- Provides expense reimbursement for each member of the **Professional Development Advisory Committee** and limits that reimbursement to three committee meetings during each year of the biennium. In addition, the bill provides for the repeal of the Professional Development Advisory Committee effective July 1, 2013.
- Identifies the 22 units of high school coursework that constitute the **minimum requirement for high school graduation** and provides that in order to obtain a high school diploma, a student must have successfully completed the statutorily required 22 units of high school coursework and any additional units required by the entity issuing the diploma.
- Identifies the requirements for **North Dakota academic and career and technical education scholarships**; establishes that the scholarships may be awarded in the amount of \$750 per semester or \$500 per quarter; provides that if a student's cumulative GPA at the conclusion of a semester is below 2.75, the State Board of Higher Education must grant a one-time exception and provide the North Dakota scholarship to which the student would otherwise be entitled for the next semester in which the student is enrolled full time; and defines full-time enrollment. This provision is paralleled with respect to students attending institutions on a quarter system.
- Requires each school district to provide students in grade 7 or 8 with an individual consultative process or a nine-week course for the purpose of discussing the results of their **career interest inventory**, selecting high school courses appropriate to their educational pursuits and career interests, and developing individual high school education plans. Each school district is required to notify students that they are entitled to a consultative review at least once during each high school grade and to provide the consultative review when requested to do so.
- Requires students take the ACT, including the writing test, or the WorkKeys **assessments**. The associated cost is to be paid by the state.
- Requires the board of a school district either provide at least a **half-day kindergarten program** or pay the tuition for a student to attend a kindergarten program in another school district.
- Provides that the instructional **calendar for kindergarten** must equal at least 50 percent of the instructional calendar for elementary schools and high schools.
- Identifies the English language learner proficiency categories and provides that the **English language learner weighting factor** is not applicable to students who have been in the third of six proficiency categories for more than three years.
- Provides for the revision of the **isolated schools factor** and repeals certain North Dakota Century Code sections relating to isolated schools.
- Establishes a .006 **data collection factor** for students enrolled in school districts that have or are in the process of acquiring PowerSchool.
- Increases the **special education weighting factor** from .07 to .073 in the first year of the biennium and from .073 to .079 in the second year of the biennium.
- Adds a weighting factor of .15 for students who are enrolled in an **alternative middle school program** for at least 15 hours per week effective July 1, 2013, through June 30, 2015.
- Provides a **per student payment rate** of \$3,910 for the 2011-12 school year and \$3,980 for the 2012-13 school year.
- Includes a **maximum payment provision** that, excluding equity payments, caps a school district's state aid payment for the 2011-12 school year at 142 percent of the baseline funding per weighted student unit. No maximum is established for any year thereafter. The **minimum payment provision** of 112.5 percent of the baseline funding per weighted student unit was not changed.
- Provides that in determining the **statewide average imputed taxable valuation per student** for purposes of equity payments, the Superintendent of Public Instruction may not include any school district, which if included in the calculation would have an imputed taxable valuation per student that is three times greater than the statewide average imputed taxable valuation per student and any school district, which if included in the calculation would have an imputed taxable valuation per student that is less than one-fifth of the statewide average imputed taxable valuation per student. In the determination of imputed taxable valuation, the divisor is set at the district's general fund mill levy for the taxable year 2008.
- Identifies the number of required instructional days for purposes of **gubernatorial waivers** in the event schools must close due to severe weather or other emergency conditions.
- Provides that **federal "education jobs fund" money** received by a school district may not be included in a district's unobligated general fund balance for purposes of determining state aid.
- Increases the amount of **school construction loans** that a school district is entitled to receive, based on its imputed taxable valuation and alters its interest rate buydown. If an eligible school district's imputed taxable valuation per student is less than 80 percent of the state average imputed taxable valuation per student, the district is entitled to receive a loan equal to the lesser of \$12 million or 80 percent of the actual project cost. A district having an imputed taxable valuation of at least 80 percent but less than 90 percent of the state average imputed taxable valuation per student is entitled to

receive a loan equal to the lesser of \$10 million or 70 percent of the actual project cost. A district having an imputed taxable valuation equal to at least 90 percent of the state average imputed taxable valuation per student is entitled to receive a loan equal to the lesser of \$4.5 million or 30 percent of the actual project costs. The interest rate buydowns are equal to at least 100 basis points but not more than 250 basis points below the prevailing tax-free bond rates.

- Provides that in determining the cost of education per student, the Superintendent of Public Instruction may not use expenditures for **early childhood education**.
- Limits enrollment in approved **early childhood education programs** to students who have reached age 4 before August 1 in the year of enrollment and provides that in determining state aid, the Superintendent of Public Instruction may not count any student enrolled in a regular early childhood education program.
- Replaces the principal and elementary schoolteacher on the **North Dakota Early Childhood Education Council** with the Commissioner of Commerce and an individual representing children with disabilities and revises the duties of the council.
- Increases the state **transportation formula rates** and provides for the reimbursement of family transportation of a student under certain circumstances.
- Provides **transition payments to isolated school districts** that had been receiving additional payments because they contained an isolated school but which no longer qualify for the isolated payment factor. School districts are to receive 100 percent of the current payments for the 2011-12 and 2012-13 school years, and then 75 percent, 50 percent, and 25 percent, respectively, during the three school years thereafter.
- Authorizes the Superintendent of Public Instruction to expend \$300,000 from the grants - other grants line item of the department's appropriation bill to provide grants to school districts that offer **alternative education programs** for students in grades 6 through 8 and provides for the distribution of the grants.
- Requires the board of each school district to use at least 70 percent of all new money received as 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, 2011. New money does not include equity payments; regional education association money and grants; PowerSchool acquisition, implementation, and utilization money; and contingent distributions.
- Creates the **Education Funding and Taxation Committee** to examine short-term and longer-term state and local involvement in funding elementary and secondary education. This study was prioritized by the Legislative Management.
- Provides for an interim Legislative Management study of the provision and funding of **adult education**. This study was not prioritized by the Legislative Management.
- Requires the Superintendent of Public Instruction report before October 1, 2012, to the Legislative Management regarding the provision of **alternative education services** to students in grades 6 through 8.

**North Dakota Teacher of the Year** - Senate Bill No. 2311 creates an eight-member committee to review nominations for and select the North Dakota Teacher of the Year. The bill also provides that the award must be announced jointly by the Governor and the Superintendent of Public Instruction and that there be a ceremony and reception honoring the teacher of the year in the Memorial Hall of the State Capitol or, if requested by the award recipient, at a location in the municipality within which the recipient resides or works. The Department of Public Instruction appropriation bill--Senate Bill No. 2013-- includes \$14,000 from the general fund for this program.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION  
COMPARISON OF 2009-11 APPROPRIATION AND ESTIMATED EXPENDITURES TO 2011-13 EXECUTIVE BUDGET AND LEGISLATIVE VERSIONS**

	2009-11 Legislative Appropriation	2009-11 Estimated Expenditures	2011-13 Executive Budget	2011-13 Legislative Appropriation	2011-13 Appropriation Increase (Decrease) Compared to 2009-11 Appropriation	2011-13 Appropriation Increase (Decrease) Compared to 2009-11 Estimated Expenditures	2011-13 Appropriation Increase (Decrease) Compared to 2011-13 Executive Budget
<b>State school aid program</b>							
State school aid	\$808,370,295 <sup>1</sup>	\$800,370,295 <sup>1</sup>	\$919,459,478 <sup>1</sup>	\$918,459,478 <sup>1</sup>	\$110,089,183	\$118,089,183	(\$1,000,000)
Federal education jobs fund program payments			21,242,838 <sup>2</sup>	21,242,838 <sup>2</sup>	21,242,838	21,242,838	
Transportation aid payments	43,500,000	41,600,000 <sup>1</sup>	48,500,000	48,500,000	5,000,000	6,900,000	
Contingent supplemental transportation aid payments	5,000,000 <sup>3</sup>	5,000,000 <sup>3</sup>			(5,000,000)	(5,000,000)	
Special education - Contracts	15,500,000	15,500,000	16,000,000	16,000,000	500,000	500,000	
Rapid enrollment grants				5,000,000	5,000,000	5,000,000	5,000,000
Supplemental operations grants	16,795,584	16,795,584			(16,795,584)	(16,795,584)	
Supplemental one-time grants	85,644,337	85,644,337			(85,644,337)	(85,644,337)	
Mill levy reduction grants	299,444,264 <sup>4</sup>	299,444,264 <sup>4</sup>	341,790,000 <sup>5</sup>	341,790,000 <sup>5</sup>	42,345,736	42,345,736	
Total - State school aid program	<u>\$1,274,254,480</u>	<u>\$1,264,354,480</u>	<u>\$1,346,992,316</u>	<u>\$1,350,992,316</u>	<u>\$76,737,836</u>	<u>\$86,637,836</u>	<u>\$4,000,000</u>
General fund	\$1,098,077,143	\$1,088,177,143	\$882,321,478	\$1,223,111,478	\$125,034,335	\$134,934,335	\$340,790,000
Federal funds	85,644,337	85,644,337	21,242,838	21,242,838	(64,401,499)	(64,401,499)	
State tuition fund	86,300,000	86,300,000	101,638,000	101,638,000	15,338,000	15,338,000	
Oil and gas impact grant fund				5,000,000	5,000,000	5,000,000	5,000,000
Property tax relief sustainability fund	4,233,000	4,233,000	341,790,000		(4,233,000)	(4,233,000)	(341,790,000)
Total	<u>\$1,274,254,480</u>	<u>\$1,264,354,480</u>	<u>\$1,346,992,316</u>	<u>\$1,350,992,316</u>	<u>\$76,737,836</u>	<u>\$86,637,836</u>	<u>\$4,000,000</u>
<b>Other grants - General fund</b>							
Teacher center network	\$360,000	\$360,000	\$360,000	\$360,000			
School food services	1,380,000	1,380,000	1,380,000	1,380,000			
Adult education grants	1,850,000	1,850,000	1,850,000	3,110,411 <sup>1</sup>	\$1,260,411	\$1,260,411	\$1,260,411
LEAD Center	260,000	260,000	260,000	260,000			
Governor's School	410,000	410,000	410,000	460,000	50,000	50,000	50,000
National writing projects	153,000	153,000	153,000	158,000	5,000	5,000	5,000
Rural art outreach project	345,000	345,000	360,000	380,000	35,000	35,000	20,000
North Dakota Geographic Alliance	226,000	226,000			(226,000)	(226,000)	
North Central Council for School Television	445,000	445,000	445,000	485,000	40,000	40,000	40,000
Mentoring program	2,300,000	2,300,000	2,300,000	2,300,000			
National board certification fund	500,000	500,000			(500,000)	(500,000)	
Continuing education grants	100,000	100,000	100,000	100,000			
Atlantik-Brucke exchange program	75,000	75,000	75,000	105,000	30,000	30,000	30,000
North Dakota young entrepreneur education program	100,000	100,000	110,000	120,000	20,000	20,000	10,000
"We the People" program	18,000	18,000	22,000	22,000	4,000	4,000	
Principal mentoring grants			461,500				(461,500)
Curriculum alignment grants			100,000	100,000	100,000	100,000	
Preschool continuing education grants			150,000	150,000	150,000	150,000	
Prekindergarten space grants			125,000	125,000	125,000	125,000	
Alternative education program grants				300,000	300,000	300,000	300,000
Gearing Up for Kindergarten				625,000	625,000	625,000	625,000
National board certification	102,500	102,500	185,000		(102,500)	(102,500)	(185,000)
Total other grants - General fund	<u>\$8,624,500</u>	<u>\$8,624,500</u>	<u>\$8,846,500</u>	<u>\$10,540,411</u>	<u>\$1,915,911</u>	<u>\$1,915,911</u>	<u>\$1,693,911</u>

	2009-11 Legislative Appropriation	2009-11 Estimated Expenditures	2011-13 Executive Budget	2011-13 Legislative Appropriation	2011-13 Appropriation Increase (Decrease) Compared to 2009-11 Appropriation	2011-13 Appropriation Increase (Decrease) Compared to 2009-11 Estimated Expenditures	2011-13 Appropriation Increase (Decrease) Compared to 2011-13 Executive Budget
<b>Other grants - Other funds</b>							
Federal grants	\$334,863,120 <sup>6</sup>	\$334,863,120 <sup>6</sup>	\$293,818,982	\$293,818,982	(\$41,044,138)	(\$41,044,138)	
National board certification				185,000	185,000	185,000	\$185,000
Displaced homemaker program	250,000	250,000	250,000	250,000			
Total other grants - Other funds	<u>\$335,113,120</u>	<u>\$335,113,120</u>	<u>\$294,068,982</u>	<u>\$294,253,982</u>	<u>(\$40,859,138)</u>	<u>(\$40,859,138)</u>	<u>\$185,000</u>
<b>Total state school aid and other grants - All funds</b>	\$1,617,992,100	\$1,608,092,100	\$1,649,907,798	\$1,655,786,709	\$37,794,609	\$47,694,609	\$5,878,911
<b>Agency administration</b>							
Administration (salaries, operating, equipment) - General fund	\$7,965,211 <sup>7</sup>	\$7,965,211 <sup>7</sup>	\$10,896,762	\$10,328,762	\$2,363,551	\$2,363,551	(\$568,000)
Administration (salaries, operating, equipment) - Other funds	36,663,697 <sup>7</sup>	36,663,697 <sup>7</sup>	33,768,603	34,068,603	(2,595,094)	(2,595,094)	300,000
Total agency administration - All funds	<u>\$44,628,908</u>	<u>\$44,628,908</u>	<u>\$44,665,365</u>	<u>\$44,397,365</u>	<u>(\$231,543)</u>	<u>(\$231,543)</u>	<u>(\$268,000)</u>
<b>Total Department of Public Instruction - All funds</b>	\$1,662,621,008	\$1,652,721,008	\$1,694,573,163	\$1,700,184,074	\$37,563,066	\$47,463,066	\$5,610,911
General fund	\$1,114,666,854	\$1,104,766,854	\$902,064,740	\$1,243,980,651	\$129,313,797	\$139,213,797	\$341,915,911
Other funds	547,954,154	547,954,154	792,508,423	456,203,423	(91,750,731)	(91,750,731)	(336,305,000)
Total	<u>\$1,662,621,008</u>	<u>\$1,652,721,008</u>	<u>\$1,694,573,163</u>	<u>\$1,700,184,074</u>	<u>\$37,563,066</u>	<u>\$47,463,066</u>	<u>\$5,610,911</u>
FTE	99.75	99.75	99.75	99.75			

<sup>1</sup> State school aid - The amounts reported for state school aid include the base per student formula payments, special education average daily membership payments, equity payments, full-day kindergarten, and payments to regional education associations.

The Department of Public Instruction anticipates the 2009-11 biennium funding for state school aid will exceed the per student state school aid obligation by approximately \$8 million and the funding for transportation aid payments will exceed obligations by approximately \$1.9 million. The 2009 Legislative Assembly provided in House Bill No. 1400 that any funds appropriated for state school aid remaining after the department has provided for all statutory payment obligations be distributed as additional per student payments on a prorated basis according to the latest available average daily membership of each school district and that any funds remaining after the application of the transportation formula be distributed on a pro rata basis based on percentage of total transportation formula payments. The 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. The Legislative Assembly also provided the department reserve an additional \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium for adult education learning center grants. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to House Bill No. 1400 (2009).

<sup>2</sup> Federal H.R.1586--signed into law in August 2010--provided an extension of the American Recovery and Reinvestment Act of 2009 federal medical assistance percentages as well as additional funding for elementary and secondary education. North Dakota's share of the additional elementary and secondary education funding--known as the education jobs fund program--is \$21,517,716, of which \$21,242,838 is to be distributed to school districts through the state's funding formula and \$274,878 is available to the Department of Public Instruction for administration of the program. The funding is to be made available to school districts for use in hiring or rehiring school employees during the 2010-11 school year; therefore, the 2011-13 executive budget recommended and the 2011 Legislative Assembly approved an emergency clause to allow funds to begin to be distributed during the 2010-11 school year.

<sup>3</sup> In addition to the \$43.5 million provided for transportation grants, the 2009 Legislative Assembly provided a \$5 million contingent appropriation from the general fund for supplemental transportation aid payments. If prior to April 30, 2011, the Office of Management and Budget determines the June 30, 2011, general fund balance will exceed \$30 million, the Department of Public Instruction is to provide the supplemental transportation aid payments according to the percentage of the total transportation formula amount each school district is entitled to receive. The February 2011 executive revenue forecast estimates the conditions will be met and the contingent supplemental funding will be made available.

<sup>4</sup> The 2009 Legislative Assembly provided \$295 million from the general fund for mill levy reduction grants. The 2011 Legislative Assembly provided deficiency appropriations totaling \$4,444,264, of which \$211,264 is from the general fund and \$4,233,000 is from the property tax relief sustainability fund, for the 2009-11 biennium for mill levy reduction grants.

<sup>5</sup> The 2011 Legislative Assembly appropriated \$341,790,000 from the general fund for mill levy reduction grants during the 2011-13 biennium and provided for the deposit of \$341.8 million from the state's share of oil and gas tax collections in the property tax relief sustainability fund for continuing property tax relief in the 2013-15 biennium. The executive recommendation included funding for mill levy reduction grants from the property tax relief sustainability fund.

<sup>6</sup> The amounts reported for other grants from federal funds include \$30 million of federal funds appropriated to the Department of Public Instruction for providing grants to school districts authorized in Section 6 of House Bill No. 2013 (2011).

<sup>7</sup> The amounts reported for administration from the general fund and other funds include \$150,000, \$50,000 of which is from the general fund, for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees during the 2009-11 biennium.

**PER STUDENT STATE SCHOOL AID PAYMENTS AND WEIGHTED STUDENT UNITS  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Legislative Appropriation	2009-11 Actual	2011-13 Executive Budget	2011-13 Legislative Appropriation
First-year per student payments	\$3,200	\$3,200	\$3,879	\$3,910
Second-year per student payments	\$3,779	\$3,779 <sup>1,2</sup>	\$3,979	\$3,980
Weighted student units				
First year	109,226	108,231	111,043 <sup>3</sup>	111,035 <sup>4</sup>
Second year	108,884	108,293 <sup>2</sup>	113,810 <sup>3</sup>	112,467 <sup>4</sup>

<sup>1</sup>The Department of Public Instruction anticipates the 2009-11 biennium funding for state school aid will exceed the per student state school aid obligation by approximately \$8 million and the funding for transportation aid payments will exceed obligations by approximately \$1.9 million. The 2009 Legislative Assembly provided in House Bill No. 1400 that any funds appropriated for state school aid remaining after the department has provided for all statutory payment obligations be distributed as additional per student payments on a prorated basis according to the latest available average daily membership of each school district and that any funds remaining after the application of the transportation formula be distributed on a pro rata basis based on percentage of total transportation formula payments. The 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. The Legislative Assembly also provided the department reserve an additional \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium for adult education learning center grants. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to House Bill No. 1400 (2009).

<sup>2</sup>Estimated.

<sup>3</sup>The anticipated increase in weighted student units for the 2011-13 biennium is the result of increased student population, the implementation of an at-risk weighting factor for students considered eligible for free and reduced lunches, the addition of an alternative teacher compensation system factor for alternative compensation plans approved by an Alternative Teacher Compensation System Review Panel, and other school funding formula factor changes.

<sup>4</sup>The Legislative Assembly removed the alternative teacher compensation system factor included in the executive budget and increased the special education weighting factor in the second year of the biennium resulting in a net decrease in the weighted student units when comparing the legislative appropriation to the executive budget for the 2011-13 biennium.

## SECTION F - HIGHER EDUCATION

OVERVIEW	F-1
HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS	F-3
HIGHER EDUCATION TUITION RATES	F-4
NORTH DAKOTA UNIVERSITY SYSTEM OFFICE	F-10
BISMARCK STATE COLLEGE	F-20
DAKOTA COLLEGE AT BOTTINEAU	F-47
DICKINSON STATE UNIVERSITY	F-37
FOREST SERVICE	F-49
LAKE REGION STATE COLLEGE	F-22
MAYVILLE STATE UNIVERSITY	F-39
MINOT STATE UNIVERSITY	F-41
NORTH DAKOTA STATE UNIVERSITY	F-32
STATE COLLEGE OF SCIENCE	F-35
UND SCHOOL OF MEDICINE AND HEALTH SCIENCES	F-30
UNIVERSITY OF NORTH DAKOTA	F-27
VALLEY CITY STATE UNIVERSITY	F-44
WILLISTON STATE COLLEGE	F-24



## HIGHER EDUCATION - OVERVIEW

The 2011 Legislative Assembly made the following higher education funding changes compared to 2009-11 legislative appropriations for higher education:

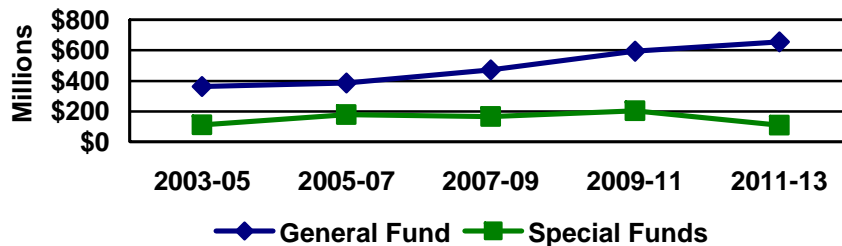
- Increased **general fund** support by \$62,430,747 as follows:

	2009-11 Legislative Appropriations	2011-13 Executive Recommendation	Increase (Decrease)	
Ongoing general fund appropriations	\$534,062,895	\$606,525,437	\$72,462,542 <sup>1</sup>	13.6%
One-time general fund appropriations	59,292,152	49,260,357	(10,031,795)	(16.9%)
<b>Total</b>	<b>\$593,355,047</b>	<b>\$655,785,794</b>	<b>\$62,430,747</b>	<b>10.5%</b>

<sup>1</sup>The increase in funding is due in part to increasing funding for campus operations by approximately \$32.6 million, providing \$10 million of funding for campus equity distributions, and providing \$5 million of funding to be distributed to campuses based on student completion rates.

- Decreased support from **special funds** by \$93,946,605, or 46.3 percent. Special funds support relates primarily to major capital projects funded from local sources or through the issuance of revenue bonds.
- Adjusted the authorized number of **FTE positions** from 2,131.42 to 2,245.51 to reflect the number of FTE positions supported by the general fund.

**Higher Education Appropriations**



Biennium	General Fund	Special Funds	Total
2003-05	\$364,029,938	\$110,546,775	\$474,576,713
2005-07	\$387,157,893	\$178,552,108	\$565,710,001
2007-09	\$472,036,237	\$165,419,701	\$637,455,938
2009-11	\$593,355,047	\$202,764,364	\$796,119,411
2011-13	\$655,785,794	\$108,817,759	\$764,603,553

Major items include:

- One-time general fund appropriations** - Provided funding of \$49,260,357 from the general fund for the following one-time funding items:

Major capital projects	\$47,136,000
Dickinson State University operating funds	900,000
Mayville State University campus drainage study	55,000
Development of space utilization plan at the University of North Dakota School of Medicine and Health Sciences	100,000
Special assessment payments	819,357
Forest Service emerald ash borer program	250,000
<b>Total</b>	<b>\$49,260,357</b>

- Campus parity** - Provided \$32.6 million from the general fund for campus parity to continue the fiscal year 2011 legislatively authorized salary increases, 3 percent per year salary increases for the 2011-13 biennium, health insurance increases, and estimated utility cost increases.
- Employee retirement contributions** - Provided funding of \$2,426,499 from the general fund for increased retirement contributions for North Dakota University System employees. The funding will be used to increase the state contribution to employee retirement programs by 1 percent on January 1, 2012, and by 1 percent on January 1, 2013.
- Campus equity and tuition affordability pool** - Provided \$15,240,565 from the general fund for campus equity and student affordability distributions as determined by the State Board of Higher Education.
- Student financial assistance program** - Provided funding of \$19,374,022, of which \$19,025,594 is from the general fund and \$348,428 is from federal funds, for the student financial assistance grant program. This is the same amount of funding as provided for the 2009-11 biennium.
- Career and technical education and academic scholarships** - Provided \$10 million from the general fund to continue the career and technical education and academic scholarship program. This represents an increase of \$7 million from the 2009-11 biennium appropriation of \$3 million for the program.
- Professional student exchange program** - Provided funding of \$3,321,438, of which \$2,856,131 is from the general fund and \$465,307 is from the student loan trust fund, for the professional student exchange program. The funding includes a \$510,000 increase from the general fund to replace reduced funding available from the student loan trust fund. This level represents a total funds decrease of \$15,662 from the 2009-11 legislative appropriation of \$3,337,100.

8. **Scholars program** - Provided \$2,113,584 from the general fund for the scholars program. This is the same level of funding as provided during the 2009-11 biennium.
9. **Competitive research** - Provided \$7,050,000 from the general fund for competitive research matching funding. This is the same level of funding as provided during the 2009-11 biennium.
10. **System information technology services** - Provided funding of \$36,006,667, of which \$35,467,230 is from the general fund and \$539,437 is from the student loan 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 an increase of \$1,249,509 for parity, \$3.527 million for technology maintenance, and \$616,000 for a ConnectND database upgrade. This level of funding represents an

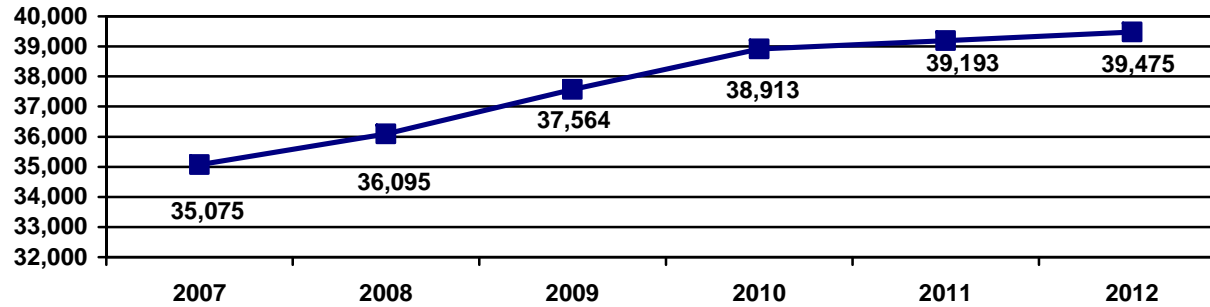
increase of \$5,776,629 from the 2009-11 biennium appropriation of \$30,230,038.

11. **Capital assets** - Funding of \$176,385,770 is provided for capital assets, including:

	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
Capital construction lease payments	\$11,787,519	\$417,250	\$12,204,769
Campus extraordinary repairs	11,160,089		11,160,089
Special assessment payments	819,357		819,357
Major capital projects	47,136,000	105,065,555	152,201,555
<b>Total</b>	<b>\$70,902,965</b>	<b>\$105,482,805</b>	<b>\$176,385,770</b>

Please refer to the schedules under the **Capital Construction** section for additional information regarding capital improvements.

# INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS<sup>1</sup>



Institution	Actual Enrollments				Projected Enrollments	
	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012
Bismarck State College	2,792	2,937	3,160	3,208	3,304	3,403
Dakota College at Bottineau	402	440	490	540	504	508
Dickinson State University	2,158	2,294	2,187	2,068	2,089	2,110
Lake Region State College	764	784	868	921	890	890
Mayville State University	586	563	662	704	777	850
Minot State University	2,730	2,720	2,832	3,002	3,024	3,047
North Dakota State University	11,221	11,794	12,577	12,708	12,708	12,708
State College of Science	2,097	2,041	2,076	2,217	2,261	2,306
University of North Dakota	10,967	11,137	11,306	12,018	12,101	12,118
Valley City State University	807	823	833	957	950	950
Williston State College	551	562	573	570	585	585
<b>Total</b>	<b>35,075</b>	<b>36,095</b>	<b>37,564</b>	<b>38,913</b>	<b>39,193</b>	<b>39,475</b>

<sup>1</sup>The 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 FTE student is equal to 15 credit-hours. 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. The information presented in this schedule was provided by the North Dakota 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 2007-08 through 2010-11. 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. 1035 (2011) continues this authority through June 30, 2013. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2007-08 <sup>1</sup>	2008-09 <sup>1</sup>	2009-10 <sup>1</sup>	2010-11 <sup>1</sup>	2011-12 <sup>1</sup>
Bismarck State College <sup>2</sup>					
Undergraduate					
Resident	\$3,204 5.0%	\$3,364 5.0%	\$3,364 0.0%	\$3,364 0.0%	\$3,364 0.0%
Minnesota resident <sup>3</sup>	\$3,990 3.1%	\$4,075 2.1%	\$4,188 2.8%	\$4,382 4.6%	\$4,492 2.5%
Contiguous state/province <sup>4</sup>	\$4,005 5.0%	\$4,205 5.0%	\$4,205 0.0%	\$4,205 0.0%	\$4,205 0.0%
Other nonresident	\$8,554 5.0%	\$8,982 5.0%	\$8,982 0.0%	\$8,982 0.0%	\$8,982 0.0%
Dakota College at Bottineau					
Undergraduate					
Resident	\$2,972 5.0%	\$3,120 5.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,120 0.0%
Minnesota resident <sup>3</sup>	\$3,998 3.7%	\$4,075 1.9%	\$4,188 2.8%	\$4,382 4.6%	\$4,492 2.5%
South Dakota and Montana residents	\$3,715 25.8%	\$3,901 5.0%	\$3,901 0.0%	\$3,901 0.0%	\$3,901 0.0%
All provinces <sup>5</sup>	\$2,972 5.0%	\$3,120 5.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,120 0.0%
Other nonresident	\$4,458 (41.0%)	\$4,680 5.0%	\$4,680 0.0%	\$4,680 0.0%	\$4,680 0.0%
Dickinson State University					
Undergraduate					
Resident	\$3,828 5.0%	\$4,019 5.0%	\$4,160 3.5%	\$4,306 3.5%	\$4,414 2.5%
Minnesota resident <sup>3</sup>	\$4,075 3.9%	\$4,197 3.0%	\$4,350 3.6%	\$4,578 5.2%	\$4,692 2.5%
Contiguous state/province <sup>4</sup>	\$4,785 5.0%	\$5,024 5.0%	\$5,200 3.5%	\$5,382 3.5%	\$5,517 2.5%
Other nonresident	\$10,222 5.0%	\$10,731 5.0%	\$11,106 3.5%	\$11,496 3.5%	\$11,784 2.5%
Lake Region State College <sup>6</sup>					
Undergraduate					
Resident	\$2,919 5.0%	\$3,065 5.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%
Minnesota resident <sup>3</sup>	\$3,998 3.7%	\$4,075 1.9%	\$3,065 (24.8%)	\$3,065 0.0%	\$3,065 0.0%
Contiguous state/province <sup>4</sup>	\$2,919	\$3,065	\$3,065	\$3,065	\$3,065

Institution	2007-08 <sup>1</sup>	2008-09 <sup>1</sup>	2009-10 <sup>1</sup>	2010-11 <sup>1</sup>	2011-12 <sup>1</sup>
	5.0%	5.0%	0.0%	0.0%	0.0%
Other nonresident	\$2,919	\$3,065	\$3,065	\$3,065	\$3,065
	5.0%	5.0%	0.0%	0.0%	0.0%
International students	\$7,298	\$7,662	\$7,662	\$7,662	\$7,662
	5.0%	5.0%	0.0%	0.0%	0.0%
Mayville State University					
Undergraduate					
Resident	\$3,795	\$3,985	\$4,124	\$4,268	\$4,375
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident <sup>3</sup>	\$4,040	\$4,162	\$4,314	\$4,537	\$4,650
	3.9%	3.0%	3.7%	5.2%	2.5%
Contiguous state/province <sup>4</sup>	\$4,743	\$4,981	\$5,156	\$5,335	\$5,468
	5.0%	5.0%	3.5%	3.5%	2.5%
All Canadian provinces except Saskatchewan and Manitoba	\$5,692	\$5,977	\$6,180	\$6,403	\$6,562
	5.0%	5.0%	3.4%	3.6%	2.5%
Other nonresident	\$5,692	\$5,977	\$6,180	\$6,403	\$6,562
	5.0%	5.0%	3.4%	3.6%	2.5%
International students	\$10,132	\$10,639	\$11,012	\$11,396	\$11,680
	0.0%	5.0%	3.5%	3.5%	2.5%
Minot State University <sup>7</sup>					
Undergraduate					
Resident	\$3,980	\$4,179	\$4,325	\$4,476	\$4,588
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident <sup>3</sup>	\$4,237	\$4,365	\$4,325	\$4,476	\$4,588
	3.9%	3.0%	(0.9%)	3.5%	2.5%
Contiguous state/province <sup>4</sup>	\$4,973	\$5,224	\$4,325	\$4,476	\$4,588
	5.0%	5.0%	(17.2%)	3.5%	2.5%
Other nonresident	\$10,622	\$11,158	\$4,325	\$4,476	\$4,588
	5.0%	5.0%	(61.2%)	3.5%	2.5%
Graduate					
Resident	\$5,264	\$5,527	\$5,720	\$5,920	\$6,068
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident <sup>3</sup>	\$6,549	\$6,745	\$5,720	\$5,920	\$6,068
	4.2%	3.0%	(15.2%)	3.5%	2.5%
Contiguous state/province <sup>4</sup>	\$7,896	\$8,291	\$5,720	\$5,920	\$6,068
	5.0%	5.0%	(31.0%)	3.5%	2.5%
Other nonresident	\$14,053	\$14,758	\$5,720	\$5,920	\$6,068
	5.0%	5.0%	(61.2%)	3.5%	2.5%
North Dakota State University					
Undergraduate					
Resident	\$5,013	\$5,264	\$5,448	\$5,639	\$6,135
	5.0%	5.0%	3.5%	3.5%	8.8%
Minnesota resident <sup>3</sup>	\$5,343	\$5,504	\$5,706	\$6,002	\$6,152
	3.9%	3.0%	3.7%	5.2%	2.5%
Contiguous state/province <sup>4</sup>	\$7,519	\$7,895	\$8,172	\$8,458	\$9,203

Institution	2007-08 <sup>1</sup>	2008-09 <sup>1</sup>	2009-10 <sup>1</sup>	2010-11 <sup>1</sup>	2011-12 <sup>1</sup>
	5.0%	5.0%	3.5%	3.5%	8.8%
Other nonresident	\$13,384	\$14,053	\$14,547	\$15,055	\$16,381
	5.0%	5.0%	3.5%	3.5%	8.8%
Graduate					
Resident	\$5,376	\$5,645	\$5,843	\$6,048	\$6,580
	5.0%	5.0%	3.5%	3.5%	8.8%
Minnesota resident <sup>3</sup>	\$6,549	\$6,745	\$7,073	\$7,415	\$7,600
	4.2%	3.0%	4.9%	4.8%	2.5%
Contiguous state/province <sup>4</sup>	\$8,064	\$8,467	\$8,764	\$9,071	\$9,870
	5.0%	5.0%	3.5%	3.5%	8.8%
Other nonresident	\$14,354	\$15,072	\$15,600	\$16,147	\$17,569
	5.0%	5.0%	3.5%	3.5%	8.8%
State College of Science <sup>8,9</sup>					
Undergraduate					
Resident	\$3,207	\$3,368	\$3,368	\$3,368	\$3,368
	5.0%	5.0%	0.0%	0.0%	0.0%
Minnesota resident <sup>3</sup>	\$3,990	\$4,075	\$4,187	\$4,382	\$4,492
	3.1%	2.1%	2.7%	4.7%	2.5%
Contiguous state/province <sup>4</sup>	\$4,009	\$4,209	\$4,209	\$4,209	\$4,209
	5.0%	5.0%	0.0%	0.0%	0.0%
Other nonresident	\$8,563	\$8,991	\$8,991	\$8,991	\$8,991
	5.0%	5.0%	0.0%	0.0%	0.0%
Business and industry partnership program <sup>10</sup>					
Resident	\$3,207	\$3,368	\$3,368	\$3,368	\$3,368
	5.0%	5.0%	0.0%	0.0%	0.0%
Minnesota resident <sup>3</sup>	\$3,990	\$4,075	\$4,187	\$4,382	\$4,492
	3.1%	2.1%	2.7%	4.7%	2.5%
Contiguous state/province <sup>4</sup>	\$3,207	\$3,368	\$3,368	\$3,368	\$3,368
	5.0%	5.0%	0.0%	0.0%	0.0%
Other nonresident	\$3,207	\$3,368	\$3,368	\$3,368	\$3,368
	5.0%	5.0%	0.0%	0.0%	0.0%
University of North Dakota					
Undergraduate					
Resident	\$5,025	\$5,276	\$5,461	\$5,652	\$5,793
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident <sup>3</sup>	\$5,343	\$5,504	\$5,706	\$6,002	\$6,152
	3.9%	3.0%	3.7%	5.2%	2.5%
Contiguous state/province <sup>4</sup>	\$7,538	\$7,914	\$8,191	\$8,478	\$8,690
	5.0%	5.0%	3.5%	3.5%	2.5%
Other nonresident	\$13,418	\$14,088	\$14,580	\$15,091	\$15,468
	5.0%	5.0%	3.5%	3.5%	2.5%
Graduate					
Resident	\$5,405	\$5,675	\$5,874	\$6,080	\$6,232

Institution	2007-08 <sup>1</sup>	2008-09 <sup>1</sup>	2009-10 <sup>1</sup>	2010-11 <sup>1</sup>	2011-12 <sup>1</sup>
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident <sup>3</sup>	\$6,549	\$6,745	\$7,073	\$7,415	\$7,600
	4.2%	3.0%	4.9%	4.8%	2.5%
Contiguous state/province <sup>4</sup>	\$8,108	\$8,513	\$8,810	\$9,119	\$9,348
	5.0%	5.0%	3.5%	3.5%	2.5%
Other nonresident	\$14,432	\$15,153	\$15,683	\$16,233	\$16,639
	5.0%	5.0%	3.5%	3.5%	2.5%
School of Law <sup>11</sup>					
Resident	\$6,069	\$6,372	\$6,596	\$6,826	\$6,997
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident (newly enrolled prior to 2006-07 academic year) <sup>3</sup>	\$6,549				
	4.2%				
Minnesota resident (newly enrolled during the 2006-07 or 2007-08 academic year) <sup>3</sup>	\$16,204				
	5.0%				
Minnesota resident (all students regardless of date of enrollment) <sup>3</sup>		\$9,559	\$9,893	\$10,240	\$10,240
			3.5%	3.5%	0.0%
Contiguous state/province <sup>4</sup>	\$9,104	\$9,559	\$9,893	\$10,240	\$10,240
	5.0%	5.0%	3.5%	3.5%	0.0%
Other nonresident	\$16,204	\$17,015	\$17,610	\$18,227	\$18,682
	5.0%	5.0%	3.5%	3.5%	2.5%
School of Medicine and Health Sciences					
Resident	\$21,443	\$22,515	\$23,303	\$24,119	\$24,722
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident <sup>3</sup>	\$22,827	\$23,515	\$24,376	\$25,640	\$27,195
	3.9%	3.0%	3.7%	5.2%	6.1%
Minnesota resident (newly enrolled as of the 2006-07 academic year) <sup>3</sup>	\$23,587	\$24,767	\$25,634	\$26,532	
	5.0%	5.0%	3.5%	3.5%	
Other nonresident	\$39,690	\$41,675	\$43,134	\$44,644	\$45,760
	5.0%	5.0%	3.5%	3.5%	2.5%
Physical therapy <sup>12</sup>					
Resident	\$9,910	\$10,406	\$10,770	\$11,147	\$11,426
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident <sup>3</sup>	\$9,910	\$10,406	\$10,770	\$11,147	\$11,426
	5.0%	5.0%	3.5%	3.5%	2.5%
Contiguous state/province <sup>4</sup>	\$13,711	\$14,397	\$14,901	\$15,423	\$15,809
	5.0%	5.0%	3.5%	3.5%	2.5%
Other nonresident	\$13,711	\$14,397	\$14,901	\$15,423	\$15,809
	5.0%	5.0%	3.5%	3.5%	2.5%
Valley City State University <sup>13</sup>					
Undergraduate					
Resident	\$3,941	\$4,138	\$4,283	\$4,433	\$4,544
	5.0%	5.0%	3.5%	3.5%	2.5%
Minnesota resident <sup>3</sup>	\$4,195	\$4,322	\$4,480	\$4,712	\$4,830
	3.9%	3.0%	3.7%	5.2%	2.5%

Institution	2007-08 <sup>1</sup>	2008-09 <sup>1</sup>	2009-10 <sup>1</sup>	2010-11 <sup>1</sup>	2011-12 <sup>1</sup>
Contiguous state/province <sup>4</sup>	\$4,926 5.0%	\$5,172 5.0%	\$5,354 3.5%	\$5,541 3.5%	\$5,680 2.5%
Other nonresident	\$10,522 5.0%	\$11,048 5.0%	\$11,435 3.5%	\$11,835 3.5%	\$12,131 2.5%
Graduate					
Resident	\$5,243 5.0%	\$5,505 5.0%	\$5,698 3.5%	\$5,897 3.5%	\$6,044 2.5%
Minnesota resident <sup>3</sup>	\$6,549 2.7%	\$6,745 3.0%	\$6,981 3.5%	\$5,897 (15.5%)	\$6,044 2.5%
Contiguous state/province <sup>4</sup>	\$6,554 5.0%	\$6,881 5.0%	\$7,122 3.5%	\$5,897 (17.2%)	\$6,044 2.5%
Other nonresident	\$13,998 5.0%	\$14,698 5.0%	\$15,212 3.5%	\$5,897 (61.2%)	\$6,044 2.5%
Williston State College <sup>14</sup>					
Undergraduate					
Resident	\$2,493 5.0%	\$2,618 5.0%	\$2,618 0.0%	\$2,618 0.0%	\$2,618 0.0%
Minnesota resident <sup>3</sup>	\$3,458 3.1%	\$3,532 2.1%	\$2,618 (25.9%)	\$2,618 (0.0%)	\$2,618 0.0%
Contiguous state/province <sup>4</sup>	\$2,493 5.0%	\$2,618 5.0%	\$2,618 0.0%	\$2,618 0.0%	\$2,618 0.0%
Other nonresident	\$3,740 5.0%	\$3,927 5.0%	\$2,618 (33.3%)	\$2,618 0.0%	\$2,618 0.0%

<sup>1</sup>Beginning 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.

<sup>2</sup>Bismarck 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 14<sup>th</sup> and 15<sup>th</sup> 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.

<sup>3</sup>Under the current North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate. Beginning with the 2006-07 academic year, the UND 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. Beginning with the 2009-10 academic year, the reciprocity agreement was revised to allow Lake Region State College, Minot State University, and Williston State College to charge Minnesota students the North Dakota resident tuition rate rather than the rate specified under the agreement.

<sup>4</sup>The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba.

<sup>5</sup>Beginning with the 2002-03 academic year, Dakota College at Bottineau charges resident tuition rates to students from all Canadian provinces.

<sup>6</sup>Beginning with the 2009-10 academic year, Lake Region State College charges resident tuition rates to all students except international students.

<sup>7</sup>Beginning with the 2009-10 academic year, Minot State University charges resident tuition rates to all students.



<sup>8</sup>Beginning 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:

	2007-08	2008-09	2009-10	2010-11	2011-12
Undergraduate					
Contiguous state/province	\$3,207	\$3,368	\$3,368	\$3,368	\$3,368
Other nonresidents	\$3,207	\$3,368	\$3,368	\$3,368	\$3,368

<sup>9</sup>The 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 17<sup>th</sup> and 18<sup>th</sup> 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.

<sup>10</sup>Beginning 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.

<sup>11</sup>The University of North Dakota School of Law implemented a per credit tuition model beginning in the 2008-09 academic year. The institution charges a per credit (part-time) tuition rate for all credit-hours. The tuition rates shown for the 2008-09, 2009-10, and 2010-11 academic years 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 law student.

<sup>12</sup>Physical 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.

<sup>13</sup>Valley 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 full-time graduate student. Beginning with the 2010-11 academic year, Valley City State University charges the same online tuition rate to all graduate students.

<sup>14</sup>Williston 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 14<sup>th</sup>, 15<sup>th</sup>, and 16<sup>th</sup> 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. Beginning with the 2009-10 academic year, Williston State College charges all students the resident tuition rate.

**North Dakota University System office  
Budget No. 215  
House Bill No. 1003, Senate Bill Nos. 2013 and 2015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	23.30	\$100,171,450	\$3,754,718	\$103,926,168
<b>2011-13 legislative appropriations</b>	<b>23.30</b>	<b>116,629,810</b>	<b>2,754,718</b>	<b>119,384,528</b>
Legislative increase (decrease) to executive budget	0.00	\$16,458,360	(\$1,000,000)	\$15,458,360
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$30,121,128	(\$1,994,240)	\$28,126,888

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$86,508,682	\$0	\$86,508,682
<b>2011-13 legislative appropriations</b>	<b>116,629,810</b>	<b>0</b>	<b>116,629,810</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$30,121,128	\$0	\$30,121,128
Percentage increase (decrease) to 2009-11 appropriations	34.8%	N/A	34.8%
2011-13 legislative increase (decrease) to executive budget	\$16,614,360	(\$156,000)	\$16,458,360
Percentage increase (decrease) to executive budget	16.6%	(100.0%)	16.4%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding to be distributed to campuses for equity payments and for limiting tuition increases (see <b>Equity and Student Affordability Funding Pool</b> section below).		\$15,240,565		\$15,240,565
Appropriated funding for North Dakota career and technical education and academic scholarships (see <b>Career and Technical Education and Academic Scholarships</b> section below) in Senate Bill No. 2013.		10,000,000		10,000,000
Reduced funding for University System governance (see <b>System Governance</b> section below).		(500,000)		(500,000)

Removed 2007-09 biennium carryover funding amounts added to the base budget in the executive recommendation.	(1,564,205)		(1,564,205)
Changed the funding source for tribal college assistance grants from the permanent oil tax trust fund to the general fund.	1,000,000	(\$1,000,000)	0
Removed increased funding for the competitive research program (see <b>Competitive Research</b> section below).	(1,650,000)		(1,650,000)
Removed funding added in the executive recommendation for a performance-based funding pool.	(5,000,000)		(5,000,000)
Removed funding added in the executive recommendation for a new and expanding program fund.	(1,000,000)		(1,000,000)
Removed \$12,000 of ongoing funding and \$156,000 of one-time funding added in the executive recommendation for student mental health services.	(168,000)		(168,000)
Reduced funding for capital bond payments (see <b>Capital Assets</b> section below).	(50,000)		(50,000)
Added funding to be distributed to doctoral institutions for educational leadership programs (Senate Bill No. 2015).	150,000		150,000
<b>Total</b>	<u>0.00</u>	<u>\$16,458,360</u>	<u>(\$1,000,000)</u>

#### FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 23.3 FTE positions, the same as the 2009-11 biennium. 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 (OMB) prior to submission of the 2013-15 budget request.

#### One-Time Funding

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. These amounts are not to be considered part of the University System's base budget for preparing the 2013-15 executive budget, and the University System is to report to the Appropriations Committees during the 2013 legislative session on the use of the funding. The table below summarizes one-time funding provided to the University System from the general fund for the 2011-13 biennium:

	<b>General Fund</b>
Capital projects	\$47,136,000
Special assessment payments	819,357
Dickinson State University operating funds	900,000
Forest Service emerald ash borer program	250,000
University of North Dakota (UND) School of Medicine and Health Sciences space utilization study	100,000
Mayville State University campus drainage study	55,000
<b>Total</b>	<b>\$49,260,357</b>

The Legislative Assembly removed \$156,000 included in the executive budget for the University System office for a student mental health services initiative.

### Equity and Student Affordability Funding Pool

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and for providing no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education. Section 6 of House Bill No. 1003 authorizes the State Board of Higher Education to transfer funding from the pool to higher education institutions.

### Competitive Research

The Legislative Assembly provided \$7,050,000 from the general fund for competitive research, the same amount as provided for the 2009-11 biennium and \$1.65 million less than the executive recommendation of \$8.7 million. 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 <sup>1</sup>
2005-07	\$5,190,000
2007-09	\$5,650,000
2009-11	\$7,050,000 <sup>2</sup>
2011-13	\$7,050,000

<sup>1</sup>The 2003 Legislative Assembly provided that \$100,000 of the \$4.75 million be used for a public private partnership for establishment of a design center at UND.

<sup>2</sup>The 2009 Legislative Assembly provided that \$400,000 of the \$7,050,000 be used for the National Aeronautics and Space Administration Experimental Program to Stimulate Competitive Research.

### System Governance

The Legislative Assembly provided \$6,877,272, of which \$6,588,576 is from the general fund and \$288,696 is from special funds, for system governance. The Legislative Assembly removed \$276,862 added in the executive recommendation related to 2007-09 biennium carryover funding and removed an additional \$500,000 from the system governance line item with specific funding reductions to be determined by the University System. The table below details funding for system governance provided for the 2009-11 biennium, funding included in the 2011-13 executive recommendation, and 2011-13 biennium appropriations:

	2009-11 Biennium Appropriation	2011-13 Biennium Executive Recommendation	2011-13 Biennium Legislative Appropriation
General fund	\$6,909,502	\$7,365,438	\$6,588,576
Special funds	276,110	288,696	288,696
<b>Total</b>	<b>\$7,185,612</b>	<b>\$7,654,134</b>	<b>\$6,877,272</b>

### System Information Technology Services

The Legislative Assembly provided \$36,006,667, of which \$35,467,230 is from the general fund and \$539,437 is from the student loan trust fund, for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding from the general fund includes an increase of \$1,249,509 for parity, \$3,527,000 for technology maintenance, \$616,000 for a ConnectND database upgrade, and \$590,000 to replace reduced revenue from the student loan trust fund. The Legislative Assembly removed \$55,332 added to the base funding level in the executive recommendation related to 2007-09 biennium carryover funding.

	<b>2009-11 Biennium Legislative Appropriation</b>	<b>2011-13 Biennium Executive Recommendation</b>	<b>2011-13 Biennium Legislative Appropriation</b>	<b>2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2011-13 Executive Recommendation</b>	<b>2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2009-11 Biennium Legislative Appropriation</b>
General fund	\$29,209,438	\$35,522,562	<b>\$35,467,230</b>	(\$55,332)	\$6,257,792
Student loan trust fund	1,020,600	539,437	<b>539,437</b>		(481,163)
<b>Total</b>	<b>\$30,230,038</b>	<b>\$36,061,999</b>	<b>\$36,006,667</b>	<b>(\$55,332)</b>	<b>\$5,776,629</b>

#### Student Financial Assistance Grants

The Legislative Assembly provided \$19,374,022 for student financial assistance grants, of which \$19,025,594 is from the general fund and \$348,428 is from federal funds. This represents the same level of funding as provided during the 2009-11 biennium and a reduction of \$553,546 from the executive recommendation. The Legislative Assembly removed \$553,546 of funding added in the executive recommendation that relates to 2007-09 biennium carryover funding. The funding will be used to provide grants to students of up to \$1,500 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:

<b>Biennium</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
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
2009-11	\$19,025,594	\$348,428	\$0	\$19,374,022
2011-13	\$19,025,594	\$348,428	\$0	\$19,374,022

#### Professional Student Exchange Program

The Legislative Assembly provided \$3,321,438, of which \$2,856,131 is from the general fund and \$465,307 is from the student loan trust fund, for the professional student exchange program. The Legislative Assembly did not change the executive recommendation to increase funding from the general fund by \$510,000 to replace reduced funding available from the student loan trust fund. The Legislative Assembly removed \$244,398 of funding from the general fund added in the executive recommendation relating to 2007-09 biennium carryover funding. The following is a summary of funding for the professional student exchange program:

<b>Biennium</b>	<b>General Fund</b>	<b>Student Loan Trust Fund</b>	<b>Total Funds</b>
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
2009-11	\$2,346,130	\$990,970	\$3,337,100
2011-13	\$2,856,131	\$465,307	\$3,321,438

**Scholars Program**

The Legislative Assembly provided \$2,113,584 from the general fund for the scholars program, the same amount as provided during the 2009-11 biennium. The Legislative Assembly removed \$343,242 of funding added in the executive recommendation relating to 2007-09 biennium carryover funding. The funding provided is sufficient to continue existing students in the program and provide 53 new freshmen awards in each year of the 2011-13 biennium. The funding will also allow for the continuation of providing one-time stipends of \$2,000 to incoming freshmen. 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
2009-11	\$2,113,584		\$2,113,584
2011-13	\$2,113,584		\$2,113,584

**Native American Scholarship Program**

The Legislative Assembly provided \$574,267 from the general fund for Native American scholarships. The \$574,267 is \$192,975 more than the 2009-11 biennium appropriation of \$381,292. The funding is estimated to provide approximately 240 scholarships, the same as the 2009-11 biennium. The increased funding for the program will be used to increase the scholarship award from \$800 to \$1,200 per student per year. 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
2009-11	\$381,292
2011-13	\$574,267

**Education Incentive Programs**

The Legislative Assembly provided \$3,176,344 from the general fund for education incentive programs, the same as the 2009-11 biennium appropriation. The Legislative Assembly removed \$89,650 of funding added in the executive recommendation relating to 2007-09 biennium carryover funding. Section 14 of House Bill No. 1003 provides that the funding of \$3,176,344 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.

**Career and Technical Education and Academic Scholarships**

The Legislative Assembly provided \$10 million from the general fund for career and technical education and academic scholarships, an increase of \$7 million from the 2009-11 biennium appropriation of \$3 million. The executive recommendation provided that the scholarship programs receive a continuing appropriation from the lands and minerals trust fund instead of being funded from the general fund. The Legislative Assembly removed the continuing appropriation for the programs and appropriated \$10 million from the general fund for the programs in Senate Bill No. 2013.

To be eligible for a scholarship, a student must be a resident of the state, complete the requirements for a high school diploma, and meet the following program requirements for one of the programs as follows:

<b>Career and Technical Education Scholarship</b>	<b>Academic Scholarship</b>
Complete one unit of algebra II	Complete one unit of algebra II and one additional unit of mathematics for which algebra II is a prerequisite
Complete two units of a coordinated study plan as recommended by the Department of Career and Technical Education	Complete two units of the same foreign language or sign language; one unit of fine arts or career and technical education; and one unit of a foreign language or sign language, fine arts, or career and technical education
Complete five additional units, two of which must be in the area of career and technical education	Complete one unit of an advanced placement course or one-half unit of a dual-credit course
Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship	Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship
Obtain a cumulative grade point average at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship	Obtain a cumulative grade point average at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship
Receive a composite score of at least 24 on the ACT or a score of at least five on each of three WorkKeys assessments	Receive a composite score of at least 24 on the ACT

Any student that meets the requirements for a career and technical education scholarship or an academic scholarship is to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled at a North Dakota higher education institution and maintains eligibility up to a maximum amount of \$6,000.

### Capital Assets

The Legislative Assembly provided \$12,204,769, of which \$11,787,519 is from the general fund and \$417,250 is from special funds, for University System capital construction lease payments. The Legislative Assembly reduced general fund support for capital construction lease payments by \$50,000 compared to the executive recommendation. Section 5 of House Bill No. 1003 provides that the State Board of Higher Education must use the sum of \$12,204,769 provided to the University System office for capital assets to satisfy outstanding bond obligations. The following is a summary of the 2011-13 biennium legislative appropriation compared to the 2011-13 biennium executive recommendation and the 2009-11 biennium legislative appropriation:

	<b>2009-11 Biennium Legislative Appropriation</b>	<b>2011-13 Biennium Executive Recommendation</b>	<b>2011-13 Biennium Legislative Appropriation</b>	<b>2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2011-13 Biennium Executive Recommendation</b>	<b>2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2009-11 Biennium Legislative Appropriation</b>
Capital construction lease payments - General fund	\$11,296,798	\$11,837,519	\$11,787,519	(\$50,000)	\$490,721
Capital construction lease payments - Special funds	717,250	417,250	417,250	0	(300,000)
<b>Total</b>	<b>\$12,014,048</b>	<b>\$12,254,769</b>	<b>\$12,204,769</b>	<b>(\$50,000)</b>	<b>\$190,721</b>

### Capital Improvements

The following schedule presents the higher education capital improvement funding contained in the 2011-13 executive recommendation and the appropriations approved by the Legislative Assembly for the 2011-13 biennium:

Entity/Project	2011-13 Executive Recommendation		2011-13 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Bismarck State College				
Plant Services Building	\$1,500,000		\$1,500,000	
Student Union renovation and addition		\$7,500,000		\$7,500,000
Special assessment payments	900,000		257,933	
National Energy Center of Excellence fourth floor project			3,300,000	1,035,000
Extraordinary repairs	417,673		417,673	
Total	\$2,817,673	\$7,500,000	\$5,475,606	\$8,535,000
Lake Region State College				
Roof repairs			\$866,000	
Extraordinary repairs	\$155,367		155,367	
Total	\$155,367	\$0	\$1,021,367	\$0
Williston State College				
Campus branding		\$1,500,000 <sup>1</sup>	\$1,000,000	\$500,000
Science laboratory renovation project		1,320,000 <sup>1</sup>	1,320,000	
Workforce training building project			500,000	1,725,000
Extraordinary repairs	\$197,801		197,801	
Total	\$197,801	\$2,820,000	\$3,017,801	\$2,225,000
UND				
Energy and Environmental Research Center Slurry Building expansion		\$2,700,000		\$2,700,000
Joint University System and UND information technology facility	\$11,200,000		\$12,500,000	8,000,000
University town home apartments		5,000,000		5,000,000
Wilkerson Hall renovation and addition		14,000,000		14,000,000
Special assessment payments	281,013		97,146	
Flight operations center renovation				750,000
Extraordinary repairs	4,411,566		4,411,566	
Total	\$15,892,579	\$21,700,000	\$17,008,712	\$30,450,000
North Dakota State University				
Bison Sports Arena renovation		\$29,100,000		\$29,100,000
Information technology infrastructure		2,000,000		2,000,000
Indoor practice facility		5,000,000		5,000,000
Special assessment payments	\$2,319,700		\$272,683	
Extraordinary repairs	2,732,244		2,732,244	
Total	\$5,051,944	\$36,100,000	\$3,004,927	\$36,100,000
State College of Science				
Forkner Hall renovation		\$5,000,000		\$5,000,000
Frank Vertin football complex		1,500,000		1,500,000
Old Main renovation	\$8,180,000			
Schulz Hall renovation		4,000,000		4,000,000
Special assessment payments	125,851		\$58,666	
Bisek Hall renovation and addition			10,300,000	200,000



Entity/Project	2011-13 Executive Recommendation		2011-13 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Extraordinary repairs	1,012,379		1,012,379	
Total	\$9,318,230	\$10,500,000	\$11,371,045	\$10,700,000
Dickinson State University				
Stoxen Library	\$8,800,000			
Extraordinary repairs	409,078		\$409,078	
Total	\$9,209,078	\$0	\$409,078	\$0
Mayville State University				
Special assessment payments	\$392,493		\$84,513	
Extraordinary repairs	358,992		358,992	
Total	\$751,485	\$0	\$443,505	\$0
Minot State University				
Landscape plan		\$800,000		\$800,000
Old Main classroom remodel		750,000		750,000
Resident apartments		3,500,000		3,500,000
Geothermal energy project			\$4,850,000	8,884,555
Food service remodeling project				1,500,000
Plant services building				600,000
Extraordinary repairs	\$899,620		899,620	
Total	\$899,620	\$5,050,000	\$5,749,620	\$16,034,555
Valley City State University				
Lokken Field turf project		\$815,000		\$815,000
Rhoades Science Center renovation and addition	\$7,971,000		\$10,300,000	200,000
Special assessment payments	283,567		48,416	
Extraordinary repairs	408,319		408,319	
Total	\$8,662,886	\$815,000	\$10,756,735	\$1,015,000
Dakota College at Bottineau				
General campus improvements			\$700,000	
Extraordinary repairs	\$115,507		115,507	
Total	\$115,507	\$0	\$815,507	\$0
Forest Service				
Towner State Nursery greenhouse				\$6,000
Extraordinary repairs	\$41,543		\$41,543	
Total	\$41,543	\$0	\$41,543	\$6,000
Total Higher Education	\$53,113,713	\$84,485,000	\$59,115,446	\$105,065,555

<sup>1</sup>Funding of \$2.32 million from the permanent oil tax trust fund was included in the executive recommendation for Williston State College for the science building project (\$1.32 million) and campus enhancements (\$1 million).

#### Other Income

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for institutions of higher education generally does not include a specific appropriation of other funds, except for capital projects.

### **Other Sections in House Bill No. 1003**

**Permanent oil tax trust fund** - Section 3 provides that any unexpended 2009-11 biennium appropriations from the permanent oil tax trust fund for higher education institutions are to be transferred to the appropriate higher education institution's special revenue fund at the end of the 2009-11 biennium.

**Williston State College borrowing authority** - Section 4 authorizes Williston State College to borrow up to \$1.725 million from the Bank of North Dakota for the workforce training building project.

**Joint information technology building project** - Section 7 allows the University System to spend an additional \$5 million on the joint University System/UND information technology building project. The funds must be from one-time information technology funding savings or efficiencies realized at UND, North Dakota State University, or the University System office.

**Minard Hall project** - Section 8 authorizes North Dakota State University to continue 2007-09 and 2009-11 biennium funding for the Minard Hall project into the 2011-13 biennium. North Dakota State University is to provide reports to the Budget Section regarding the status of the project.

**Student loan trust fund** - Section 10 authorizes a total of \$1,004,744 from the student loan trust fund for the professional student exchange program (\$465,307) and ConnectND campus solution positions (\$539,437).

**Revenue bonding authority** - Section 15 authorizes the State Board of Higher Education to issue \$40.225 million of revenue bonds for various University System capital projects.

**State Board of Higher Education member compensation** - Section 16 amends North Dakota Century Code Section 15-10-08 to increase the daily compensation of members of the State Board of Higher Education from \$100 to \$148.

**Tribal college assistance grants** - Section 17 amends Section 15-70-04 regarding grants to tribally controlled community colleges for nonbeneficiary students.

**Health occupations loan forgiveness programs** - Sections 18 and 19 amend Sections 43-12.2-03 and 43-17.2-03 relating to the eligibility requirements for the medical personnel loan repayment program and the physician loan repayment program.

**University System budget request** - Section 20 provides legislative intent regarding future budget requests of the University System.

**University System enrollment reports** - Section 21 provides legislative intent regarding the University System fall enrollment report.

**Legislative Management studies** - Sections 22 and 23 provide for 2011-12 interim Legislative Management studies of the UND School of Medicine and Health Sciences and the use of graduated tuition rates to increase enrollment in programs that address workforce needs of the state.

### **Related Legislation**

**House Bill No. 1033 - University System budget request and appropriation** - Continues the requirement that the budget request for the 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 an asset funding component through July 31, 2013. The bill also provides for a Legislative Management study of higher education.

**House Bill No. 1034 - University System unspent general fund appropriations** - Provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations through July 31, 2013.

**House Bill No. 1035 - University System special funds continuing appropriation** - Extends the continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2013.

**House Bill No. 1036 - Developmental education study** - Directs the Legislative Management to study ways to alleviate developmental education, efforts to reduce developmental education, and the origin of students needing developmental education.

**House Bill No. 1119 - Student liability coverage for state vehicles** - Allows higher education institutions to receive liability coverage from the risk management fund for students operating a state vehicle as part of an education program.

**House Bill No. 1154 - Scholarship award eligibility** - Allows students that attend a nonpublic high school in a bordering state while residing with a custodial parent in North Dakota to be eligible to receive a North Dakota career and technical education or academic scholarship.

**House Bill No. 1213 - Staff senate adviser to the State Board of Higher Education** - Allows the University System staff senate to appoint an individual to serve as an adviser to the State Board of Higher Education.

**House Bill No. 1263 - UND athletic nickname** - Prohibits the State Board of Higher Education from discontinuing the use of the Fighting Sioux nickname and logo at UND.

**Senate Bill No. 2065 - Reimbursement of meal expenses** - Provides that meal expenses for athletic teams or other groups may be reimbursed on a group travel expenses report.

**Senate Bill No. 2150 - Career and technical education scholarships and academic scholarships** - Changes the eligibility requirements for the career and technical education scholarship program and the academic scholarship program.

**Senate Bill No. 2323 - University System capital projects reporting requirements** - Requires the State Board of Higher Education to provide capital construction variance reports to OMB.

**Senate Bill No. 2351 - Student fees at higher education institutions** - Requires the State Board of Higher Education to display student fee information on the University System website and provides limitations for increasing mandatory student fees. The bill also provides for a Legislative Management study of student fees.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	111.51	\$30,553,301	\$7,500,000	\$38,053,301
<b>2011-13 legislative appropriations</b>	<b>111.51</b>	<b>31,935,693</b>	<b>8,535,000</b>	<b>40,470,693</b>
Legislative increase (decrease) to executive budget	0.00	\$1,382,392	\$1,035,000	\$2,417,392
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$4,086,158	\$8,125,500	\$12,211,658

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$24,508,898	\$3,340,637	\$27,849,535
<b>2011-13 legislative appropriations</b>	<b>26,877,760</b>	<b>5,057,933</b>	<b>31,935,693</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,368,862	\$1,717,296	\$4,086,158
Percentage increase (decrease) to 2009-11 appropriations	9.7%	51.4%	14.7%
2011-13 legislative increase (decrease) to executive budget	(\$1,275,541)	\$2,657,933	\$1,382,392
Percentage increase (decrease) to executive budget	(4.5%)	110.7%	4.5%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding included in the executive budget for campus equity payments (\$543,985) and for limiting tuition increases (\$731,556) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$1,275,541)		(\$1,275,541)
Adjusted funding for special assessments to remove funding to pay off special assessment balances as provided in the executive recommendation and provide funding of \$257,933 for 2011-13 special assessment payments.		(642,067)		(642,067)

Added one-time funding for the National Center of Excellence fourth floor project.		3,300,000	\$1,035,000	4,335,000
Total	0.00	\$1,382,392	\$1,035,000	\$2,417,392

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 111.51 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

**One-Time Funding**

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$3.3 million is for the National Center of Excellence fourth floor project, \$1.5 million is for construction of a plant services building, and \$257,933 is for special assessment payments at Bismarck State College. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and Bismarck State College is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Income**

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. Consequently, the legislative appropriation for Bismarck State College does not include a specific appropriation of other funds, except for capital projects.

**Equity and Student Affordability Funding Pool**

The executive budget recommendation included \$10 million of funding from the general fund for equity payments to campuses and \$6,640,563 of funding from the general fund for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increase at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

**Extraordinary Repairs**

The Legislative Assembly did not change the executive recommendation to provide \$417,673 from the general fund for extraordinary repairs, a decrease of \$166,445 from the 2009-11 biennium appropriation of \$584,118. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$243,481	\$417,673	\$174,192
One-time funding from the general fund	340,637		(340,637)
Total	\$584,118	\$417,673	(\$166,445)

**Capital Projects**

The Legislative Assembly authorized the following capital projects:

	2011-13 Executive Budget Recommendation			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Plant services building	\$1,500,000		\$1,500,000	\$1,500,000		\$1,500,000
Student Union renovation and addition (revenue bonding)		\$7,500,000	7,500,000		\$7,500,000	7,500,000
National Center of Excellence fourth floor project				3,300,000	1,035,000	4,335,000
Total	\$1,500,000	\$7,500,000	\$9,000,000	\$4,800,000	\$8,535,000	\$13,335,000

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	37.50	\$9,314,859	\$0	\$9,314,859
<b>2011-13 legislative appropriations</b>	<b>37.50</b>	<b>9,640,610</b>	<b>0</b>	<b>9,640,610</b>
Legislative increase (decrease) to executive budget	0.00	\$325,751	\$0	\$325,751
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$1,124,401)	(\$2,609,920)	(\$3,734,321)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$8,061,284	\$2,703,727	\$10,765,011
<b>2011-13 legislative appropriations</b>	<b>8,774,610</b>	<b>866,000</b>	<b>9,640,610</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$713,326	(\$1,837,727)	(\$1,124,401)
Percentage increase (decrease) to 2009-11 appropriations	8.8%	(68.0%)	(10.4%)
2011-13 legislative increase (decrease) to executive budget	(\$540,249)	\$866,000	\$325,751
Percentage increase (decrease) to executive budget	(5.8%)	N/A	3.5%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$219,139) and for limiting tuition increases (\$200,540) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$419,679)		(\$419,679)
Removed funding included in the executive budget for student mental health services.		(120,570)		(120,570)

Added one-time funding for roof replacement projects.	_____	866,000	_____	866,000
Total	0.00	\$325,751	\$0	\$325,751

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 37.5 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

**One-Time Funding**

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount \$866,000 is for roof replacement projects at Lake Region State College. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and Lake Region State College is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Income**

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for Lake Region State College does not include a specific appropriation of other funds.

**Equity and Student Affordability Funding Pool**

The executive budget recommendation included \$10 million of funding from the general fund for equity payments to campuses and \$6,640,563 of funding from the general fund for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

**Extraordinary Repairs**

The Legislative Assembly did not change the executive recommendation to provide \$155,367 from the general fund for extraordinary repairs, an increase of \$17,898 from the 2009-11 biennium appropriation of \$137,469. The following is a summary of funding for extraordinary repairs:

	<b>2009-11 Legislative Appropriation</b>	<b>2011-13 Legislative Appropriation</b>	<b>Increase (Decrease)</b>
Ongoing funding from the general fund	\$43,662	\$155,367	\$111,705
One-time funding from the general fund	93,807		(93,807)
Total	\$137,469	\$155,367	\$17,898

**Capital Projects**

The Legislative Assembly provided \$866,000 from the general fund for roof replacement projects.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	43.42	\$9,100,096	\$2,820,000	\$11,920,096
<b>2011-13 legislative appropriations</b>	<b>43.42</b>	<b>11,518,698</b>	<b>2,225,000</b>	<b>13,743,698</b>
Legislative increase (decrease) to executive budget	0.00	\$2,418,602	(\$595,000)	\$1,823,602
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$1,681,810	(\$13,150,000)	(\$11,468,190)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$7,844,886	\$1,992,002	\$9,836,888
<b>2011-13 legislative appropriations</b>	<b>8,698,698</b>	<b>2,820,000</b>	<b>11,518,698</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$853,812	\$827,998	\$1,681,810
Percentage increase (decrease) to 2009-11 appropriations	10.9%	41.6%	17.1%
2011-13 legislative increase (decrease) to executive budget	(\$401,398)	\$2,820,000	\$2,418,602
Percentage increase (decrease) to executive budget	(4.4%)	N/A	26.6%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$166,667) and for limiting tuition increases (\$214,161) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$380,828)		(\$380,828)
Removed funding included in the executive budget for student mental health services.		(120,570)		(120,570)
Added funding for campus security.		100,000		100,000



Changed the funding source for campus improvements (capital projects to develop a more collegiate and professional atmosphere on campus) (\$1 million) and additional funding for the completion of the science laboratory renovation (\$1.32 million) from the permanent oil tax trust fund to the general fund as a result of the repeal of the permanent oil tax trust fund in House Bill No. 1451.	2,320,000	(\$2,320,000)	0
Added one-time funding for a workforce training building project (the college may issue revenue bonds or borrow up to \$1.725 million from the Bank of North Dakota for the project).	500,000	1,725,000	2,225,000
<b>Total</b>	<u>0.00</u>	<u>\$2,418,602</u>	<u>(\$595,000)</u>
		<u>\$1,823,602</u>	

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 43.42 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

**One-Time Funding**

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$1.32 million is for additional funding for the completion of the science laboratory renovation, \$1 million is for campus improvements (capital projects to develop a more collegiate and professional atmosphere on campus), and \$500,000 is for a workforce training building project. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and Williston State College is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Income**

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for Williston State College does not include a specific appropriation of other funds, except for capital projects.

**Equity and Student Affordability Funding Pool**

The executive budget recommendation included \$10 million of funding from the general fund for equity payments to campuses and \$6,640,563 of funding from the general fund for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increase at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

**Extraordinary Repairs**

The Legislative Assembly did not change the executive recommendation to provide \$197,801 from the general fund for extraordinary repairs, a decrease of \$270,676 from the 2009-11 biennium appropriation of \$468,477. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$86,475	\$197,801	\$111,326
One-time funding from the general fund	382,002		(382,002)
<b>Total</b>	<b>\$468,477</b>	<b>\$197,801</b>	<b>(\$270,676)</b>

### Capital Projects

The Legislative Assembly authorized the following capital projects:

	2011-13 Executive Budget Recommendation			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Additional funding for completion of the science laboratory renovation		\$1,320,000	\$1,320,000	\$1,320,000		\$1,320,000
Campus improvements (capital projects to develop a more collegiate and professional atmosphere on campus)		1,500,000	1,500,000	1,000,000	\$500,000	1,500,000
Workforce training building project				500,000	1,725,000	2,225,000
<b>Total</b>	<b>\$0</b>	<b>\$2,820,000</b>	<b>\$2,820,000</b>	<b>\$2,820,000</b>	<b>\$2,225,000</b>	<b>\$5,045,000</b>

University of North Dakota  
 Budget No. 230  
 House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2011-13 executive budget (bills as introduced)	651.91	\$156,873,093	\$21,700,000	\$178,573,093
<b>2011-13 legislative appropriations</b>	<b>651.91</b>	<b>153,602,504</b>	<b>30,450,000</b>	<b>184,052,504</b>
Legislative increase (decrease) to executive budget	0.00	(\$3,270,589)	\$8,750,000	\$5,479,411
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$18,739,042	(\$31,169,000)	(\$12,429,958)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 legislative appropriations	\$127,684,788	\$7,178,674	\$134,863,462
<b>2011-13 legislative appropriations</b>	<b>141,005,358</b>	<b>12,597,146</b>	<b>153,602,504</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$13,320,570	\$5,418,472	\$18,739,042
Percentage increase (decrease) to 2009-11 appropriations	10.4%	75.5%	13.9%
2011-13 legislative increase (decrease) to executive budget	(\$4,386,722)	\$1,116,133	(\$3,270,589)
Percentage increase (decrease) to executive budget	(3.0%)	9.7%	(2.1%)

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$2,459,984) and for limiting tuition increases (\$1,676,738) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$4,136,722)		(\$4,136,722)
Removed funding for science, technology, engineering, and mathematics teacher education enhancement.		(250,000)		(250,000)

Adjusted funding for special assessments at institutions to remove funding to pay off special assessment balances as provided in the executive recommendation and provide funding for 2011-13 special assessment payments only.	(183,867)		(183,867)
Added funding for the joint information technology building capital project.	1,300,000	\$8,000,000	9,300,000
Added funding for the flight operations center remodeling project.		750,000	750,000
<b>Total</b>	<u>0.00</u>	<u>(\$3,270,589)</u>	<u>\$8,750,000</u>
			<u>\$5,479,411</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 651.91 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

**One-Time Funding**

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$12.5 million is for the joint information technology building project and \$97,146 is for special assessment payments at the University of North Dakota (UND). These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and UND is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Income**

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for UND does not include a specific appropriation of other funds, except for capital projects.

**Equity and Student Affordability Funding Pool**

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

**Extraordinary Repairs**

The Legislative Assembly did not change the executive recommendation to provide \$4,411,566 from the general fund for extraordinary repairs, a decrease of \$5,067,653 from the 2009-11 biennium appropriation of \$9,479,219. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$2,300,545	\$4,411,566	\$2,111,021
One-time funding from the general fund	7,178,674		(7,178,674)
<b>Total</b>	<b>\$9,479,219</b>	<b>\$4,411,566</b>	<b>(\$5,067,653)</b>

### Capital Projects

The Legislative Assembly authorized the following capital projects:

	2011-13 Executive Budget Recommendation			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Energy and Environmental Research Center Slurry Building expansion		\$2,700,000	\$2,700,000		\$2,700,000	\$2,700,000
Joint information technology building project	\$11,200,000		11,200,000	\$12,500,000	8,000,000	20,500,000
University Townhome apartments		5,000,000 <sup>1</sup>	5,000,000		5,000,000 <sup>1</sup>	5,000,000
Wilkerson Hall renovation and addition		14,000,000 <sup>1</sup>	14,000,000		14,000,000 <sup>1</sup>	14,000,000
Flight operations center renovation					750,000	750,000
Total	\$11,200,000	\$21,700,000	\$32,900,000	\$12,500,000	\$30,450,000	\$42,950,000

<sup>1</sup>Funding from revenue bonds.

### Other Sections in Bill

**Revenue bond authorization** - Section 15 of House Bill No. 1003 authorizes the State Board of Higher Education to issue revenue bonds for the university townhome project (\$5 million) and the Wilkerson Hall renovation and addition project (\$14 million) at UND.

### Related Legislation

**House Bill No.1263 - UND athletic nickname** - Prohibits the State Board of Higher Education from discontinuing the use of the Fighting Sioux nickname and logo at UND.

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

	FTE Positions	General Fund	Other Funds	Total
2011-13 executive budget (bills as introduced)	137.43	\$46,653,406	\$0	\$46,653,406
<b>2011-13 legislative appropriations</b>	<b>137.43</b>	<b>46,783,021</b>	<b>0</b>	<b>46,783,021</b>
Legislative increase (decrease) to executive budget	0.00	\$129,615	\$0	\$129,615
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$5,667,620	\$0	\$5,667,620

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 legislative appropriations	\$40,890,401	\$225,000	\$41,115,401
<b>2011-13 legislative appropriations</b>	<b>46,683,021</b>	<b>100,000</b>	<b>46,783,021</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$5,792,620	(\$125,000)	\$5,667,620
Percentage increase (decrease) to 2009-11 appropriations	14.2%	(55.6%)	13.8%
2011-13 legislative increase (decrease) to executive budget	\$29,615	\$100,000	\$129,615
Percentage increase (decrease) to executive budget	0.1%	100.0%	0.3%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$591,552) and for limiting tuition increases (\$571,224) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$1,162,776)		(\$1,162,776)
Added funding to increase the enrollment of the School of Medicine and Health Sciences.		1,800,000		1,800,000

Adjusted funding added in the executive recommendation for a joint master's in public health program to provide North Dakota State University with program funding (the executive recommendation provided all funding for the new program to the School of Medicine and Health Sciences).		(607,609)		(607,609)
Added one-time funding for a space utilization study of the School of Medicine and Health Sciences.		100,000		100,000
Total	<u>0.00</u>	<u>\$129,615</u>	<u>\$0</u>	<u>\$129,615</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 137.43 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

**One-Time Funding**

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$100,000 is for a space utilization study at the School of Medicine and Health Sciences. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the School of Medicine and Health Sciences is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Income**

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for the School of Medicine and Health Sciences does not include a specific appropriation of other funds.

**Equity and Student Affordability Funding Pool**

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

**Other Sections in Bill**

**Legislative Management study of the School of Medicine and Health Sciences** - Section 23 provides for a Legislative Management study of the School of Medicine and Health Sciences, including the ability of the school to meet the health care needs of the state.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	584.88	\$130,186,316	\$36,100,000	\$166,286,316
<b>2011-13 legislative appropriations</b>	<b>584.88</b>	<b>121,939,625</b>	<b>36,100,000</b>	<b>158,039,625</b>
Legislative increase (decrease) to executive budget	0.00	(\$8,246,691)	\$0	(\$8,246,691)
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$6,823,499)	(\$22,000,000)	(\$28,823,499)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$110,407,307	\$18,355,817	\$128,763,124
<b>2011-13 legislative appropriations</b>	<b>121,666,942</b>	<b>272,683</b>	<b>121,939,625</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$11,259,635	(\$18,083,134)	(\$6,823,499)
Percentage increase (decrease) to 2009-11 appropriations	10.2%	(98.5%)	(5.3%)
2011-13 legislative increase (decrease) to executive budget	(\$6,199,674)	(\$2,047,017)	(\$8,246,691)
Percentage increase (decrease) to executive budget	(4.8%)	(88.2%)	(6.3%)

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items</b>	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:					
Removed funding added in the executive budget for campus equity payments (\$4,698,999) and for limiting tuition increases (\$1,858,284) (see <b>Equity and Student Affordability Funding Pool</b> section below).			(\$6,557,283)		(\$6,557,283)
Removed funding for science, technology, engineering, and mathematics teacher education enhancement.			(250,000)		(250,000)



Adjusted funding for special assessments at institutions to remove funding to pay off special assessment balances as provided in the executive recommendation and provide funding for 2011-13 special assessment payments only.		(2,047,017)		(2,047,017)
Adjusted funding for a joint master's in public health program (the executive recommendation provided all funding for the program to the University of North Dakota School of Medicine and Health Sciences).		607,609		607,609
Total	<u>0.00</u>	<u>(\$8,246,691)</u>	<u>\$0</u>	<u>(\$8,246,691)</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 584.88 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

**One-Time Funding**

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$272,683 is for special assessment payments at North Dakota State University (NDSU). This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and NDSU is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Income**

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for NDSU does not include a specific appropriation of other funds, except for capital projects.

**Equity and Student Affordability Funding Pool**

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

**Extraordinary Repairs**

The Legislative Assembly did not change the executive recommendation to provide \$2,732,244 from the general fund for extraordinary repairs, a decrease of \$4,315,798 from the 2009-11 biennium appropriation of \$7,048,042. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$1,692,225	\$2,732,244	\$1,040,019
One-time funding from the general fund	5,355,817		(5,355,817)
Total	\$7,048,042	\$2,732,244	(\$4,315,798)

**Capital Projects**

The Legislative Assembly did not change the executive recommendation to provide \$36 million of special fund authority for the Bison Sports Arena renovation project (\$29.1 million), the indoor practice facility project (\$5 million), and for information technology infrastructure projects (\$2 million).

### **Minard Hall Project**

Section 8 of House Bill No. 1003 authorizes NDSU to continue unspent 2007-09 and 2009-11 biennium appropriation authority for the Minard Hall project into the 2011-13 biennium. North Dakota State University is to provide reports to the Budget Section during the 2011-12 interim regarding the status of the project.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	164.87	\$43,703,080	\$10,500,000	\$54,203,080
<b>2011-13 legislative appropriations</b>	<b>164.87</b>	<b>44,985,191</b>	<b>10,700,000</b>	<b>55,685,191</b>
Legislative increase (decrease) to executive budget	0.00	\$1,282,111	\$200,000	\$1,482,111
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$5,829,149	\$3,564,000	\$9,393,149

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$32,421,899	\$6,734,143	\$39,156,042
<b>2011-13 legislative appropriations</b>	<b>34,626,525</b>	<b>10,358,666</b>	<b>44,985,191</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,204,626	\$3,624,523	\$5,829,149
Percentage increase (decrease) to 2009-11 appropriations	6.8%	53.8%	14.9%
2011-13 legislative increase (decrease) to executive budget	(\$770,704)	\$2,052,815	\$1,282,111
Percentage increase (decrease) to executive budget	(2.2%)	24.7%	2.9%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$166,667) and for limiting tuition increases (\$604,037) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$770,704)		(\$770,704)
Adjusted funding for special assessments to remove funding to pay off special assessment balances as provided in the executive recommendation and provide funding of \$58,666 for 2011-13 special assessment payments.		(67,185)		(67,185)
Removed one-time funding included in the executive budget for the Old Main renovation project.		(8,180,000)		(8,180,000)

Added one-time funding for the Bisek Hall renovation and addition project.		10,300,000	\$200,000	10,500,000
Total	0.00	\$1,282,111	\$200,000	\$1,482,111

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 164.87 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

**One-Time Funding**

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$10.3 million is for the Bisek Hall renovation and addition project and \$58,666 is for special assessment payments at the State College of Science. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the State College of Science is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Income**

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. Consequently, the legislative appropriation for the State College of Science does not include a specific appropriation of other funds, except for capital projects.

**Equity and Student Affordability Funding Pool**

The executive budget recommendation included \$10 million of funding from the general fund for equity payments to campuses and \$6,640,563 of funding from the general fund for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increase at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

**Extraordinary Repairs**

The Legislative Assembly did not change the executive budget recommendation to provide \$1,012,379 from the general fund for extraordinary repairs, a decrease of \$775,096 from the 2009-11 biennium appropriation of \$1,787,475. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$753,332	\$1,012,379	\$259,047
One-time funding from the general fund	1,034,143		(1,034,143)
Total	\$1,787,475	\$1,012,379	(\$775,096)

**Capital Projects**

The Legislative Assembly authorized the following projects:

	2011-13 Executive Budget Recommendation			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Old Main renovation	\$8,180,000		\$8,180,000			
Forkner Hall renovation (revenue bonding)		\$5,000,000	5,000,000		\$5,000,000	\$5,000,000
Schulz Hall renovation (revenue bonding)		4,000,000	4,000,000		4,000,000	4,000,000
Frank Vertin football complex		1,500,000	1,500,000		1,500,000	1,500,000
Bisek Hall renovation and addition				\$10,300,000	200,000	10,500,000
Total	\$8,180,000	\$10,500,000	\$18,680,000	\$10,300,000	\$10,700,000	\$21,000,000

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	92.96	\$31,757,019	\$0	\$31,757,019
<b>2011-13 legislative appropriations</b>	<b>92.96</b>	<b>23,215,454</b>	<b>0</b>	<b>23,215,454</b>
Legislative increase (decrease) to executive budget	0.00	(\$8,541,565)	\$0	(\$8,541,565)
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$2,015,557)	(\$350,000)	(\$2,365,557)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$21,568,839	\$3,662,172	\$25,231,011
<b>2011-13 legislative appropriations</b>	<b>22,315,454</b>	<b>900,000</b>	<b>23,215,454</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$746,615	(\$2,762,172)	(\$2,015,557)
Percentage increase (decrease) to 2009-11 appropriations	3.5%	(75.4%)	(8.0%)
2011-13 legislative increase (decrease) to executive budget	(\$641,565)	(\$7,900,000)	(\$8,541,565)
Percentage increase (decrease) to executive budget	(2.8%)	(89.8%)	(26.9%)

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$472,867) and for limiting tuition increases (\$48,128) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$520,995)		(\$520,995)
Removed funding included in the executive budget for student mental health services.		(120,570)		(120,570)
Added one-time funding for campus operations.		900,000		900,000



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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	58.72	\$13,685,384	\$0	\$13,685,384
<b>2011-13 legislative appropriations</b>	<b>58.72</b>	<b>13,083,328</b>	<b>0</b>	<b>13,083,328</b>
Legislative increase (decrease) to executive budget	0.00	(\$602,056)	\$0	(\$602,056)
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$5,935,139)	(\$3,668,500)	(\$9,603,639)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$12,150,022	\$6,868,445	\$19,018,467
<b>2011-13 legislative appropriations</b>	<b>12,943,815</b>	<b>139,513</b>	<b>13,083,328</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$793,793	(\$6,728,932)	(\$5,935,139)
Percentage increase (decrease) to 2009-11 appropriations	6.5%	(98.0%)	(31.2%)
2011-13 legislative increase (decrease) to executive budget	(\$349,076)	(\$252,980)	(\$602,056)
Percentage increase (decrease) to executive budget	(2.6%)	(64.5%)	(4.4%)

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$166,667) and for limiting tuition increases (\$41,839) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$208,506)		(\$208,506)
Removed funding included in the executive budget for student mental health services.		(140,570)		(140,570)

Adjusted funding for special assessments at institutions to remove funding to pay off special assessment balances as provided in the executive recommendation and provide funding for 2011-13 special assessment payments only.		(307,980)		(307,980)
Added one-time funding for a campus drainage study.		55,000		55,000
Total	<u>0.00</u>	<u>(\$602,056)</u>	<u>\$0</u>	<u>(\$602,056)</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 58.72 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

**One-Time Funding**

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$55,000 is for a campus drainage study and \$84,513 is for special assessment payments at Mayville State University. These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and Mayville State University is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Income**

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for Mayville State University does not include a specific appropriation of other funds.

**Equity and Student Affordability Funding Pool**

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

**Extraordinary Repairs**

The Legislative Assembly did not change the executive recommendation to provide \$358,992 from the general fund for extraordinary repairs, a decrease of \$1,760,122 from the 2009-11 biennium appropriation of \$2,119,114. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$208,994	\$358,992	\$149,998
One-time funding from the general fund	1,910,120		(1,910,120)
Total	\$2,119,114	\$358,992	(\$1,760,122)



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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	187.83	\$38,810,736	\$5,050,000	\$43,860,736
<b>2011-13 legislative appropriations</b>	<b>187.83</b>	<b>43,020,973</b>	<b>16,034,555</b>	<b>59,055,528</b>
Legislative increase (decrease) to executive budget	0.00	\$4,210,237	\$10,984,555	\$15,194,792
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$3,143,873	(\$11,215,445)	(\$8,071,572)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$35,531,989	\$4,345,111	\$39,877,100
<b>2011-13 legislative appropriations</b>	<b>38,170,973</b>	<b>4,850,000</b>	<b>43,020,973</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,638,984	\$504,889	\$3,143,873
Percentage increase (decrease) to 2009-11 appropriations	7.4%	11.6%	7.9%
2011-13 legislative increase (decrease) to executive budget	(\$639,763)	\$4,850,000	\$4,210,237
Percentage increase (decrease) to executive budget	(1.6%)	100.0%	10.8%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$180,142) and for limiting tuition increases (\$439,621) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$619,763)		(\$619,763)
Removed funding included in the executive budget for student mental health services.		(20,000)		(20,000)
Added funding for the geothermal energy project.		4,850,000	\$8,884,555	13,734,555

Added special fund authority for a food service remodeling project.			1,500,000	1,500,000
Added special fund authority for the plant services building project.			600,000	600,000
Total	<u>0.00</u>	<u>\$4,210,237</u>	<u>\$10,984,555</u>	<u>\$15,194,792</u>

#### FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 187.83 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

#### One-Time Funding

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$4,850,000 is for the geothermal energy project at Minot State University. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and Minot State University is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

#### Other Income

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for Minot State University does not include a specific appropriation of other funds, except for capital projects.

#### Equity and Student Affordability Funding Pool

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

#### Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide \$899,620 from the general fund for extraordinary repairs, a decrease of \$292,361 from the 2009-11 biennium appropriation of \$1,191,981. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$596,870	\$899,620	\$302,750
One-time funding from the general fund	595,111		(595,111)
Total	\$1,191,981	\$899,620	(\$292,361)

**Capital Projects**

The following is a summary of capital projects funding for Minot State University:

	2011-13 Executive Budget Recommendation			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Landscape plan		\$800,000	\$800,000		\$800,000	\$800,000
Old Main classroom remodel		750,000	750,000		750,000	750,000
Resident apartments		3,500,000 <sup>1</sup>	3,500,000		3,500,000 <sup>1</sup>	3,500,000
Geothermal energy project				\$4,850,000	8,884,555	13,734,555
Food service remodeling project					1,500,000	1,500,000
Plant services building					600,000	600,000
<b>Total</b>		<b>\$5,050,000</b>	<b>\$5,050,000</b>	<b>\$4,850,000</b>	<b>\$16,034,555</b>	<b>\$20,884,555</b>

<sup>1</sup>Funding from revenue bonds.

**Other Sections in Bill**

Section 15 authorizes the State Board of Higher Education to issue \$40,225,000 of revenue bonds during the 2011-13 biennium, including \$3.5 million of revenue bonds for the Minot State University resident apartments project.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	90.37	\$26,444,465	\$815,000	\$27,259,465
<b>2011-13 legislative appropriations</b>	<b>90.37</b>	<b>28,162,473</b>	<b>1,015,000</b>	<b>29,177,473</b>
Legislative increase (decrease) to executive budget	0.00	\$1,718,008	\$200,000	\$1,918,008
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$8,858,447 <sup>1</sup>	(\$17,485,000)	(\$8,626,553)

<sup>1</sup>Reflects a deficiency appropriation of \$58,904 approved by the 2011 Legislative Assembly for the 2009-11 biennium.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$16,940,201	\$2,363,825	\$19,304,026
<b>2011-13 legislative appropriations</b>	<b>17,814,057</b>	<b>10,348,416</b>	<b>28,162,473</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$873,856	\$7,984,591	\$8,858,447
Percentage increase (decrease) to 2009-11 appropriations	5.2%	337.8%	45.9%
2011-13 legislative increase (decrease) to executive budget	(\$375,841)	\$2,093,849	\$1,718,008
Percentage increase (decrease) to executive budget	(2.1%)	25.4%	6.5%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items</b>			<b>Total</b>
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$166,667) and for limiting tuition increases (\$148,884) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$315,551)		(\$315,551)
Removed funding included in the executive budget for student mental health services.		(60,290)		(60,290)

Adjusted funding for special assessments at institutions to remove funding to pay off special assessment balances as provided in the executive recommendation and provide funding for 2011-13 special assessment payments only.		(235,151)		(235,151)
Added funding for the Rhoades Science Center project.		2,329,000	\$200,000	2,529,000
Total	0.00	\$1,718,008	\$200,000	\$1,918,008

#### FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 90.37 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

#### One-Time Funding

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$10.3 million is for the Rhoades Science Center project and \$48,416 is for special assessment payments at Valley City State University. These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and Valley City State University is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

#### Other Income

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for Valley City State University does not include a specific appropriation of other funds, except for capital projects.

#### Equity and Student Affordability Funding Pool

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

#### Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide \$408,319 from the general fund for extraordinary repairs, a decrease of \$1,155,018 from the 2009-11 biennium appropriation of \$1,563,337. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$258,416	\$408,319	\$149,903
One-time funding from the general fund	1,304,921		(1,304,921)
Total	\$1,563,337	\$408,319	(\$1,155,018)

**Capital Projects**

The Legislative Assembly authorized the following capital projects:

	2011-13 Executive Budget Recommendation			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Rhoades Science Center	\$7,971,000		\$7,971,000	\$10,300,000	\$200,000	\$10,500,000
Lokken Field turf project		\$815,000	815,000		815,000	815,000
<b>Total</b>	<b>\$7,971,000</b>	<b>\$815,000</b>	<b>\$8,786,000</b>	<b>\$10,300,000</b>	<b>\$1,015,000</b>	<b>\$11,315,000</b>

**Deficiency Appropriation**

Senate Bill No. 2023 provided a 2009-11 biennium deficiency appropriation of \$58,904 from the general fund for Valley City State University. The funding is related to expenses incurred as a result of flooding during the spring of 2009.

**Dakota College at Bottineau  
Budget No. 243  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	34.81	\$6,748,729	\$0	\$6,748,729
<b>2011-13 legislative appropriations</b>	<b>34.81</b>	<b>7,055,942</b>	<b>0</b>	<b>7,055,942</b>
Legislative increase (decrease) to executive budget	0.00	\$307,213	\$0	\$307,213
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$154,588)	(\$2,000,000)	(\$2,154,588)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$6,033,509	\$1,177,021	\$7,210,530
<b>2011-13 legislative appropriations</b>	<b>6,355,942</b>	<b>700,000</b>	<b>7,055,942</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$322,433	(\$477,021)	(\$154,588)
Percentage increase (decrease) to 2009-11 appropriations	5.3%	(40.5%)	(2.1%)
2011-13 legislative increase (decrease) to executive budget	(\$392,787)	\$700,000	\$307,213
Percentage increase (decrease) to executive budget	(5.8%)	100.0%	4.6%

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding added in the executive budget for campus equity payments (\$166,667) and for limiting tuition increases (\$105,550) (see <b>Equity and Student Affordability Funding Pool</b> section below).		(\$272,217)		(\$272,217)
Removed funding included in the executive budget for student mental health services.		(120,570)		(120,570)
Added funding for campus improvements.		700,000		700,000
<b>Total</b>	<b>0.00</b>	<b>\$307,213</b>	<b>\$0</b>	<b>\$307,213</b>

### FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 34.81 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

### One-Time Funding

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$700,000 is for campus improvements at Dakota College at Bottineau. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and Dakota College at Bottineau is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Other Income

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for Dakota College at Bottineau does not include a specific appropriation of other funds.

### Equity and Student Affordability Funding Pool

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and providing for no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education.

### Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide \$115,507 from the general fund for extraordinary repairs, a decrease of \$91,239 from the 2009-11 biennium appropriation of \$206,746. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$109,725	\$115,507	\$5,782
One-time funding from the general fund	97,021		(97,021)
Total	\$206,746	\$115,507	(\$91,239)

### Capital Projects

The Legislative Assembly added \$700,000 from the general fund for campus capital improvements at Dakota College at Bottineau.



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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	26.00	\$4,212,472	\$997,486	\$5,209,958
<b>2011-13 legislative appropriations</b>	<b>26.00</b>	<b>4,212,472</b>	<b>1,003,486</b>	<b>5,215,958</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$6,000	\$6,000
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$356,704	\$6,000	\$362,704

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$3,510,192	\$345,576	\$3,855,768
<b>2011-13 legislative appropriations</b>	<b>3,962,472</b>	<b>250,000</b>	<b>4,212,472</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$452,280	(\$95,576)	\$356,704
Percentage increase (decrease) to 2009-11 appropriations	12.9%	(27.7%)	9.3%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

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

**Salaries and Wages**

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added special fund authority for the Towner State Nursery greenhouse project.			\$6,000	\$6,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$6,000</b>	<b>\$6,000</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 26 FTE positions, the same as the 2009-11 biennium. 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 2013-15 budget request.

### One-Time Funding

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$250,000 is for a Forest Service emerald ash borer program. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Forest Service is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Other Income

The Legislative Assembly approved the executive recommendation to appropriate special funds of \$997,486 to the Forest Service, including \$247,486 from the trees for North Dakota program and \$750,000 from nursery tree sales. The Legislative Assembly also appropriated \$6,000 of special funds related to funding received by the Forest Service from an insurance claim for the Towner State Nursery greenhouse project.

### Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to provide \$41,543 from the general fund for extraordinary repairs, a decrease of \$40,671 from the 2009-11 biennium appropriation of \$82,214. The following is a summary of funding for extraordinary repairs:

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	Increase (Decrease)
Ongoing funding from the general fund	\$36,638	\$41,543	\$4,905
One-time funding from the general fund	45,576		(45,576)
Total	\$82,214	\$41,543	(\$40,671)

### Capital Projects

The Legislative Assembly added \$6,000 of special fund spending authority for the Towner State Nursery greenhouse project that was originally authorized by the 2009 Legislative Assembly. The increased special fund authorization relates to funding received by the Forest Service from an insurance claim for wind damage to the project.

## **SECTION G - HUMAN SERVICES**

OVERVIEW

G-1

DEPARTMENT OF HUMAN SERVICES - LEGISLATIVE CHANGES

G-7

## DEPARTMENT OF HUMAN SERVICES - SUMMARY

### DEPARTMENTWIDE

**Total funding** - The table below provides a comparison of legislative appropriations for the department for the 2011-13 biennium compared to the 2009-11 biennium.

Biennium	General Fund	Other Funds	Total
2011-13	\$932,025,219	\$1,673,400,832	\$2,605,426,051
2009-11	652,145,814	1,638,250,137	2,290,395,951
Increase (decrease)	\$279,879,405 <sup>1</sup>	\$35,150,695	\$315,030,100

<sup>1</sup>Of this amount, \$171,387,387 relates to additional state matching funds required due to changes in the state's federal medical assistance percentage (FMAP) and replacing federal fiscal stimulus funding relating to FMAP appropriated for the 2009-11 biennium with funding from the general fund.

**FTE positions** - The Department of Human Services is authorized a total of 2,189.35 FTE positions for the 2011-13 biennium, a decrease of 7 FTE positions compared to the executive budget and a decrease of 27.53 FTE positions compared to the 2009-11 biennium. Changes compared to the 2009-11 biennium include:

- Adding 4 FTE positions in information technology services, including 3 data entry positions and 1 health information technology coordinator position.
- Adding 1 FTE claims analyst position in medical services.
- Adding 6 FTE prevention coordinator positions in mental health and substance abuse.
- Adding 1 FTE pharmacist position at the State Hospital.
- Removing 40.53 FTE positions at the Developmental Center not requested by the department.
- Adding 1 FTE psychiatrist position at the North Central Human Service Center.

**Anticipated salary savings** - The Legislative Assembly reduced salaries and wages funding by \$3,685,680 from the general fund in anticipation of savings from vacant positions and employee turnover during the 2011-13 biennium. The Legislative Assembly reduced salaries and wages funding by \$750,000 more from the general fund than the executive recommendation which reduced salaries and wages funding by \$2,935,680 from the general fund in anticipation of savings from vacant positions and employee turnover. The total reductions relating to anticipated salary savings are:

	General Fund
Management	
Administration and support	\$31,930
Information technology services	23,338
Subtotal - Management	\$55,268
Program and policy	
Economic assistance policy	\$12,054
Child support	36,574
Medical services	24,105
Aging services	5,263
Children and family services	5,697
Mental health and substance abuse	6,240
Developmental disabilities (DD)	2,804
Vocational rehabilitation	1,995
Subtotal - Program and policy	\$94,732
State Hospital	\$1,696,986
Developmental Center	\$738,694
Human Service Centers	

Northwest Human Service Center	\$106,535
North Central Human Service Center	141,561
Lake Region Human Service Center	116,176
Northeast Human Service Center	151,897
Southeast Human Service Center	191,179
South Central Human Service Center	142,063
West Central Human Service Center	143,329
Badlands Human Service Center	107,260
Subtotal - Human service centers	\$1,100,000
Total reductions	\$3,685,680

**Departmentwide operating expenses reduction** - The Legislative Assembly reduced funding for operating expenses by \$100,000 from the general fund for human service centers and \$375,000 from the general fund for all other divisions. The total departmentwide operating expenses reductions are:

	General Fund
Management	
Administration and support	\$16,275
Information technology services	134,672
Subtotal - Management	\$150,947
Program and policy	
Medical services	\$180,116
Aging services	17,231
Mental health and substance abuse	26,706
Subtotal - Program and policy	\$224,053
Human Service Centers	
Northwest Human Service Center	\$0
North Central Human Service Center	16,257
Lake Region Human Service Center	8,628
Northeast Human Service Center	20,439
Southeast Human Service Center	14,086
South Central Human Service Center	10,668
West Central Human Service Center	17,502
Badlands Human Service Center	12,420
Subtotal - Human service centers	\$100,000
Total reductions	\$475,000

**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 2011-13 biennium. The department is to report to the Budget Section after June 30, 2012, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2013 Legislative Assembly regarding any transfers made.

**FMAP** - The federal medical assistance percentage 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 recommendations which provided \$104.9 million of additional general fund support as a result of North Dakota's FMAP reductions projected for the 2011-13 biennium.
- Replaced federal fiscal stimulus funding relating to FMAP of \$66.5 million appropriated for the 2009-11 biennium with funding from the general fund.

Federal Fiscal Year	North Dakota's FMAP	North Dakota's Enhanced FMAP
2008	63.75%	N/A
2009	63.15%	69.95%
2010	63.01%	69.95%
2011	60.35% (fourth quarter)	69.95% (first quarter) 66.95% (second quarter) 64.95% (third quarter)
2012	55.40% (actual)	N/A
2013	55.56% (estimate)	N/A

**Inflationary increases** - The Legislative Assembly provided a total of \$49.6 million, of which \$23.5 million is from the general fund, to provide 3 percent per year inflationary increases for human service providers, excluding physicians. The executive budget recommended providing 3 percent per year inflationary increases to all human service providers. The following is a summary of funding for inflationary increases:

	2011-13 Executive Budget	2011-13 Legislative Appropriations	2011-13 Legislative Appropriation Increase (Decrease) to 2011-13 Executive Budget
General fund	\$25.5 million	\$23.5 million	(\$2.0 million)
Other funds	28.8 million	26.1 million	(2.7 million)
Total	\$54.3 million	\$49.6 million	(\$4.7 million)

#### PROGRAM AND POLICY

**Temporary assistance for needy families (TANF)** - Funding for TANF benefits is provided at \$16,739,250, of which \$5,531,958 is from the general fund, \$5,785,053 is from retained funds, \$3,687,489 is from child support collections, and \$1,734,750 is from federal funds, the same as the executive budget and \$7,668,672 less than the 2009-11 legislative appropriation of \$24,407,922. The funding level is anticipated to provide services for an average monthly caseload of 2,253 and to provide an average monthly payment of \$310 per case for the 2011-13 biennium.

**Indian county allocation** - North Dakota Century Code Section 50-01.2-03.2(3) provides for grant payments to Indian counties for their economic assistance program administrative costs. Effective July 1, 2010, any county with 10 percent or more of the county's supplemental nutrition assistance program caseload on federally recognized Indian reservation land is eligible for a grant. Grants are equal to a county's actual direct costs and indirect costs for locally administered economic assistance programs multiplied by the percentage of a county's average total supplemental nutrition assistance program caseload for the previous state fiscal year which reside on federally recognized Indian reservation land not to exceed 90 percent. The Legislative Assembly provided \$4,990,361 for these grants, of which \$3,025,754 is from the general fund and \$1,964,607 is from "retained funds," the same as the executive budget and \$1,066,213 more than the 2009-11 biennium appropriation. All changes to the funding were made to the general fund. The legislative increase relates to costs to continue the changes made to the formula as provided in House Bill No. 1540 (2009).

**Basic care assistance** - The schedule below provides a comparison of funding for basic care assistance. The Legislative Assembly made no adjustments to the funding included in the executive budget for basic care assistance.

	2009-11 Biennium	2011-13 Executive Budget	2011-13 Legislative Appropriation	2011-13 Legislative Appropriation Increase (Decrease) to 2011-13 Executive Budget	2011-13 Legislative Appropriation Increase (Decrease) to 2009-11
Total basic care assistance	\$18,113,925	\$25,972,395	\$25,972,395	\$0	\$7,858,470
General fund	\$8,219,552	\$14,812,502	\$14,812,502	\$0	\$6,592,950
Estate collections	\$96,000	\$96,000	\$96,000	\$0	\$0
"Retained funds"	\$2,284,362	\$2,284,362	\$2,284,362	\$0	\$0
Federal funds	\$7,514,011	\$8,779,531	\$8,779,531	\$0	\$1,265,520

**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, DD grants, and the Healthy Steps program. The Legislative Assembly made adjustments to the recommended funding for medical assistance grants, including:

- Removed funding included in the executive budget for the 3 percent per year inflationary increases for physicians.
- Reduced funding to reflect a decrease in projected caseload/utilization rates.
- Added one-time funding of \$200,000 from the health care trust fund for a grant to a hospital in a city that has a government nursing facility which participated in the intergovernmental transfer payment program.
- Added one-time funding for providing Medicaid supplemental payments to critical access hospitals.

	2009-11 Biennium	2011-13 Executive Budget	2011-13 Legislative Appropriation	2011-13 Legislative Appropriation Increase (Decrease) to 2011-13 Executive Budget	2011-13 Legislative Appropriation Increase (Decrease) to 2009-11
Total medical assistance	\$491,365,038	\$632,712,356	\$625,793,415	(\$6,918,941)	\$134,428,377
General fund	\$119,205,576	\$200,203,906	\$197,027,430	(\$3,176,476)	\$77,821,854
Federal funds	\$338,857,880	\$398,842,536	\$394,900,071	(\$3,942,465)	\$56,042,191
Community health trust fund	\$790,015	\$0	\$0	\$0	(\$790,015)
Estate collections	\$2,673,800	\$4,056,000	\$4,056,000	\$0	\$1,382,200
"Retained funds"	\$17,371,688	\$19,960,714	\$19,960,714	\$0	\$2,589,026
Contingent Bank of North Dakota loan proceeds	\$4,616,429	\$0	\$0	\$0	(\$4,616,429)
Other funds	\$7,849,650	\$9,649,200	\$9,849,200	\$200,000	\$1,999,550

**Medicare Part D "clawback" payments** - The Legislative Assembly appropriated \$26,307,479, of which \$25,152,575 is from the general fund and \$1,154,904 is from estate collections, 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. The amount provided is an increase of \$6,891,217 from the 2009-11 biennium appropriation of \$19,416,262, of which \$18,624,262 was from the general fund and \$792,000 was from estate collections.

**Healthy Steps** - The schedule below provides a comparison of funding for Healthy Steps (children's health insurance program). The Legislative Assembly made the following adjustments to the recommended funding for Healthy Steps:

- Adjusted funding to reflect a revised premium amount (final 2011-13 premium of \$272.67 per month compared to an estimated premium of \$274.03 provided for in the executive budget).
- Reduced funding to reflect a decrease in projected caseload/utilization rates.

	2009-11 Biennium	2011-13 Executive Budget	2011-13 Legislative Appropriation	2011-13 Legislative Appropriation Increase (Decrease) to 2011-13 Executive Budget	2011-13 Legislative Appropriation Increase (Decrease) to 2009-11
Total Healthy Steps	\$21,632,536	\$27,990,521	\$27,524,402	(\$466,119)	\$5,891,866
General fund	\$5,598,799	\$8,661,586	\$8,517,391	(\$144,195)	\$2,918,592
Federal funds	\$16,033,737	\$19,328,935	\$19,007,011	(\$321,924)	\$2,973,274

**DD grants** - The schedule below provides a comparison of funding for DD grants. The Legislative Assembly made no adjustments to the recommended funding for DD grants; however, the Legislative Assembly provided legislative intent that the Department of Human Services use any anticipated unexpended appropriation authority relating to DD grants resulting from caseload or cost changes during the 2011-13 biennium for costs associated with transitioning individuals from the Developmental Center to communities during the 2011-13 biennium.

	2009-11 Biennium	2011-13 Executive Budget	2011-13 Legislative Appropriation	2011-13 Legislative Appropriation Increase (Decrease) to 2011-13 Executive Budget	2011-13 Legislative Appropriation Increase (Decrease) to 2009-11
Total DD grants	\$341,542,546	\$396,996,033	<b>\$396,996,033</b>	\$0	\$55,453,487
General fund	\$110,730,341	\$174,231,307	<b>\$174,231,307</b>	\$0	\$63,500,966
Contingent Bank of North Dakota loan proceeds	\$1,190,654	\$0	<b>\$0</b>	\$0	(\$1,190,654)
Federal funds	\$229,621,551	\$222,764,726	<b>\$222,764,726</b>	\$0	(\$6,856,825)

**Nursing facilities** - The schedule below provides a comparison of the funding provided for nursing facility payments under the medical assistance program. The Legislative Assembly made a number of adjustments to the recommended funding for nursing facilities, including:

- Added \$12.8 million from the general fund for long-term care expenditures. The executive budget allowed the department to continue unspent general fund appropriations for the 2009-11 biennium and utilize the unexpended funding in the 2011-13 biennium. The Legislative Assembly removed the exemption for the carryover of general fund authority, required the department to turn back any unexpended general fund authority from the 2009-11 biennium (estimated to be \$12.8 million), and appropriated \$12.8 million from the general fund for the 2011-13 biennium.
- Reduced funding to reflect a decrease in projected caseload/utilization rates.
- Added funding relating to changes in allowable education expenditures in nursing facility rates.
- Added one-time funding of \$200,000 from the health care trust fund for a grant to a government nursing facility which participated in the intergovernmental transfer payment program.
- Added funding for increased payments to nursing facilities due to the establishment of a bed layaway program.

	2009-11 Biennium	2011-13 Executive Budget	2011-13 Legislative Appropriation	2011-13 Legislative Appropriation Increase (Decrease) to 2011-13 Executive Budget	2011-13 Legislative Appropriation Increase (Decrease) to 2009-11
Total nursing facilities	\$425,861,278	\$459,123,033	<b>\$459,836,020</b>	\$712,987	\$33,974,742
General fund	\$132,415,339	\$195,559,601	<b>\$202,407,983</b>	\$6,848,382	\$69,992,644
Health care trust fund	\$4,124,506	\$0	<b>\$746,786</b>	\$746,786	(\$3,377,720)
Contingent Bank of North Dakota loan proceeds	\$2,801,758	\$0	<b>\$0</b>	\$0	(\$2,801,758)
Federal funds	\$286,519,675	\$263,357,884	<b>\$256,475,703</b>	(\$6,882,181)	(\$30,043,972)
Other funds	\$0	\$205,548	<b>\$205,548</b>	\$0	\$205,548

**Service payments for elderly and disabled (SPED) and expanded SPED** - The schedule below provides a comparison of funding for SPED and expanded SPED. The Legislative Assembly did not change the executive recommendation to provide a 3 percent inflationary increase for SPED and expanded SPED for each year of the biennium; however, the Legislative Assembly did reduce funding to reflect a caseload/utilization reduction for the 2011-13 biennium.



	2009-11 Biennium	2011-13 Executive Budget	2011-13 Legislative Appropriation	2011-13 Legislative Appropriation Increase (Decrease) to 2011-13 Executive Budget	2011-13 Legislative Appropriation Increase (Decrease) to 2009-11
Total SPED and expanded SPED	\$18,221,905	\$14,759,712	\$14,725,212	(\$34,500)	(\$3,496,693)
General fund	\$17,347,138	\$14,070,562	\$14,036,062	(\$34,500)	(\$3,311,076)
County funds	\$874,767	\$689,150	\$689,150	\$0	(\$185,617)

#### STATE HOSPITAL

**Capital improvements** - The Legislative Assembly appropriated \$1.8 million from the general fund for capital projects, the same as the amount included in the executive budget.

#### DEVELOPMENTAL CENTER

**FTE positions** - The Legislative Assembly did not change the executive recommendation to delete 40.53 FTE positions not requested by the department at the Developmental Center. There were positions not requested by the agency.

#### HUMAN SERVICE CENTERS

**Psychiatric inpatient hospitalization contract rates** - The Legislative Assembly did not change the executive recommendation to provide funding of \$3,431,017 from the general fund for increasing the psychiatric inpatient hospitalization contract rates at the human service centers.

**Crisis stabilization unit** - The Legislative Assembly removed \$1,444,661 from the general fund included in the executive recommendation for contracting for beds in a crisis stabilization unit for the seriously mentally ill at the North Central Human Service Center.

**Chemical dependency residential services** - The Legislative Assembly did not change the executive recommendation to provide \$939,159 from the general fund for contracting for chemical dependency residential services at the Southeast Human Service Center.

**Adult crisis bed capacity** - The Legislative Assembly removed \$309,128 from the general fund included in the executive recommendation for expanding the residential adult crisis bed capacity from 10 beds to 14 beds at the West Central Human Service Center.

**Department of Human Services**

**Budget No. 325**

**Senate Bill Nos. 2012, 2015, 2024, 2057, 2163, 2298, House Bill Nos. 1152, 1199, 1325**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	2,196.35	\$927,363,658	\$1,683,661,250	\$2,611,024,908
<b>2011-13 legislative appropriations</b>	<b>2,189.35</b>	<b>932,025,219</b>	<b>1,673,400,832</b>	<b>2,605,426,051</b>
Legislative increase (decrease) to executive budget	(7.00)	\$4,661,561	(\$10,260,418)	(\$5,598,857)
Legislative increase (decrease) to 2009-11 appropriations	(27.53)	\$279,879,405	\$35,150,695	\$315,030,100

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$647,849,516	\$4,296,298	\$652,145,814
<b>2011-13 legislative appropriations</b>	<b>926,973,799</b>	<b>5,051,420</b>	<b>932,025,219</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$279,124,283	\$755,122	\$279,879,405
Percentage increase (decrease) to 2009-11 appropriations	43.1%	17.6%	42.9%
2011-13 legislative increase (decrease) to executive budget	\$1,410,141	\$3,251,420	\$4,661,561
Percentage increase (decrease) to executive budget	0.2%	180.6%	0.5%

**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. 2015.

	<b>Major Items</b>	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:					
<b>Management</b>					
<b>Administration and Support</b>					
Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.			(\$31,930)		(\$31,930)
Reduced funding for operating expenses (departmentwide reduction).			(16,275)		(16,275)
Reduced funding for operating expenses (division-specific reduction).			(102,300)		(102,300)

**Information Technology Services**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(23,338)		(23,338)
Reduced funding for operating expenses (departmentwide reduction).		(134,672)		(134,672)
Reduced funding for operating expenses (division-specific reduction).		(120,473)		(120,473)
Added funding for activities relating to the eligibility system replacement project.		25,000	\$225,000	250,000
Added funding for completing the Medicaid management information system (MMIS) replacement project (Senate Bill No. 2015).		1,474,362		1,474,362
Added funding for modifications to MMIS and eligibility systems to process claims from Medicaid providers on behalf of inmates of county jails (Senate Bill No. 2024).		185,256	36,162	221,418
Subtotal - Management changes	0.00	\$1,255,630	\$261,162	\$1,516,792

**Program and Policy****Economic Assistance**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(12,054)		(12,054)
Removed position and funding added in the executive budget relating to health care reform.	(1.00)	(17,805)		(17,805)

**Child Support**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(36,574)		(36,574)
Removed position and funding added in the executive budget relating to health care reform.	(1.00)	(62,714)	(121,742)	(184,456)

**Medical Services**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(24,105)		(24,105)
Reduced funding for operating expenses (departmentwide reduction).		(180,116)		(180,116)
Reduced funding for the state children's health insurance program to reflect a revised premium amount.		(42,989)	(95,928)	(138,917)
Removed positions and funding added in the executive budget relating to health care reform.	(5.00)	(144,988)	(183,846)	(328,834)
Decreased funding for medical services to reduce projected caseload/utilization rates.		(2,739,780)	(3,460,220)	(6,200,000)
Removed funding included in the executive budget for a 3 percent per year inflationary adjustment for physicians.		(2,065,704)	(2,634,500)	(4,700,204)

Added one-time funding from the health care trust fund for a grant to a hospital in a city that has a government nursing facility which participated in the intergovernmental transfer payment program.		200,000	200,000
Added one-time funding for providing Medicaid supplemental payments to critical access hospitals (House Bill No. 1152).	1,527,802	1,926,259	3,454,061
<b>Long-Term Care</b>			
Added funding for long-term care expenditures. The executive budget allowed the department to continue unspent general fund appropriations for the 2009-11 biennium and utilize unexpended funding in the 2011-13 biennium. The Legislative Assembly removed the exemption for the carryover of general fund authority, required the department to turn back any unexpended general fund authority from the 2009-11 biennium, and appropriated funds from the general fund for the 2011-13 biennium.	12,800,000		12,800,000
Added funding relating to changes in allowable education expenditures in nursing facility rates provided for in House Bill No. 1169.	56,423	70,085	126,508
Decreased funding for long-term care services to reduce projected caseload/utilization rates.	(6,716,880)	(8,483,120)	(15,200,000)
Added one-time funding from the health care trust fund for a grant to a government nursing facility which participated in the intergovernmental transfer payment program.		200,000	200,000
Added funding of which \$546,786 was from the health care trust fund and \$679,193 was from federal funds for increased payments to basic care and nursing facilities due to establishment of a bed layaway program (House Bill No. 1325).		1,225,979	1,225,979
<b>Aging Services</b>			
Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(5,263)		(5,263)
Reduced funding for operating expenses (departmentwide reduction).	(17,231)		(17,231)
Removed funding included in the executive budget for a grant to the Silver Haired Legislative Assembly.	(10,000)		(10,000)
Added funding for guardianship program enhancements (House Bill No. 1199).	64,000		64,000

**Children and Family Services**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(5,697)		(5,697)
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Added funding for providing grants to child care providers for workforce development, quality improvement, technical assistance, and capacity building as provided for in North Dakota Century Code Section 50-11.1-14.1 (Senate Bill No. 2057).	3,100,000		3,100,000
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Added funding for early childhood services inclusion support services and grant program (Senate Bill No. 2298).	50,000		50,000
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**Mental Health and Substance Abuse Program**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(6,240)		(6,240)
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Reduced funding for operating expenses (departmentwide reduction).	(26,706)		(26,706)
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Added funding for providing traumatic brain injury case management services in eastern North Dakota (Senate Bill No. 2163).	110,000		110,000
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**Developmental Disabilities Division**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(2,804)		(2,804)
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Added funding for expenses associated with implementing the developmental disabilities system reimbursement project provided for in Senate Bill No. 2043.	887,500	887,500	1,775,000
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Increased funding for petitioning costs for indigent people with developmental disabilities.	21,970		21,970
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**Vocational Rehabilitation**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(1,995)		(1,995)
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Subtotal - Program and Policy changes	(7.00)	\$6,498,050	(\$10,469,533)	(\$3,971,483)
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**State Hospital**

Reduced funding for operating expenses (division-specific reduction).	0.00	(\$250,000)	\$0	(\$250,000)
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**Developmental Center**

The Legislative Assembly did not change the executive recommendation for Workforce Safety and Insurance.

**Human Service Centers****Northwest**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	0.00	(\$74,500)	\$0	(\$74,500)
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**North Central**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(70,740)		(70,740)
Reduced funding for operating expenses (departmentwide reduction).		(16,257)		(16,257)
Removed funding added in the executive budget for contracting for beds in a crisis stabilization unit for the seriously mentally ill.		(1,444,661)		(1,444,661)
Subtotal - North Central Human Service Center	<u>0.00</u>	<u>(\$1,531,658)</u>	<u>\$0</u>	<u>(\$1,531,658)</u>

**Lake Region**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(75,320)		(75,320)
Reduced funding for operating expenses (departmentwide reduction).		(8,628)		(8,628)
Reduced funding for temporary salaries.		(37,930)	(52,047)	(89,977)
Subtotal - Lake Region Human Service Center	<u>0.00</u>	<u>(\$121,878)</u>	<u>(\$52,047)</u>	<u>(\$173,925)</u>

**Northeast**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(72,720)		(72,720)
Reduced funding for operating expenses (departmentwide reduction).		(20,439)		(20,439)
Subtotal - Northeast Human Service Center	<u>0.00</u>	<u>(\$93,159)</u>	<u>\$0</u>	<u>(\$93,159)</u>

**Southeast**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(92,100)		(92,100)
Reduced funding for operating expenses (departmentwide reduction).		(14,086)		(14,086)
Remove funding added in the department's base budget for additional staff at the Cooper House.		(350,400)		(350,400)
Subtotal - Southeast Human Service Center	<u>0.00</u>	<u>(\$456,586)</u>	<u>\$0</u>	<u>(\$456,586)</u>

**South Central**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(84,020)		(84,020)
Reduced funding for operating expenses (departmentwide reduction).		(10,668)		(10,668)
Subtotal - South Central Human Service Center	<u>0.00</u>	<u>(\$94,688)</u>	<u>\$0</u>	<u>(\$94,688)</u>

**West Central**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(61,420)		(61,420)
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Reduced funding for operating expenses (departmentwide reduction).		(17,502)		(17,502)
Removed funding included in the executive budget for expanding residential adult crisis bed capacity from 10 beds to 14 beds.		(309,128)		(309,128)
Subtotal - West Central Human Service Center	0.00	(\$388,050)	\$0	(\$388,050)
<b>Badlands</b>				
Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(69,180)		(69,180)
Reduced funding for operating expenses (departmentwide reduction).		(12,420)		(12,420)
Subtotal - Badlands Human Service Center	0.00	(\$81,600)	\$0	(\$81,600)
Total	(7.00)	\$4,661,561	(\$10,260,418)	(\$5,598,857)

#### FTE Changes

The 2011-13 biennium appropriation includes funding for 2,189.35 FTE positions, a decrease of 27.53 FTE positions from the 2009-11 biennium authorized level of 2,216.88. The following table summarizes FTE position changes included in the 2011-13 executive budget and the legislative appropriation:

Position	Executive Budget FTE Changes	Legislative Appropriation FTE Changes	Legislative Appropriation Increase (Decrease) From Executive Budget
Central office			
Data entry positions (information technology services)	3.00	3.00	0.00
Health information technology coordinator (information technology services)	1.00	1.00	0.00
Policy trainer (economic assistance policy)	1.00	0.00	(1.00)
Attorney (child support)	1.00	0.00	(1.00)
Claims analyst (medical services)	1.00	1.00	0.00
Eligibility policy (medical services)	1.00	0.00	(1.00)
Program integrity (medical services)	1.00	0.00	(1.00)
Nurse (medical services)	1.00	0.00	(1.00)
Surveillance and Utilization Review System analyst (medical services)	1.00	0.00	(1.00)
Administrative support (medical services)	1.00	0.00	(1.00)
Prevention coordinator (mental health and substance abuse)	6.00	6.00	0.00
State Hospital			
Pharmacist	1.00	1.00	0.00
Developmental Center			
Positions not requested by the agency	(40.53)	(40.53)	0.00
Human service centers			
Psychiatrist (North Central Human Service Center)	1.00	1.00	0.00
Total	(20.53)	(27.53)	(7.00)

### One-Time Funding

In Section 2 of Senate Bill No. 2012, the Legislative Assembly identified \$2,719,175 of one-time funding, of which \$1.8 million is from the general fund and \$919,175 is from special funds. The \$1.8 million from the general fund is for capital projects at the State Hospital, and the special funds of \$919,175 consist of \$519,175 of federal fiscal stimulus funds for completion of vocational rehabilitation training and information technology contracts and \$400,000 of funding from the health care trust fund for supplemental payments to entities associated with the intergovernmental transfer payment program. The Legislative Assembly also provided one-time funding in other bills for Medicaid supplemental payments to hospitals, guardianship program enhancements, completion of the MMIS replacement project, and computer system modifications. These items, summarized as follows, are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Department of Human Services is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

	General Fund	Special Funds	Total
State Hospital capital projects (SB 2012)	\$1,800,000		\$1,800,000
Federal fiscal stimulus funds (SB 2012)		\$519,175	519,175
Supplemental payments to entities associated with the intergovernmental transfer payment program (health care trust fund) (SB 2012)		400,000	400,000
Medicaid supplemental payments to critical access hospitals (HB 1152)	1,527,802	1,926,259	3,454,061
Guardianship program enhancements (HB 1199)	64,000		64,000
Completion of the MMIS replacement project (SB 2015)	1,474,362		1,474,362
Computer system modifications to process claims from Medicaid providers on behalf of inmates of county jails (SB 2024)	185,256	36,162	221,418
<b>Total</b>	<b>\$5,051,420</b>	<b>\$2,881,596</b>	<b>\$7,933,016</b>

### Federal Fiscal Stimulus Funding

The Legislative Assembly did not change the executive recommendation to provide for the continuation of \$519,175 of federal fiscal stimulus funding not expended in the 2009-11 biennium. The funding relates to completion of vocational rehabilitation training and information technology contracts. This funding is not to be considered part of the agency's base budget for the 2013-15 biennium, and the Department of Human Services is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Other Sections in Senate Bill No. 2012

**Transfer authority** - Section 3 authorizes the Department of Human Services 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, 2012, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2011 Legislative Assembly regarding any transfers made.

**Exemption** - Section 4 provides for the continuation of the 2007-09 legislative appropriation for the MMIS replacement project in the 2011-13 biennium.

**General fund transfer to budget stabilization fund** - Section 5 provides that notwithstanding Section 54-27.2-02, the State Treasurer and the Office of Management and Budget (OMB) may not include in the amount used to determine general fund transfers to the budget stabilization fund at the end of the 2009-11 biennium under Chapter 54-27.2 any general fund amounts resulting from the increased federal share of medical assistance payments resulting from the American Recovery and Reinvestment Act of 2009 and H.R.1586. The State Treasurer and OMB are to separately account for these amounts and use these amounts to defray the expenses of continuing program costs of the Department of Human Services from the general fund for the 2011-13 biennium, including \$23,451,104 for inflationary increases for human services providers.

**Dementia care services program** - Section 6 provides that the Department of Human Services is to periodically report to the Legislative Management during the 2011-12 interim regarding the status of the dementia care services program. The reports must include information on budgeted and actual program expenditures, program services, and program outcomes.



**Risk behavior prevention grants** - Section 7 provides that the Department of Human Services use \$250,000 of federal funding appropriated for the Mental Health and Substance Abuse Services Division for the 2011-13 biennium for providing grants to support a statewide school and community-based youth network dedicated to implementing risk behavior prevention efforts. The department is to require an entity receiving a grant to provide \$1 of matching funds for each \$1 of state funds provided.

**Developmental disabilities grants** - Section 8 provides legislative intent that the Department of Human Services use any anticipated unexpended appropriation authority relating to developmental disabilities grants resulting from caseload or cost changes during the 2011-13 biennium for costs associated with transitioning individuals from the Developmental Center to communities during the 2011-13 biennium.

**Legislative Management study - Qualified service provider system** - Section 9 provides for a Legislative Management study and evaluation of the state's qualified service provider system.

**Health care trust fund** - Section 10 identifies \$400,000 of the Department of Human Services' other funds appropriation as being from the health care trust fund. The department is to provide a \$200,000 one-time grant to the government nursing facility that participated in the intergovernmental transfer payment program in a city with a population of more than 600 according to the 2000 census and a \$200,000 one-time grant to the hospital in a city with a population of less than 500 according to the 2000 census which also has a government nursing facility that participated in the intergovernmental transfer payment program.

#### **Related Legislation**

**Developmental disabilities service providers payment system** - Senate Bill No. 2043 provides that the Department of Human Services, in conjunction with developmental disabilities service providers, implement a prospective or related payment system with an independent rate model utilizing the support intensity scale for developmental disabilities service providers.

**Pre-need funeral service contracts** - Senate Bill No. 2075 relates to excess assets in pre-need funeral service contracts.

**Developmentally disabled facility loan program** - Senate Bill No. 2121 repeals Chapter 6-09.6 relating to the developmentally disabled facility loan program and provides that the Department of Human Services sell the remaining loans in the program to the Bank of North Dakota. Any proceeds from the sale of the loans are to be deposited in the common schools trust fund.

**Traumatic brain injury services** - Senate Bill No. 2163 appropriates \$110,000 to the Department of Human Services for providing traumatic brain injury case management services in eastern North Dakota.

**Senior citizen services and programs fund** - Senate Bill No. 2242 increases the amount of state general fund revenue to be allocated to the senior citizen services and programs fund from two-thirds of one mill levied statewide to three-fourths of one mill levied statewide effective for taxable years beginning after December 31, 2010. The bill also increases the amount of grants provided to counties that have approved a mill levy for senior citizen services and programs fund from two-thirds of the amount levied in the county for senior citizen programs to three-fourths of the amount levied in the county for senior citizen programs, limited to one mill.

**Early childhood services** - Senate Bill No. 2298 provides that the Department of Human Services establish an early childhood services inclusion support services and grant program for licensed early childhood services providers who care for children with special needs. The bill appropriates \$50,000 from the general fund to the department for inclusion support services and provides legislative intent that the funding source for the grant program be the funding appropriated to the Department of Commerce for the Department of Commerce's early childhood facilities program.

**Pilot voucher payment program** - Senate Bill No. 2326 requires the Department of Human Services to establish a substance abuse services pilot voucher payment program.

**Long-term care bed capacity** - House Bill No. 1040 extends the moratorium on the state's licensed basic care bed capacity and the state's nursing facility bed capacity from July 31, 2011, to July 31, 2013.

**Supplemental payments to critical access hospitals** - House Bill No. 1152 appropriates \$3,454,061, of which \$1,527,802 is from the general fund, to the Department of Human Services for supplemental payments to critical access hospitals. This funding is considered to be one-time funding for the 2011-13 biennium.

**Nursing facility rates** - House Bill No. 1169 increases the allowable annual education expenditures used in nursing facility rates.

**Guardianship services** - House Bill No. 1199 appropriates \$64,000 from the general fund to the Department of Human Services for guardianship program enhancements for the 2011-13 biennium. This funding is considered one-time funding and is not considered to be base funding for the 2013-15 biennium. The bill also provides for a Legislative Management study of guardianship services for vulnerable adults in the state.

**Medical assistance eligibility** - House Bill No. 1320 allows a deduction from income claimed for medical assistance eligibility for real estate taxes paid on rental property for individuals screened as requiring nursing facility care.

**Long-term care bed layaway program** - House Bill No. 1325 extends the moratorium on the state's licensed basic care bed capacity and the state's nursing facility bed capacity from July 31, 2011, to July 31, 2013, and creates a 24-month bed layaway program for up to 25 percent of a nursing facility's bed capacity. The bill appropriates \$1,225,979 of other funds, including \$546,786 of funding from the health care trust fund and \$679,193 of federal funds, to the Department of Human Services for increased payments to basic care and nursing facilities due to establishment of a bed layaway program.

**Sale of land** - House Bill No. 1337 authorizes the Department of Human Services to sell land at the Developmental Center to the Grafton Park Board.

**Caseloads and program utilization** - Senate Concurrent Resolution No. 4020 directs the Legislative Management to study the causes of increases in the Department of Human Services caseloads and program utilization and the impact of federal health care reform.

## SECTION H - OTHER AGENCIES

ADJUTANT GENERAL	H-82
ADMINISTRATIVE HEARINGS, OFFICE OF	H-9
AERONAUTICS COMMISSION	H-58
AGRICULTURAL EXPERIMENT STATION	H-101
AGRONOMY SEED FARM	H-104
ARTS, COUNCIL ON THE	H-111
BANK OF NORTH DAKOTA	H-62
BLIND SCHOOL	H-30
BOARD OF UNIVERSITY AND SCHOOL LANDS	H-23
BRANCH RESEARCH CENTERS	H-93
CAREER AND TECHNICAL EDUCATION, DEPARTMENT OF	H-32
CARRINGTON RESEARCH EXTENSION CENTER	H-93
CENTRAL GRASSLANDS RESEARCH EXTENSION CENTER	H-93
CLERK OF DISTRICT COURT	H-15
COMMERCE, DEPARTMENT OF	H-82
COMMISSION ON LEGAL COUNSEL FOR INDIGENTS	H-18
CORRECTIONS AND REHABILITATION, DEPARTMENT OF	H-72
COUNCIL ON THE ARTS	H-111
CROP PROTECTION PRODUCT HARMONIZATION AND REGISTRATION BOARD - SEE AGRICULTURE COMMISSIONER IN ELECTED OFFICIALS SECTION	

DEAF SCHOOL	H-28
DICKINSON RESEARCH EXTENSION CENTER	H-93
DISTRICT COURT	H-15
EMERGENCY SERVICES, DEPARTMENT OF - SEE ADJUTANT GENERAL	H-77
FAIR, STATE	H-106
FINANCIAL INSTITUTIONS, DEPARTMENT OF	H-60
GAME AND FISH DEPARTMENT	H-113
HEALTH, STATE DEPARTMENT OF	H-35
HETTINGER RESEARCH EXTENSION CENTER	H-93
HIGHWAY PATROL	H-70
HISTORICAL SOCIETY	H-109
HOMESTEAD TAX CREDIT - SEE TAX COMMISSIONER IN ELECTED OFFICIALS SECTION	
HOUSING FINANCE AGENCY	H-65
INDIAN AFFAIRS COMMISSION	H-45
INDUSTRIAL COMMISSION	H-52
INFORMATION TECHNOLOGY DEPARTMENT	H-5
INTERNATIONAL PEACE GARDEN - SEE PARKS AND RECREATION DEPARTMENT	H-116
JOB SERVICE NORTH DAKOTA	H-50
JUDICIAL BRANCH	H-15
JUDICIAL CONDUCT COMMISSION	H-15

LABOR COMMISSIONER	H-56
LAND DEPARTMENT	H-23
LANGDON RESEARCH EXTENSION CENTER	H-93
LEGISLATIVE ASSEMBLY	H-10
LEGISLATIVE COUNCIL	H-12
LIBRARY, STATE	H-26
MAIN RESEARCH CENTER	H-101
MANAGEMENT AND BUDGET, OFFICE OF	H-1
MILL AND ELEVATOR	H-66
NDSU EXTENSION SERVICE	H-96
NORTH CENTRAL RESEARCH EXTENSION CENTER	H-93
NORTHERN CROPS INSTITUTE	H-99
OFFICE OF MANAGEMENT AND BUDGET	H-1
PARKS AND RECREATION DEPARTMENT	H-116
PEACE GARDEN - SEE PARKS AND RECREATION DEPARTMENT	H-116
PROTECTION AND ADVOCACY PROJECT	H-49
PUBLIC EMPLOYEES RETIREMENT SYSTEM	H-21
RACING COMMISSION	H-107
RADIO COMMUNICATIONS - SEE ADJUTANT GENERAL	H-77
RETIREMENT AND INVESTMENT OFFICE	H-19

SCHOOL FOR THE BLIND	H-30
SCHOOL FOR THE DEAF	H-28
SECURITIES DEPARTMENT	H-61
SEED DEPARTMENT	H-89
STATE FAIR ASSOCIATION	H-106
STATE LIBRARY	H-26
SUPREME COURT	H-15
TOBACCO PREVENTION AND CONTROL EXECUTIVE COMMITTEE	H-40
TOURISM DEPARTMENT - SEE DEPARTMENT OF COMMERCE	H-82
TRANSPORTATION, DEPARTMENT OF	H-123
UPPER GREAT PLAINS TRANSPORTATION INSTITUTE	H-91
VETERANS' AFFAIRS, DEPARTMENT OF	H-47
VETERANS' HOME	H-43
VISION SERVICES - SCHOOL FOR THE BLIND	H-30
WATER COMMISSION	H-119
WILLISTON RESEARCH EXTENSION CENTER	H-93
WORKFORCE SAFETY AND INSURANCE	H-68

**Office of Management and Budget  
Budget No. 110  
Senate Bills Nos. 2015, 2271; 2275**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	131.50	\$32,050,837	\$10,914,461	\$42,965,298
<b>2011-13 legislative appropriations</b>	<b>131.50</b>	<b>32,892,699</b>	<b>10,514,461</b>	<b>43,407,160</b>
Legislative increase (decrease) to executive budget	0.00	\$841,862	(\$400,000)	\$441,862
Legislative increase (decrease) to 2009-11 appropriations	(1.00)	\$695,503	\$945,013	\$1,640,516

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$27,213,055	\$4,984,141	\$32,197,196
<b>2011-13 legislative appropriations</b>	<b>29,238,699</b>	<b>3,654,000</b>	<b>32,892,699</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,025,644	(\$1,330,141)	\$695,503
Percentage increase (decrease) to 2009-11 appropriations	7.4%	(26.7%)	2.2%
2011-13 legislative increase (decrease) to executive budget	\$37,862	\$804,000	\$841,862
Percentage increase (decrease) to executive budget	0.1%	28.2%	2.6%

**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 (OMB) is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Reduced funding for Prairie Public Broadcasting to provide total funding of \$1 million.		(\$337,138)		(\$337,138)
Removed funding included in the executive recommendation from the Capitol building fund for exterior signage projects on the Capitol grounds.			(\$400,000)	(400,000)
Added funding for parking lot repairs on the Capitol grounds.		800,000		800,000
Added funding for a grant to assist in the establishment of the State Board of Integrative Health (Senate Bill No. 2271).		4,000		4,000

Added funding for community service supervision grants (Senate Bill No. 2275).		375,000		375,000
Total	<u>0.00</u>	<u>\$841,862</u>	<u>(\$400,000)</u>	<u>\$441,862</u>

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 131.5 FTE positions, 1 FTE position less than the 2009-11 authorized amount of 132.5. The Legislative Assembly did not change the executive recommendation to remove a vacant accounting and budget specialist FTE position that was related to the ConnectND project. Funding related to the position was reallocated for information technology costs.

**One-Time Funding**

Section 2 of Senate Bill No. 2015 identifies \$3.65 million of one-time funding from the general fund for OMB. Of this amount, \$2.8 million is for exterior repairs to the Capitol, \$800,000 is for Capitol complex parking lot repairs, and \$50,000 is for a temporary position and operating costs to assist in planning for the state's 125<sup>th</sup> anniversary. Senate Bill No. 2271 also contained one-time funding of \$4,000 from the general fund to OMB for a grant to assist in establishing the State Board of Integrative Health.

**State Memberships**

The Legislative Assembly provided \$611,000 from the general fund for state dues and memberships as follows:

	<b>General Fund</b>
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$151,000
Council of State Governments	182,000
Government Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	81,500
National Lieutenant Governors Association	1,200
Education Commission of the States	115,000
<b>Total dues and memberships</b>	<b>\$611,000</b>

**Capital Improvements**

The Legislative Assembly provided \$5.278 million from the general fund and \$2.6 million from the Capitol building fund for the following extraordinary repairs:

	<b>General Fund</b>	<b>Capitol Building Fund</b>	<b>Total</b>
Capitol Café and hallway remodel		\$700,000	\$700,000
Exterior repairs to Capitol	\$2,800,000		2,800,000
Legislative wing brass and wood restoration		1,000,000	1,000,000
Capitol south entrance remodeling		900,000	900,000
Capitol grounds electrical system repairs	200,000		200,000
Capitol elevator panel replacement	38,000		38,000
Improvements to the Liberty Memorial Building	650,000		650,000
Capitol mechanical repairs	390,000		390,000
Capitol grounds parking lot repairs	1,200,000		1,200,000
<b>Total</b>	<b>\$5,278,000</b>	<b>\$2,600,000</b>	<b>\$7,878,000</b>



### General Fund Transfers

**Special funds transfers** - The Legislative Assembly provided for the following special funds transfers to the general fund:

Strategic investment and improvements fund (Section 4 of Senate Bill No. 2015)	\$305,000,000
Property tax relief sustainability fund (Section 14 of House Bill No. 1047)	295,000,000
Total	\$600,000,000

**Mill and Elevator Association transfers** - The 2009 Legislative Assembly enacted North Dakota Century Code Section 54-18-19 requiring the Industrial Commission to transfer to the state general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agricultural-related programs. The Mill anticipates transferring \$6.65 million to the general fund during the 2011-13 biennium.

### Budget Stabilization Fund

The Legislative Assembly amended Chapter 54-27.2 to provide that any amount in the general fund at the end of the biennium in excess of \$65 million must be transferred to the budget stabilization fund except that the balance in the budget stabilization fund may not exceed 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The June 30, 2011, estimated general fund balance is \$721,646,087 which allows for a transfer of \$61,414,562 to the budget stabilization fund to provide a fund balance of \$386,351,110.

### State Employee Compensation Adjustments

Section 8 of Senate Bill No. 2015 provides that 2011-13 biennium compensation adjustments for regular nonclassified state employees are to be based on documented performance and equity and are not to be the same percentage increase for each employee. Section 9 of Senate Bill No. 2015 requires OMB to set an external competitiveness target for the classified state employee compensation system based on funding provided by the Legislative Assembly for 2011-13 biennium classified state employee compensation. The Office of Management and Budget is to develop guidelines for use by state agencies for providing compensation adjustments to classified state employees in accordance with the compensation philosophy statement and compensation system initiative included in House Bill No. 1031 and the external competitiveness target.

### Other Sections in Senate Bill No. 2015

**Fiscal Management Division unexpended funds** - Section 5 provides an exemption to Section 54-44.1-11 for unexpended funds of the Fiscal Management Division for the 2009-11 biennium and provides that any unexpended funds may be used for the development and operating costs of the accounting, management, and payroll systems during the 2011-13 biennium.

**Information technology project planning** - Section 11 requires the Information Technology Department to review proposed state agency information technology projects with an estimated cost of \$100,000 or more.

**Draft appropriations acts** - Section 12 requires certain draft appropriations acts to be submitted to the 63<sup>rd</sup> Legislative Assembly in an alternative format. **The Governor vetoed this section.**

**Department of Transportation motor vehicle branch office** - Section 13 allows the Department of Transportation to design and procure or construct additional office space for use as a motor vehicle branch office. Section 24 amends Section 39-02-03 to allow the department to lease or provide office space or other overhead costs to independent motor vehicle branch managers.

**Medicaid management information system (MMIS) project appropriation** - Section 14 appropriates \$1,474,362 to the Department of Human Services for completing the MMIS project. The funding was originally appropriated from the permanent oil tax trust fund.

**Permanent oil tax trust fund appropriations** - Sections 15 through 18 amend House Bill Nos. 1014 and 1020 to change the funding source of certain appropriations from the permanent oil tax trust fund to the general fund. House Bill No. 1451 included provisions repealing the permanent oil tax trust fund at the end of the 2009-11 biennium.

**Mill levy reduction grants** - Section 19 provides a 2009-11 biennium appropriation of \$211,264 from the general fund to the Superintendent of Public Instruction for mill levy reduction grants for school districts.

**State Board of Higher Education educational leadership programs** - Section 20 appropriates \$150,000 from the general fund to the State Board of Higher Education for educational leadership programs at the University of North Dakota and North Dakota State University.

**Public improvement bids** - Section 25 enacts a new section to the North Dakota Century Code relating to public improvement bids received by state agencies that are less than the estimated project amount. **The Governor vetoed this section.**

**Legislative housing reimbursement** - Section 26 amends Section 54-03-20 relating to lodging reimbursement for members of the Legislative Assembly.

**Emergency Commission petitions** - Section 28 amends Section 54-16-03.1 relating to petitions to the Emergency Commission.

**State agency reports on federal grants** - Section 29 enacts a new section to the North Dakota Century Code to implement certain reporting requirements for state agencies submitting applications for federal grants.

**Employee Benefits Programs Committee membership** - Section 30 amends Section 54-35-02.3 to increase the number of members of the Employee Benefits Programs Committee.

**Tourism infrastructure grants approval requirements** - Section 31 requires Emergency Commission and Budget Section approval of Department of Commerce tourism infrastructure grants. **The Governor vetoed this section.**

#### **Related Legislation**

**House Bill No. 1031 - Classified state employee compensation system** - Requires OMB to implement various initiatives relating to the classified state employee compensation system.

**House Bill No. 1119 - Risk management fund - Vehicle liability coverage** - Allows higher education institutions to receive liability coverage through the risk management fund for vehicles operated by students as part of an educational course.

**House Bill No. 1426 - State employee meal reimbursement** - Increases state employee meal reimbursement rates.

**Information Technology Department  
Budget No. 112  
House Bill No. 1021, Senate Bill No. 2013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	328.20	\$19,121,204	\$145,303,651	\$164,424,855
<b>2011-13 legislative appropriations</b>	<b><u>326.30</u></b>	<b><u>19,252,204</u></b>	<b><u>145,076,683</u></b>	<b><u>164,328,887</u></b>
Legislative increase (decrease) to executive budget	(1.90)	\$131,000	(\$226,968)	(\$95,968)
Legislative increase (decrease) to 2009-11 appropriations	(1.90)	\$81,419	(\$65,294,371)	(\$65,212,952)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$14,983,554	\$4,187,231	\$19,170,785
<b>2011-13 legislative appropriations</b>	<b><u>17,294,580</u></b>	<b><u>1,957,624</u></b>	<b><u>19,252,204</u></b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,311,026	(\$2,229,607)	\$81,419
Percentage increase (decrease) to 2009-11 appropriations	15.4%	(53.2%)	0.4%
2011-13 legislative increase (decrease) to executive budget	\$131,000	\$0	\$131,000
Percentage increase (decrease) to executive budget	0.8%	0.0%	0.7%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed vacant FTE positions at the Center for Distance Education.	(1.90)		(\$226,968)	(\$226,968)
Added funding for completing school district connectivity to the statewide information technology network (Senate Bill No. 2013).		\$131,000		131,000
<b>Total</b>	<b><u>(1.90)</u></b>	<b><u>\$131,000</u></b>	<b><u>(\$226,968)</u></b>	<b><u>(\$95,968)</u></b>

### FTE Changes

The 2011-13 biennium appropriation includes funding for 326.3 FTE positions, a decrease of 1.9 FTE positions from the 2009-11 biennium authorized level of 328.2 FTE positions. The following table summarizes FTE position changes included in the 2011-13 executive budget and the legislative appropriation:

Position	Executive Budget FTE Changes	Legislative Appropriation FTE Changes	Legislative Appropriation Increase (Decrease) From Executive Budget
EduTech, including statewide deployment of the PowerSchool application PowerSchool specialists	2.00	2.00	
Statewide Longitudinal Data System Initiative Programmer analyst III	1.00	1.00	
Training officer II	1.00	1.00	
Senior programmer analyst	1.00	1.00	
Health Information Technology Information technology program administrator II	1.00	1.00	
Information technology program administrator II	1.00	1.00	
Training officer II	1.00	1.00	
Center for Distance Education Positions not requested by the agency	(5.00)	(5.00)	
Teacher I		(0.90)	(0.90)
Teacher III		(0.50)	(0.50)
Custodian		(0.50)	(0.50)
Other Policy and planning position not requested by the agency	(1.00)	(1.00)	
Positions not requested by the agency	(2.00)	(2.00)	
<b>Total</b>	<b>0.00</b>	<b>(1.90)</b>	<b>(1.90)</b>

### One-Time Funding

In Section 2 of House Bill No. 1021, the Legislative Assembly identified \$9,957,624 of one-time funding for the 2011-13 biennium, including \$1,957,624 from the general fund and \$8 million from special funds. The funding of \$1,957,624 from the general fund is for criminal justice information sharing projects (\$200,000) and the Statewide Longitudinal Data System Initiative (\$1,757,624). The funding of \$8 million from special funds is federal fiscal stimulus funding for health information technology activities (\$5.1 million) and continuation of the broadband mapping project (\$2.9 million). This funding is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the Information Technology Department is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Federal Fiscal Stimulus Funding

The Legislative Assembly did not change the executive recommendation to provide funding of \$8 million from federal fiscal stimulus funding for health information technology activities (\$5.1 million) and continuation of the broadband mapping project (\$2.9 million). This funding is not to be considered part of the agency's base budget for the 2013-15 biennium, and the Information Technology Department is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Statewide Information Technology Network Funding

The Legislative Assembly provided an appropriation of \$5,206,992, of which \$4,798,992 is from the general fund and \$408,000 is from special funds, for continued funding for the kindergarten through grade 12 portion of the statewide information technology network. The funding of \$5,206,992 is an increase of \$131,000 from the executive recommendation of \$5,075,992, of which \$4,667,992 was from the general fund and \$408,000 from special funds, and a decrease of \$769,978 from the 2009-11 biennium appropriation of \$5,976,970, of which \$5,568,970 was from the general fund and \$408,000 from special funds. The

Legislative Assembly added \$131,000 from the general fund for completing school district connectivity to the statewide information technology network. 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 did not change the executive recommendation to provide an appropriation of \$1,112,065, of which \$1,051,785 is from the general fund and \$60,280 from special funds, for continued support of the centralized geographic information system. The \$1,112,065 is an increase of \$322,387 from the 2009-11 biennium appropriation of \$789,678, of which \$714,678 was from the general fund and \$75,000 from special funds.

#### **Criminal Justice Information Sharing Initiative**

The Legislative Assembly did not change the executive recommendation to provide an appropriation of \$2,981,394, of which \$2,051,394 is from the general fund and \$930,000 from special funds, for the Criminal Justice Information Sharing Initiative. The funding is a decrease of \$627,845 from the 2009-11 biennium appropriation of \$3,609,239, of which \$2,068,598 was from the general fund and \$1,540,641 from special funds. Of the \$2,051,394 from the general fund, \$1,851,394 is ongoing funding for the initiative for the 2011-13 biennium, and \$200,000 is one-time funding for criminal justice information sharing projects for the 2011-13 biennium.

#### **Statewide Longitudinal Data System Initiative**

The Legislative Assembly did not change the executive recommendation to provide a general fund appropriation of \$3,626,867 for the Statewide Longitudinal Data System Initiative. The funding is an increase of \$1,160,542 from the 2009-11 biennium general fund appropriation of \$2,466,325. Of the \$3,626,867, \$1,869,243 is ongoing funding for the initiative for the 2011-13 biennium, and \$1,757,624 is one-time funding for the initiative for the 2011-13 biennium.

#### **Center for Distance Education**

The Legislative Assembly provided an appropriation of \$6,649,238, of which \$2,625,395 is from the general fund and \$4,023,843 from special funds, for the Center for Distance Education. The funding of \$6,649,238 is a decrease of \$226,968 from the executive recommendation of \$6,876,206, of which \$2,625,395 was from the general fund and \$4,250,811 from special funds, and an increase of \$23,453 from the 2009-11 biennium appropriation of \$6,625,785, of which \$1,249,504 was from the general fund and \$5,376,281 from special funds. The Legislative Assembly did not change the executive budget recommendation to provide \$457,359, of which \$395,242 is from the general fund, for a tuition subsidy initiative. The Legislative Assembly removed 1.9 FTE positions and related funding of \$226,968 of special funds.

#### **Educational Technology Council Funding**

The Legislative Assembly did not change the executive recommendation to provide an appropriation of \$1,075,403, of which \$1,000,403 is from the general fund and \$75,000 from special funds, for the Educational Technology Council. The funding of \$1,075,403 is an increase of \$100,417 from the 2009-11 biennium general fund appropriation of \$974,986. The funding of \$1,075,403 consists of \$354,667 for salaries and wages, \$40,986 for operating expenses, and \$679,750 for grants to schools.

#### **EduTech Funding, Including PowerSchool Funding**

The Legislative Assembly did not change the executive recommendation to provide an appropriation of \$7,926,447, of which \$3,044,096 is from the general fund and \$4,882,351 from special funds, for EduTech. The funding of \$7,926,447 is an increase of \$172,845 from the 2009-11 biennium appropriation of \$7,753,602, of which \$5,104,699 was from the general fund and \$2,648,903 from special funds.

#### **Health Information Technology**

The Legislative Assembly did not change the executive recommendation to provide an appropriation of \$13,959,238, of which \$362,972 is from the general fund and \$13,596,266 from special funds, for the Health Information Technology Office and health information technology activities. The funding of \$13,959,238 is a decrease of \$74,390,762 from the 2009-11 biennium appropriation of \$88,350,000, of which \$350,000 was from the general fund and \$88 million from special funds.

### **Other Sections in House Bill No. 1021**

**Transfers** - Section 3 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.

**Bank of North Dakota transfer** - Section 4 provides that the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium.

**Statewide longitudinal data system expenditures** - Section 5 amends Section 7 of Chapter 49 of the 2009 Session Laws relating to approval by the Information Technology Department of Department of Public Instruction expenditures for costs associated with the statewide longitudinal data system.

**Bank of North Dakota transfer** - Section 6 amends Section 9 of Chapter 519 of the 2009 Session Laws relating to a transfer from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology loan fund.

### **Related Legislation**

**Health information exchange** - Senate Bill No. 2037 provides for the confidentiality of health information under the health information exchange, participating in the health information exchange, and responsibilities of the Health Information Office.

**Statewide longitudinal data system** - House Bill No. 1214 provides statutory changes relating to the Statewide Longitudinal Data System Committee and powers and duties of the Information Technology Department relating to the statewide longitudinal data system.

**Office of Administrative Hearings  
Budget No. 140  
House Bill No. 1017**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	5.00	\$0	\$1,827,199	\$1,827,199
<b>2011-13 legislative appropriations</b>	<b><u>5.00</u></b>	<b><u>0</u></b>	<b><u>1,827,199</u></b>	<b><u>1,827,199</u></b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$0	\$328,487	\$328,487

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the Office of Administrative Hearings.				
<b>Total</b>	<b><u>0.00</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2009-11 biennium.

**Legislative Assembly  
Budget No. 150  
House Bill No. 1001**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	0.00	\$14,128,734	\$0	\$14,128,734
<b>2011-13 legislative appropriations</b>	<b>0.00</b>	<b>14,267,917</b>	<b>0</b>	<b>14,267,917</b>
Legislative increase (decrease) to executive budget	0.00	\$139,183	\$0	\$139,183
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$1,746,637)	\$0	(\$1,746,637)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$11,011,227	\$5,003,327	\$16,014,554
<b>2011-13 legislative appropriations</b>	<b>12,025,211</b>	<b>2,242,706</b>	<b>14,267,917</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$1,013,984	(\$2,760,621)	(\$1,746,637)
Percentage increase (decrease) to 2009-11 appropriations	9.2%	(55.2%)	(10.9%)
2011-13 legislative increase (decrease) to executive budget	\$139,183	\$0	\$139,183
Percentage increase (decrease) to executive budget	1.2%	0.0%	1.0%

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

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding for increasing the additional compensation for legislative leaders, assistant legislative leaders, and chairmen of the standing committees during the legislative session (see <b>Legislative Pay Increases</b> section below).		\$20,911		\$20,911
Added funding for increasing the maximum monthly lodging expenses reimbursement allowed during legislative sessions from 30 times 55 percent of the state daily lodging expense reimbursement rate to 30 times 65 percent of the state daily lodging expense reimbursement rate.		118,272		118,272
<b>Total</b>	<b>0.00</b>	<b>\$139,183</b>	<b>\$0</b>	<b>\$139,183</b>



### One-Time Funding

In Section 2 of House Bill No. 1001, the Legislative Assembly identified a total of \$2,242,706 from the general fund of one-time funding items, of which \$510,750 is for computer equipment replacement, \$500,000 is for committee room renovations and improvements, \$800,000 is for voting system upgrades, \$272,018 is for a redistricting special session, and \$159,938 is for information technology projects. This amount is not to be considered part of the agency's 2013-15 biennium base budget, and the Legislative Assembly is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Legislative Pay Increases

The Legislative Assembly approved House Bill No. 1001 providing for legislative pay increases. Sections 8 and 9 of House Bill No. 1001 increase legislators' monthly compensation, daily pay during legislative sessions, and additional monthly compensation by 3 percent for each year of the 2011-13 biennium. Sections 10 and 11 of House Bill No. 1001 increase interim meeting pay by 3 percent for each year of the 2011-13 biennium. Section 7 of House Bill No. 1001 increases the additional daily compensation for legislative leaders during the legislative session by \$5 from \$10 to \$15, and additional daily compensation for assistant legislative leaders and chairmen of the standing committees during the legislative session by \$5 from \$5 to \$10 effective July 1, 2011. The compensation adjustments are as follows:

	Current Compensation Rate	Rate Effective July 1, 2011	Rate Effective July 1, 2012
Monthly compensation	\$415	\$427	\$440
Leaders' additional monthly compensation	\$298	\$307	\$316
Daily session pay	\$148	\$152	\$157
Leaders' additional daily session pay	\$10	\$15	\$15
Assistant leaders' and chairmen of standing committees additional daily session pay	\$5	\$10	\$10
Interim meeting pay	\$158	\$152	\$157

### Other Sections in Bill

**Carryover authority** - Section 4 allows the Legislative Assembly to continue beyond June 30, 2011, any unspent funds appropriated for the Legislative Assembly for the 2009-11 biennium.

**Committee room renovations and improvements funding** - Section 6 provides that a majority of the Senate members of the Legislative Procedure and Arrangements Committee determine the expenditures of \$200,000 of the \$500,000 provided for committee room renovations and improvements, a majority of the House members of the committee determine the expenditures of \$200,000 of these funds, and a majority of all of the committee members determine the expenditures of the remaining \$100,000 of these funds.

### Related Legislation

**House Bill No. 1261** repeals the Legislative Compensation Commission.

**House Bill No. 1267** provides for the establishment of a Legislative Management redistricting committee, the implementation of a legislative redistricting plan, and a special legislative session.

**Senate Bill No. 2015**, Section 26, increases the maximum monthly lodging expense reimbursement allowed during legislative sessions from 30 times 55 percent of the state daily lodging expense reimbursement rate to 30 times 65 percent of the state daily lodging expense reimbursement rate.

**Senate Bill No. 2169** provides that the Legislative Council is to record the audio of floor sessions based on rules adopted by the House and the Senate. The Legislative Council is to also archive all recordings and make the recordings available to the public.

**Legislative Council  
Budget No. 160  
House Bill No. 1001, Senate Bill No. 2004**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	34.00	\$11,461,158	\$70,000	\$11,531,158
<b>2011-13 legislative appropriations</b>	<b>34.00</b>	<b>11,561,158</b>	<b>70,000</b>	<b>11,631,158</b>
Legislative increase (decrease) to executive budget	0.00	\$100,000	\$0	\$100,000
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$1,121,655	\$0	\$1,121,655

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$10,269,503	\$170,000	\$10,439,503
<b>2011-13 legislative appropriations</b>	<b>10,826,351</b>	<b>734,807</b>	<b>11,561,158</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$556,848	\$564,807	\$1,121,655
Percentage increase (decrease) to 2009-11 appropriations	5.4%	3,322.4%	10.7%
2011-13 legislative increase (decrease) to executive budget	\$0	\$100,000	\$100,000
Percentage increase (decrease) to executive budget	0.0%	15.8%	0.9%

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added one-time funding for a performance review of the State Auditor's office (Senate Bill No. 2004).		\$100,000		\$100,000
<b>Total</b>	<b>0.00</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>

**FTE Changes**

The 2011-13 biennium appropriation included funding for 34 FTE positions, the same as the 2009-11 biennium.

### One-Time Funding

In Section 3 of House Bill No. 1001, the Legislative Assembly identified \$634,807 from the general fund for one-time funding items. The Legislative Assembly also provided in Senate Bill No. 2004 a \$100,000 general fund appropriation to the Legislative Council for a performance review of the State Auditor's office which is considered to be one-time funding. This funding, summarized as follows, is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Legislative Council is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

Computer equipment replacement	\$76,000
Information technology projects	483,807
Office equipment replacement	25,000
Office improvements	50,000
Performance review of the State Auditor's office	100,000
Total	\$734,807

### Other Sections in Bill

**Carryover authority** - Section 4 allows the Legislative Council to continue beyond June 30, 2011, any unspent funds appropriated for the Legislative Council for the 2009-11 biennium.

### Related Legislation

**House Bill No. 1252** requires the chairman of the Legislative Management to appoint a committee during the 2011-12 interim to monitor the impact of the Patient Protection and Affordable Care Act.

**House Bill No. 1261** repeals the Legislative Compensation Commission.

**House Bill No. 1267** provides for the establishment of a Legislative Management redistricting committee, the implementation of a legislative redistricting plan, and a special legislative session.

**House Bill No. 1397** amends North Dakota Century Code Section 54-35-01 to provide that the Legislative Management consists of the majority and minority leaders; the Speaker of the House; and four members appointed by the Senate majority leader, two members appointed by the Senate minority leader, four members appointed by the House majority leader, and two members appointed by the House minority leader, all of the appointees being elected by their respective parties.

**House Bill No. 1426** amends Section 44-08-04 to increase meal reimbursement rates from \$25 to \$30 per day.

**Senate Bill No. 2004** provides that the Legislative Management may contract with a national private accounting firm for a performance review of the State Auditor's office, including quality controls, procedures, technical applications, professionalism, customer feedback, efficiency, staffing review, and reporting. The bill includes a \$100,000 general fund appropriation to the Legislative Council for the cost of the review.

**Senate Bill No. 2053** extends the Committee on Tribal and State Relations.

**Senate Bill No. 2150** establishes an Education Funding and Taxation Committee to examine short-term and longer-term state and local involvement in funding elementary and secondary education.

**Senate Bill No. 2169** provides that the Legislative Council is to record the audio of floor sessions based on rules adopted by the House and the Senate. The Legislative Council is to also archive all recordings and make the recordings available to the public.

**Senate Bill No. 2302** establishes the Legacy and Budget Stabilization Fund Advisory Board consisting of two members of the Senate appointed by the Senate majority leader, two members of the House appointed by the House majority leader, the director of the Office of Management and Budget, the president of the Bank of North Dakota, and the Tax Commissioner. The Legislative Council is to provide staff services to the board, and staff and consultants of the Retirement and Investment Office are to advise the board in developing asset allocation and investment policies.

**Judicial Branch  
Budget No. 180  
House Bill No. 1002**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	346.00	\$84,499,273	\$2,182,274	\$86,681,547
<b>2011-13 legislative appropriations</b>	<b>344.00</b>	<b>83,482,362</b>	<b>2,182,274</b>	<b>85,664,636</b>
Legislative increase (decrease) to executive budget	(2.00)	(\$1,016,911)	\$0	(\$1,016,911)
Legislative increase (decrease) to 2009-11 appropriations	2.00	\$892,347	\$137,467	\$1,029,814

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$74,282,634	\$8,307,381	\$82,590,015
<b>2011-13 legislative appropriations</b>	<b>82,580,882</b>	<b>901,480</b>	<b>83,482,362</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$8,298,248	(\$7,405,901)	\$892,347
Percentage increase (decrease) to 2009-11 appropriations	11.2%	(89.1%)	1.1%
2011-13 legislative increase (decrease) to executive budget	(\$796,411)	(\$220,500)	(\$1,016,911)
Percentage increase (decrease) to executive budget	(1.0%)	(19.7%)	(1.2%)

**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. 2015.

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
<b>Supreme Court changes:</b>				
Reduced funding for justices' salary increases from 5 percent to 3 percent for each year of the biennium.		(\$49,276)		(\$49,276)
Reduced funding for judges' retirements.		(2,857)		(2,857)
Reduced funding for equipment over \$5,000.		(2,500)		(2,500)
Reduced funding for operating expenses of the Commission to Study Racial and Ethnic Bias in the Courts.		(40,000)		(40,000)

**District Court changes:**

Reduced funding for judges' salary increases from 5 percent to 3 percent for each year of the biennium.		(396,891)		(396,891)
Reduced funding for judges' retirements.		(14,195)		(14,195)
Reduced funding for work assessment and weighted caseload studies to provide a total of \$200,000.		(100,000)		(100,000)
Removed funding for a disaster recovery study.		(100,000)		(100,000)
Reduced funding for information technology equipment to provide a total of \$516,480.		(18,000)		(18,000)
Removed funding for 1 FTE juvenile court officer position and 1 FTE deputy clerk position.	(2.00)	(293,192)		(293,192)

**Judicial Conduct Commission changes:**

The Legislative Assembly did not change the appropriation for the Judicial Conduct Commission.

Total	<u>(2.00)</u>	<u>(\$1,016,911)</u>	<u>\$0</u>	<u>(\$1,016,911)</u>
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**FTE Changes**

The 2011-13 biennium appropriation includes funding for 344 FTE positions, an increase of 2 FTE positions from the 2009-11 biennium authorized level of 342 FTE positions. The Legislative Assembly removed 1 FTE deputy clerk position and 1 FTE juvenile court officer position included in the executive recommendation. The Legislative Assembly did not change the executive recommendation to add 1 FTE law clerk position and 1 FTE juvenile court officer position.

**One-Time Funding**

In Section 6 of House Bill No. 1002 the Legislative Assembly identified \$901,480 from the general fund as one-time funding, of which \$200,000 is for studies on work assessment and racial and ethnic bias in the courts, \$185,000 is for office equipment and furniture, and \$516,480 is for information technology equipment. This amount is not to be considered part of the agency's 2013-15 biennium base budget, and the judicial branch is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Other Sections in Bill**

**Appropriation of additional funding** - Section 2 provides that, in addition to the amount appropriated as special funds, any other income received from gifts, grants, and donations received by the Supreme Court, district courts, and the Judicial Conduct Commission and Disciplinary Board is appropriated for the purposes designated for the 2011-13 biennium.

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

**Supreme Court justices' salaries** - Section 4 provides the statutory changes relating to salaries of justices of the Supreme Court. The Legislative Assembly authorized 2011-13 biennium increases of 3 percent effective July 1, 2011, and 3 percent effective July 1, 2012. Supreme Court justices' annual salaries are increased from the current level of \$130,228 to \$134,135, effective July 1, 2011, and to \$138,159 effective July 1, 2012. The Chief Justice of the Supreme Court is entitled to receive an additional \$3,852 per annum effective July 1, 2011, and \$3,968 per annum effective July 1, 2012, an increase from the current additional amount for the Chief Justice of \$3,740 per annum.

**District judges' salaries** - Section 5 provides the statutory changes relating to salaries and expenses of district court judges. The Legislative Assembly authorized 2011-13 biennium increases of 3 percent effective July 1, 2011, and 3 percent effective July 1, 2012. District court judges' annual salaries are increased from the current level of \$119,330 to \$122,910, effective July 1, 2011, and to \$126,597, effective July 1, 2012. A presiding judge of a judicial district is entitled to receive an additional \$3,550 per annum effective July 1, 2011, and \$3,657 per annum effective July 1, 2012, an increase from the current additional amount for presiding judges of \$3,447.

#### **Related Legislation**

**House Bill No. 1108** extends the temporary court of appeals through January 1, 2016. House Bill No. 1002 includes an appropriation of \$33,000 for costs associated with the temporary court of appeals.

**House Bill No. 1269** allows state courts to provide certain information regarding civil commitment proceedings to the Bureau of Criminal Investigation to verify if an individual is eligible to purchase and possess weapons.

**Commission on Legal Counsel for Indigents  
Budget No. 188  
House Bill No. 1023**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	30.00	\$9,808,430	\$1,970,852	\$11,779,282
<b>2011-13 legislative appropriations</b>	<b>30.00</b>	<b>9,808,430</b>	<b>1,970,852</b>	<b>11,779,282</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$338,282	\$20,635	\$358,917

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$9,470,148	\$0	\$9,470,148
<b>2011-13 legislative appropriations</b>	<b>9,808,430</b>	<b>0</b>	<b>9,808,430</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$338,282	\$0	\$338,282
Percentage increase (decrease) to 2009-11 appropriations	3.6%	N/A	3.6%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0%	N/A	0%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the Commission on Legal Counsel for Indigents.				
<b>Total</b>	<u>0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 30 FTE positions, the same as the 2009-11 biennium.



**Retirement and Investment Office  
Budget No. 190  
Senate Bill No. 2022**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	18.00	\$0	\$4,232,954	\$4,232,954
<b>2011-13 legislative appropriations</b>	<b>18.00</b>	<b>0</b>	<b>4,232,954</b>	<b>4,232,954</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	1.00	\$0	\$527,304	\$527,304

**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. 2015.

	<b>Major Items</b>			<b>Total</b>
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	
The legislative action: The Legislative Assembly did not change the executive budget recommendation for the Retirement and Investment Office.				
<b>Total</b>	<u>0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 18 FTE positions, an increase of 1 FTE position from the 2009-11 biennium authorized level of 17 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE deputy chief investment officer position.

**Other Sections in Bill**

**Appropriation line item transfers** - Section 3 provides that the Retirement and Investment Office may transfer funds from the contingencies line items in subdivision 1 of Section 1 of the bill to all other line items and provides that the agency notify the Office of Management and Budget (OMB) of each transfer made.

**Board member compensation rate increases** - Section 4 amends North Dakota Century Code Section 15-39.1-08 relating to the per day compensation rate of the Teachers' Fund for Retirement (TFFR) Board of Trustees to increase the rate from \$62.50 per day to \$148 per day. Section 5 amends Section 21-10-01 relating to the per day compensation rate of State Investment Board members to increase the rate from \$62.50 per day to \$148 per day.

**Related Legislation**

**House Bill No. 1133** includes technical and administrative changes relating to definitions of beneficiary and salary, incorporation of federal law changes, and modification of death and beneficiary provisions under TFFR.

**House Bill No. 1134** increases employee and employer contribution requirements by 4 percent phased in over two bienniums. Employee contribution rates change from 7.75 percent to 9.75 percent in July 2012 and to 11.75 percent in July 2014. Employer contribution rates change from 8.75 percent to 10.75 percent in July 2012 and to 12.75 percent in July 2014. Future liabilities are also reduced by changing eligibility for normal unreduced retirement benefits, eligibility for early reduced retirement benefits, eligibility for disability benefits, and retiree reemployment under TFFR.

**Senate Bill No. 2302** provides for the creation of a Legacy and Budget Stabilization Fund Advisory Board to develop recommendations for the investment of funds in the legacy fund and the budget stabilization fund to present to the State Investment Board. The Legacy and Budget Stabilization Fund Advisory Board consists of four legislative members, the director of OMB, the president of the Bank of North Dakota, and the Tax Commissioner. The Legislative Council is to provide staff services to the advisory board, and the staff and consultants of the Retirement and Investment Office are to advise the board in developing asset allocation and investment policies.

**Public Employees Retirement System  
Budget No. 192  
Senate Bill No. 2022, House Bill No. 1364**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	33.00	\$0	\$6,776,890	\$6,776,890
<b>2011-13 legislative appropriations</b>	<b>33.00</b>	<b>0</b>	<b>6,867,890</b>	<b>6,867,890</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$91,000	\$91,000
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$13,000)	\$734,402	\$721,402

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$13,000	\$0	\$13,000
<b>2011-13 legislative appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	(\$13,000)	\$0	(\$13,000)
Percentage increase (decrease) to 2009-11 appropriations	(100.0%)	N/A	(100.0%)
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

**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 (PERS) is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Provided funding from health insurance premium collections received under North Dakota Century Code Chapter 54-52.1 for implementing a high-deductible health plan alternative with a health savings account option to be available to state employees by January 1, 2012 (House Bill No. 1364).			\$91,000	\$91,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$91,000</b>	<b>\$91,000</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 33 FTE positions, the same as the 2009-11 biennium.

### **Other Sections in Bill**

**PERSLink system carryover authority** - Section 2 provides that any unexpended funds related to amounts appropriated for the PERSLink system in the 2009-11 biennium are available for the completion of the PERSLink system during the 2011-13 biennium.

**Appropriation line item transfers** - Section 3 provides that the Retirement and Investment Office may transfer funds from the contingencies line items in subdivision 2 of Section 1 of the bill to all other line items and provides that the agency notify the Office of Management and Budget (OMB) of each transfer made.

**Board member compensation rate increases** - Section 6 amends Section 54-52-03 relating to the per day compensation rate of retirement board members to increase the rate from \$62.50 per day to \$148 per day.

**OASIS fund transfer** - Section 7 provides that OMB transfer any balance remaining in the OASIS retirement fund to the general fund on or before June 30, 2011. As of May 2011, the agency estimates the transfer to be \$2,408. Section 8 is an emergency clause permitting the transfer to occur in the 2009-11 biennium.

### **Related Legislation**

**House Bill No. 1051** provides for up to two years of workers' compensation disability and rehabilitation benefits to an employee who is injured within the two years preceding the employee's presumed retirement age.

**House Bill No. 1364** requires PERS to develop and implement a high-deductible health plan with a health savings account as an alternative to the regular PERS health plan. The bill provides funding from health insurance premium collections received under Chapter 54-52.1 for implementing the high-deductible health plan alternative with a health savings account to be available to state employees by January 1, 2012.

**Senate Bill No. 2108** increases employer and employee contributions under the Highway Patrolmen's retirement plan and the PERS retirement plan by 4 percent--2 percent employee increase and 2 percent employer increase--phased in annually in January 2012 and January 2013.

**Senate Bill No. 2109** provides for administrative changes to the PERS retirement plan and the Highway Patrolmen's retirement plan. The bill permits PERS defined contribution plan members to transfer to the higher education retirement plan. The bill also updates Internal Revenue Service compliance requirements.

**Senate Bill No. 2110** provides an alternative health coverage option for pre-Medicare retirees, a new target range for contingency reserve funds, and authorizes the PERS Board to receive separate bids for prescription drug coverage and to consider self-insurance for prescription drug coverage.

**Land Department  
Budget No. 226  
House Bill No. 1013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	24.75	\$0	\$105,575,020	\$105,575,020
<b>2011-13 legislative appropriations</b>	<b>24.75</b>	<b>0</b>	<b>105,465,189</b>	<b>105,465,189</b>
Legislative increase (decrease) to executive budget	0.00	\$0	(\$109,831)	(\$109,831)
Legislative increase (decrease) to 2009-11 appropriations	3.00	\$0	\$91,672,628	\$91,672,628

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: Changed the funding source of an FTE office assistant III position added in the executive budget to assist with the duties of the Energy Infrastructure and Impact Office from the Land Department maintenance fund to the oil and gas impact grant fund. The funding source change, including \$90,189 for salaries and wages and \$19,642 for related operating expenses, results in less funding being available for energy infrastructure and impact grants.			(\$109,831)	(\$109,831)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$109,831)</b>	<b>(\$109,831)</b>

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 24.75 FTE positions, an increase of 3 FTE positions from the 2009-11 biennium authorized level of 21.75 positions. The Legislative Assembly did not change the executive recommendation to add 3 FTE positions--auditor III (minerals royalty auditor) (\$157,684), accounting budget specialist (\$115,395), and office assistant III (\$90,189).

**Increased Costs Relating to Oil Activity**

The Legislative Assembly did not change the executive recommendation to provide additional funding for the Land Department for the following increased costs relating to expansion of the Land Department operations as a result of increasing oil activity in the state:

	<b>Funding Increase</b>
Operating costs	\$453,080
Salary reclassifications of several staffing positions due to increased technical skills and responsibilities required	52,800
Increase in the contingency fund line item to provide flexibility to the Board of University and School Lands to adjust spending and allocate resources as demands change	50,000
<b>Total special funds appropriation increase</b>	<b>\$555,880</b>

**Other Sections in Bill**

**Carryover of appropriations for oil and gas impact grants** - Section 2 provides that North Dakota Century Code Section 54-44.1-11 does not apply to 2011-13 appropriations for oil and gas impact grants and, therefore, the 2011-13 appropriation authority may be continued into the 2013-15 biennium. This exemption was also included in Senate Bill No. 2013 (2009), providing any unexpended appropriations made for energy development and impact grants to continue into the 2011-13 biennium.

**Line item transfers** - Section 3 provides, upon approval of the Board of University and School Lands, the commissioner of University and School Lands may transfer funds between the various line items in Section 1, including the contingencies line item to all other line items. The commissioner is to notify the Office of Management and Budget of each transfer made pursuant to this section.

**Trust fund distributions to state entities** - Section 4 provides the amounts of permanent fund income distributions to state institutions pursuant to Article IX, Section 1, of the Constitution of North Dakota as follows:

	<b>2009-11 Legislative Appropriation</b>	<b>2011-13 Legislative Appropriation</b>	<b>Increase (Decrease)</b>
Common schools	\$77,000,000	\$92,514,000	\$15,514,000
North Dakota State University	1,230,000	1,424,000	194,000
University of North Dakota	1,114,000	1,310,000	196,000
Youth Correctional Center	438,000	528,000	90,000
School for the Deaf	356,000	454,000	98,000
State College of Science	410,000	523,429	113,429
State Hospital	480,000	603,429	123,429
Veterans' Home	276,000	279,429	3,429
Valley City State University	260,000	286,000	26,000
North Dakota Vision Services - School for the Blind	234,000	247,429	13,429
Mayville State University	178,000	184,000	6,000
Dakota College at Bottineau	28,000	31,429	3,429
Dickinson State University	28,000	31,429	3,429
Minot State University	28,000	31,429	3,429
<b>Total</b>	<b>\$82,060,000</b>	<b>\$98,448,003</b>	<b>\$16,388,003</b>

**Energy infrastructure and impact grant awards** - Section 5 provides authority to the Board of University and School Lands to award and distribute energy infrastructure and impact grants from money deposited in the oil and gas impact grant fund. Annual distributions may not exceed 60 percent of the biennial appropriation for energy infrastructure and impact grants. The board is authorized to create an advisory committee to assist in making grant award determinations.

**Energy Infrastructure and Impact Office** - Sections 6, 7, 8, 9, and 10 update language to change the name of the Energy Development Impact Office to the Energy Infrastructure and Impact Office.

**Oil and gas tax revenues deposits** - Section 6 increases the maximum amount of oil and gas tax revenues that may be deposited in the oil and gas impact grant fund by \$92 million per biennium, from \$8 million to \$100 million. The fund is used for providing energy infrastructure and impact grants and the administration of the oil and gas development impact grant program.

**Continuing appropriation** - Section 8 removes the continuing appropriation for money in the oil and gas impact grant fund.

**Powers and duties of the Energy Infrastructure and Impact Office director** - Section 10 adds the following items to the powers and duties of the Energy Infrastructure and Impact Office director:

- Receive and review applications for impact assistance.
- Make recommendations at least quarterly to the Board of University and School Lands on grants to counties, cities, school districts, and other political subdivisions in oil and gas development impact areas.

- Recommendations are to provide 35 percent of money available in the oil and gas impact fund to incorporated cities with a population of 10,000 or more. An incorporated city may not receive more than 60 percent of the funds available.
- Recommendations are to provide 65 percent of money available in the oil and gas impact fund to cities not otherwise eligible for funding under this section, counties, school districts, and other political subdivisions impacted by oil and gas development.

#### **Related Legislation**

**Developmentally disabled facility revolving loan fund program** - Senate Bill No. 2121 provides that the Department of Human Services sell loans in the developmentally disabled facility revolving loan fund to the Bank of North Dakota with the proceeds to be deposited in the common schools trust fund. The bill affects the repayment of developmentally disabled loan fund program Nos. 2 and 3 which are currently paid from the lands and minerals trust fund to the common schools trust fund.

**Rapid enrollment growth grants** - Senate Bill No. 2150 appropriates \$5 million from the oil and gas impact grant fund for grants to school districts that can demonstrate rapid enrollment growth. The bill results in less funding being available for energy infrastructure and impact grants.

**Upper Great Plains Transportation Institute report** - Senate Bill No. 2325 appropriates \$350,000 from the oil and gas impact grant fund for updating and maintaining reports for transportation infrastructure needs for all county and township roads. The bill results in less funding being available for energy infrastructure and impact grants.

**State Library  
Budget No. 250  
Senate Bill No. 2013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	29.75	\$5,263,975	\$2,134,610	\$7,398,585
<b>2011-13 legislative appropriations</b>	<b>29.75</b>	<b>5,263,975</b>	<b>2,134,610</b>	<b>7,398,585</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$612,947	\$199,274	\$812,221

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$4,651,028	\$0	\$4,651,028
<b>2011-13 legislative appropriations</b>	<b>5,263,975</b>	<b>0</b>	<b>5,263,975</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$612,947	\$0	\$612,947
Percentage increase (decrease) to 2009-11 appropriations	13.2%	N/A	13.2%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the State Library.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 29.75 FTE positions, the same as the 2009-11 biennium.



#### **Other Sections in Bill**

**State aid to public libraries** - Section 14 provides that the grants line item for the State Library includes \$1.5 million from the general fund for aid to public libraries, an increase of \$200,000 from the \$1.3 million appropriated for the 2009-11 biennium. No more than one-half of the 2011-13 legislative appropriation is to be expended during the fiscal year ending June 30, 2012.

#### **Related Legislation**

**Open records requirement** - House Bill No. 1396 relates to the exemption of certain library, archive, and museum collections from open records requirements.

**State Library biennial report** - Senate Bill No. 2099 relates to the State Library biennial report to the Superintendent of Public Instruction and the Governor.

**School for the Deaf  
Budget No. 252  
Senate Bill No. 2013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	43.94	\$6,718,772	\$2,088,007	\$8,806,779
<b>2011-13 legislative appropriations</b>	<b>43.94</b>	<b>6,718,772</b>	<b>2,088,007</b>	<b>8,806,779</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$421,124)	(\$80,543)	(\$501,667)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$6,238,896	\$901,000	\$7,139,896
<b>2011-13 legislative appropriations</b>	<b>6,614,972</b>	<b>103,800</b>	<b>6,718,772</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$376,076	(\$797,200)	(\$421,124)
Percentage increase (decrease) to 2009-11 appropriations	6.0%	(88.5%)	(5.9%)
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0.0%	0.0%	0.0%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the School for the Deaf.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 43.94 FTE positions, the same as the 2009-11 biennium.

### One-Time Funding

In Section 2 of Senate Bill No. 2013, the Legislative Assembly identified \$103,800 of one-time funding from the general fund for extraordinary repairs during the 2011-13 biennium. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the School for the Deaf is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Other Sections in Bill

**Extraordinary repairs carryover** - Section 16 provides for the continuation and transfer of the 2009-11 biennium general fund appropriation of \$835,000 for remodel of the Trades Building that will not be spent in the 2009-11 biennium to the School for the Deaf operating fund for use during the 2011-13 biennium for extraordinary repairs identified in the facility master plan. In addition, the Legislative Assembly provided \$103,800 of one-time funding from the general fund and \$59,730 from special funds for a total of \$998,530 to be used for the following extraordinary repairs:

School building repairs	\$520,200
Apartment building and garage demolition	17,000
Kitchen and dining building repairs	101,200
Blackhurst Dormitory repairs	250,400
Replace gym roof	59,730
Replace electric transformers	50,000
Total	\$998,530

**Higher education interpreter grant program** - Section 17 provides that \$200,000 from the general fund included in the grants line item of the School for the Deaf is for the continuation of the program to assist institutions under the control of the State Board of Higher Education with the cost of interpreters and real-time captioning for students who are deaf or hard-of-hearing for the 2011-13 biennium. Funding appropriated for this program is not subject to North Dakota Century Code Section 54-44.1-11. In addition, the section requires the School for the Deaf to develop a formula for distribution of the funds based on a uniform hourly reimbursement rate and may not distribute more than 50 percent of the amount appropriated during the first year of the biennium. If any grant funding remains undistributed at the end of the biennium, the School for the Deaf is to provide additional prorated grants to institutions that incurred hourly expenses during the biennium in excess of the formula reimbursement level.

**2013-15 School for the Deaf appropriation bill** - Section 21 provides legislative intent that the School for the Deaf remain under the control of the Superintendent of Public Instruction during the 2011-13 biennium and that the Governor include the recommended funding for the School for the Deaf in a separate draft appropriations act for introduction to the 2013 Legislative Assembly.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	29.50	\$4,080,240	\$835,091	\$4,915,331
<b>2011-13 legislative appropriations</b>	<b>29.50</b>	<b>3,797,240</b>	<b>835,091</b>	<b>4,632,331</b>
Legislative increase (decrease) to executive budget	0.00	(\$283,000)	\$0	(\$283,000)
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$287,172	\$16,189	\$303,361

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$3,439,868	\$70,200	\$3,510,068
<b>2011-13 legislative appropriations</b>	<b>3,727,240</b>	<b>70,000</b>	<b>3,797,240</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$287,372	(\$200)	\$287,172
Percentage increase (decrease) to 2009-11 appropriations	8.4%	(0.3%)	(8.2%)
2011-13 legislative increase (decrease) to executive budget	\$0	(\$283,000)	(\$283,000)
Percentage increase (decrease) to executive budget	0.0%	(80.2%)	(6.9%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed contingent one-time funding for salary and operating expenses (\$150,000) and remodeling and improvement costs (\$150,000) necessary to accommodate a new tenant in the school building.		(\$300,000)		(\$300,000)
Added one-time funding to purchase a tractor.		17,000		17,000
<b>Total</b>	<b>0.00</b>	<b>(\$283,000)</b>	<b>\$0</b>	<b>(\$283,000)</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 29.5 FTE positions, the same as the 2009-11 biennium. The executive recommendation removed a .5 FTE position for the superintendent position currently shared with the School for the Deaf and provided a .5 FTE Braille music instructor position.

### **One-Time Funding**

In Section 2 of Senate Bill No. 2013, the Legislative Assembly identified \$70,000 of one-time funding from the general fund for a tractor (\$17,000), a Braille embosser (\$8,500), a facility master plan (\$20,000), and instructional equipment (\$24,500) during the 2011-13 biennium. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and North Dakota Vision Services - School for the Blind is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### **Other Sections in Bill**

**Subscription and Braille fees** - Section 15 provides that money collected for subscription fees or Braille fees must be deposited in the North Dakota Vision Services - School for the Blind operating fund and is subject to appropriation by the Legislative Assembly.

**Department of Career and Technical Education  
Budget No. 270  
House Bill No. 1019**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	28.50	\$28,148,803	\$10,766,888	\$38,915,691
<b>2011-13 legislative appropriations</b>	<b>27.50</b>	<b>27,981,679</b>	<b>10,766,888</b>	<b>38,748,567</b>
Legislative increase (decrease) to executive budget	(1.00)	(\$167,124)	\$0	(\$167,124)
Legislative increase (decrease) to 2009-11 appropriations	(1.00)	\$2,000,671	\$4,006	\$2,004,677

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$25,981,008	\$0	\$25,981,008
<b>2011-13 legislative appropriations</b>	<b>27,981,679</b>	<b>0</b>	<b>27,981,679</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,000,671	\$0	\$2,000,671
Percentage increase (decrease) to 2009-11 appropriations	7.7%	N/A	7.7%
2011-13 legislative increase (decrease) to executive budget	(\$157,124)	(\$10,000)	(\$167,124)
Percentage increase (decrease) to executive budget	(0.6%)	(100.0%)	(0.6%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed one-time funding included in the executive budget for STOP (Students Taking on Prevention) the Violence program.		(\$10,000)		(\$10,000)
Reduced funding for the expansion of career and technical education course offerings.		(50,000)		(50,000)
Removed 1 FTE programmer analyst II position and related funding.	(1.00)	(107,124)	(\$33,993)	(141,117)

Reclassified federal funding available to the agency related to the removed FTE programmer analyst II position to operating expenses.

33,993

33,993

Total (1.00) (\$167,124) \$0 (\$167,124)

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 27.5 FTE positions, a decrease of 1 FTE position from the executive recommendation and the 2009-11 biennium authorized level of 28.5 FTE positions. The Legislative Assembly removed 1 FTE programmer analyst II position.

**One-Time Funding**

The Legislative Assembly removed one-time funding of \$10,000 from the general fund included in the executive recommendation for a STOP the Violence program.

**New Virtual Career and Technical Education Center**

The Legislative Assembly did not change the executive recommendation to provide \$1 million from the general fund for the establishment of one new virtual career and technical education center. The agency considered proposals from the north-west and east-central regions of the state, and in May 2011 the department accepted a proposal for a north-west center to be named the Western Star Area Career and Technology Center which includes 10 member schools in the Williston area. The new area center will be eligible for 75 percent reimbursement in the first two years of operation, 60 percent for the next three years, and 40 percent thereafter. The department plans to provide a total of \$3.2 million in funding for the following virtual area centers for each fiscal year of the 2011-13 biennium:

	Fiscal Year 2012	Fiscal Year 2013	Total
Roughrider Area Career and Technology Center	\$450,000	\$490,000	\$940,000
North Central Area Career and Technology Center	150,000	170,000	320,000
Missouri River Area Career and Technology Center	450,000	490,000	940,000
Western Star Area Career and Technology Center	475,000	525,000	1,000,000
<b>Total</b>	<b>\$1,525,000</b>	<b>\$1,675,000</b>	<b>\$3,200,000</b>

**Funding to Maintain Reimbursement Percentage**

The Legislative Assembly did not change the executive recommendation to provide \$400,000 from the general fund for costs to maintain the reimbursement percentages paid to support career and technical education programs. The agency experiences increased costs to maintain reimbursement percentages at a consistent level as teachers' salaries increase.

**Course Offering Expansion**

The Legislative Assembly reduced funding from the general fund included in the executive recommendation in the grants line item for the expansion of career and technical education course offerings in local schools and area centers from \$400,000 to \$350,000. The agency plans to utilize the funding to reduce costs to schools of providing new career and technical education programming creating more access to courses for students.

**Professional Development**

The Legislative Assembly did not change the executive recommendation to provide \$75,000 from the general fund for expanded professional development opportunities for career and technical education teachers. The agency plans to utilize funding to pair mathematics teachers with career and technical education teachers in a professional development program with the intent of increasing mathematics scores of students in career and technical education courses by better integrating and reinforcing academic concepts. This funding is also available to develop career and technical education administrative courses that are no longer offered by state colleges or universities.

### **Related Legislation**

**Exemption from State Board for Career and Technical Education regulation** - House Bill No. 1092 provides an exemption from State Board for Career and Technical Education regulation for institutions whose only physical presence in the state consists of students enrolled in practicums, internships, clinical, or student teaching in the state.



**State Department of Health  
Budget No. 301  
House Bill Nos. 1004, 1041, 1044, 1266, Senate Bill No. 2276**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	343.50	\$28,080,556	\$158,456,189	\$186,536,745
<b>2011-13 legislative appropriations</b>	<b>344.00</b>	<b>34,013,780</b>	<b>160,948,753</b>	<b>194,962,533</b>
Legislative increase (decrease) to executive budget	0.50	\$5,933,224	\$2,492,564	\$8,425,788
Legislative increase (decrease) to 2009-11 appropriations	0.50	\$6,782,115	(\$17,079,778)	(\$10,297,663)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$23,155,294	\$4,076,371	\$27,231,665
<b>2011-13 legislative appropriations</b>	<b>32,913,780</b>	<b>1,100,000</b>	<b>34,013,780</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$9,758,486	(\$2,976,371)	\$6,782,115
Percentage increase (decrease) to 2009-11 appropriations	42.1%	(73.0%)	(24.9%)
2011-13 legislative increase (decrease) to executive budget	\$5,108,224	\$825,000	\$5,933,224
Percentage increase (decrease) to executive budget	18.4%	300.0%	21.1%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding from federal funds for Women's Way care coordination.			(\$500,000)	(\$500,000)
Changed the funding source of the Women's Way program to provide \$400,500 from the community health trust fund.		(\$400,500)	400,500	0
Removed one-time funding included in the executive budget for a regional health network incentive grant.		(275,000)		(275,000)

Removed federal funding for the following health care reform programs:		(1,795,112)	(1,795,112)								
• Abstinence program funding - \$182,100.											
• Public health infrastructure program funding - \$200,000.											
• Home visiting program funding - \$1,413,012.											
Removed salary equity funding for air quality and environmental engineers.	(70,000)		(70,000)								
Increased funding for operating expenses to purchase vaccines under a vaccine ordering program.		3,600,000	3,600,000								
Increased grants to local public health units to provide a total of \$3 million from the general fund.	600,000		600,000								
Added funding for grants to continue the Safe Havens supervised visitation and exchange program.	425,000		425,000								
Removed 1 FTE position for injury prevention, but did not remove the funding and provided the department may transfer 1 FTE position from tobacco prevention.	(1.00)										
Adjusted \$523,900 of funding from the general fund added in the executive budget to replace reduced federal funding available through the Department of Transportation for services provided to ambulances and for the statewide trauma program. Funding from the Department of Transportation and funding from the general fund for emergency medical services grants was used to replace funding from the general fund and total funding was reduced by \$24,100 to provide a total of \$499,800 for the statewide trauma program as follows:	(448,900)	124,800	(324,100)								
<table border="1" data-bbox="107 997 831 1122"> <tr> <td>Transfer from emergency medical services grants line</td> <td>\$300,000</td> </tr> <tr> <td>Department of Transportation</td> <td>124,800</td> </tr> <tr> <td>General fund</td> <td>75,000</td> </tr> <tr> <td>Total</td> <td>\$499,800</td> </tr> </table>				Transfer from emergency medical services grants line	\$300,000	Department of Transportation	124,800	General fund	75,000	Total	\$499,800
Transfer from emergency medical services grants line	\$300,000										
Department of Transportation	124,800										
General fund	75,000										
Total	\$499,800										
Added a \$500,000 contingent appropriation from the general fund and authorization for a \$500,000 line of credit with the Bank of North Dakota to provide one-time funding for costs associated with litigation and other administrative proceedings involving the United States Environmental Protection Agency.	500,000	500,000	1,000,000								
Changed the funding source for heart disease and stroke prevention grants from the community health trust fund to the general fund.	222,624	(222,624)	0								
Added one-time funding to provide matching funds for an ST-elevated myocardial infarction (STEMI) response program.	600,000		600,000								

Added funding to provide for a public water system operator certification and training program and to reimburse operators of eligible public water systems in communities with a population of 3,300 or less for certification and training expenses.		180,000		180,000
Added funding from special or federal funds for a performance audit of the Family Health Division of the State Department of Health.			100,000	100,000
Added one-time funding from the health care trust fund to establish a nurse aide registry (\$155,000) and funding from the State Department of Health operating fund (\$130,000) and a 1.5 FTE position to maintain a nurse aide registry (House Bill No. 1041).	1.50		285,000	285,000
Added funding for state assistance grants to emergency medical services operations and related administrative costs (House Bill No. 1044).		3,000,000		3,000,000
Added funding to support a comprehensive state trauma system (House Bill No. 1266).		100,000		100,000
Added funding for the State Department of Health to purchase vaccines through the federal vaccine purchasing contract (Senate Bill No. 2276).		1,500,000		1,500,000
<b>Total</b>	<u>0.50</u>	<u>\$5,933,224</u>	<u>\$2,492,564</u>	<u>\$8,425,788</u>

**FTE Changes**

The Legislative Assembly authorized 344 FTE positions for the 2011-13 biennium, an increase of a .5 FTE position from the 2009-11 biennium authorized level of 343.5. The Legislative Assembly removed 1 FTE injury prevention position included in the executive recommendation and provided the department may transfer 1 FTE position from tobacco prevention into the position. The Legislative Assembly also added a 1.5 FTE nurse aide registry position.

**One-Time Funding**

In Section 2 of House Bill No. 1004, the Legislative Assembly identified \$600,000 of one-time funding from the general fund for a STEMI response program grant and \$3,492,228 of one-time funding from federal fiscal stimulus funds for the following programs:

Immunization programs	\$528,207
Health care-associated infections	80,328
Healthy communities	113,166
Arsenic trioxide	2,000,000
Water quality 604(b)	50,000
Clean water state revolving loan fund	360,156
Drinking water state revolving loan fund	318,101
Primary care	42,270
<b>Total</b>	<b>\$3,492,228</b>

The Legislative Assembly also provided a \$500,000 contingent general fund appropriation to the State Department of Health for expenses associated with possible litigation and other administrative proceedings involving the United States Environmental Protection Agency which is considered to be one-time funding. These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the State Department of Health is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

#### **Tobacco Prevention and Control Funding**

House Bill No. 1004 provides a total tobacco prevention appropriation of \$6,162,396, of which \$3,510,496 is from the community health trust fund and \$2,651,900 is from federal funds. Funding from the community health trust fund provides for community health tobacco programs, the Tobacco Quitline, and a tobacco prevention coordinator. This funding is in addition to \$12,922,614 provided from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Committee.

#### **Other Sections in Bill**

**Environment and rangeland protection fund** - Section 3 authorizes \$272,310 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.

**Safe Havens supervised visitation and exchange program** - Section 4 provides the State Department of Health use \$425,000 of the 2011-13 legislative appropriation for grants to continue the Safe Havens supervised visitation and exchange program for centers meeting eligibility standards in effect during the 2009-11 biennium.

**Litigation and administrative proceedings** - Section 5 provides, as an emergency measure, a \$500,000 contingent appropriation from the general fund and authorization for a \$500,000 line of credit with the Bank of North Dakota to provide funding for costs associated with litigation and other administrative proceedings involving the United States Environmental Protection Agency. The department may spend the general fund money and access the line of credit only upon approval by the Attorney General and must report quarterly to the Budget Section during the 2011-12 interim regarding the status of any litigation or other administrative proceedings.

**Indirect cost recoveries** - Section 6 allows the State Department of Health to deposit indirect cost recoveries from federal programs and special funds in its operating account.

**Suicide prevention program** - Section 7 provides legislative intent that the State Department of Health work in conjunction with the Indian Affairs Commission to develop, implement, and coordinate a suicide prevention program, including outreach, education, and administration of grants for suicide prevention activities.

**Regional public health network pilot project study** - Section 8 provides for a Legislative Management study of a regional public health network pilot project conducted during the 2009-11 biennium, including services provided, effects of the project on participating local public health units, efficiencies achieved in providing services, cost-savings to state and local governments, and possible improvements to the program.

**Family Health Division performance audit** - Section 9 requires the State Auditor to contract for a performance audit of the Family Health Division of the State Department of Health during the 2011-13 biennium. The State Auditor may bill the State Department of Health for costs associated with the performance audit. The Legislative Assembly provided \$100,000 from special or federal funds for the performance audit. The results of the performance audit must be presented to the Legislative Audit and Fiscal Review Committee and filed with the Appropriations Committees of the 63<sup>rd</sup> Legislative Assembly.

#### **Related Legislation**

**Nurse aide registry** - House Bill No. 1041 directs the State Department of Health to establish and administer a nurse aide registry for the registration and regulation of certified nurse aides, home health aides, medication assistants, and nurse aides. The bill appropriates \$155,000 from the health care trust fund to the department to establish the nurse aide registry and \$130,000 from the State Department of Health operating fund and a 1.5 FTE position to the department to maintain the nurse aide registry.

**Emergency medical services** - House Bill No. 1044 repeals the law enacted in 2007 which provided for emergency medical services allocations and for a state strategic plan that included an integrated emergency medical services program and a comprehensive statewide emergency medical services system; creates an Emergency Medical Services Advisory Council to advise the State Department of Health on the state plan for integrated emergency medical services, development of emergency medical services funding areas, development of the emergency medical services funding areas application process and budget criteria, and other issues relating to emergency medical services; directs the State Department of Health to establish and update a plan for integrated emergency medical services in this state which includes designation of emergency medical services funding areas; provides emergency medical services operations that request financial assistance from the state must provide requested fiscal information to the State Department of Health for use in financial assistance determinations; and directs the State Department of Health to distribute state financial assistance for emergency medical services. The bill appropriates \$3 million from the general fund to the State Department of Health for state assistance grants to emergency medical services operations and related administrative costs.

**Comprehensive state trauma system** - House Bill No. 1266 authorizes the State Health Officer to appoint an emergency medical services and trauma medical director to provide medical oversight and consultation in the development and administration of the state emergency medical services and trauma systems. The bill appropriates \$100,000 from the general fund to the State Department of Health for the support of the comprehensive state trauma system as follows:

Advanced trauma life support training	\$20,000
Trauma designation site visits	30,000
Contracted emergency medical services and trauma medical director	50,000
<b>Total</b>	<b>\$100,000</b>

**Abortion information and reporting** - House Bill No. 1297 expands the abortion-related information that must be included in the printed materials that are provided by the State Department of Health and provides for additional reporting requirements for the State Department of Health.

**Immunization of minors** - Senate Bill No. 2035 authorizes a pharmacist to administer an immunization or vaccination by injection to an individual who is at least 11 years of age and to administer an influenza vaccination to an individual who is at least 5 years of age. The bill also clarifies the administration of a drug by injection by a pharmacist may be made upon the order of a physician assistant.

**Dental practice grant program** - Senate Bill No. 2146 provides that the community matching grant requirement under the new dental practice grant program may be monetary or in-kind.

**Umbilical cord blood donation information** - Senate Bill No. 2215 directs the State Department of Health to prepare a pamphlet that includes information regarding collection of umbilical cord blood.

**Provider Choice immunization program** - Senate Bill No. 2276 directs the State Department of Health to implement a provider choice system that allows health care providers that participate in the state's Vaccines for Children program to select any licensed vaccine and the State Department of Health is to establish a program through which the department purchases vaccines through the federal vaccine purchasing contract to supply public health units with the purchased vaccines. The bill appropriates \$1.5 million from the general fund to the State Department of Health to purchase vaccines through the federal vaccine purchasing contract during the 2011-13 biennium.

**Veterinarian loan repayment program** - Senate Bill No. 2341 modifies the veterinarian loan repayment program to remove the limit on the number of recipients accepted into the program, provide the program is limited by the funds available to support the program, and remove the priority given to applicants who have not received state-funded student support fees.

**Tobacco Prevention and Control Executive Committee  
Budget No. 305  
House Bill No. 1025**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	4.00	\$0	\$12,922,614	\$12,922,614
<b>2011-13 legislative appropriations</b>	<b>5.00</b>	<b>0</b>	<b>12,922,614</b>	<b>12,922,614</b>
Legislative increase (decrease) to executive budget	1.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	1.00	\$0	\$40,614	\$40,614

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

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Tobacco Prevention and Control Executive Committee is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Reclassified 1 temporary position, to be determined by the Tobacco Prevention and Control Executive Committee, to an FTE position.	1.00			
<b>Total</b>	<b>1.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The Legislative Assembly authorized 5 FTE positions for the 2011-13 biennium, an increase of 1 FTE position from the 2009-11 biennium authorized level of 4 FTE positions. The Legislative Assembly reclassified 1 temporary position included in the executive recommendation to an FTE position. The Tobacco Prevention and Control Executive Committee may determine the temporary position to reclassify to an FTE position.

**Tobacco Prevention and Control Executive Committee**

North Dakota voters approved initiated measure No. 3 in the November 2008 general election. The measure added seven new sections to the North Dakota Century Code and amended Section 54-27-25 to establish the **Tobacco Prevention and Control Advisory Committee** and an executive committee, develop and fund a comprehensive statewide tobacco prevention and control plan, and create a tobacco prevention and control trust fund to receive tobacco settlement dollars to be administered by the executive committee. The measure provided for the advisory committee, appointed by the Governor, to develop the initial comprehensive plan and select an executive committee responsible for the implementation and administration of the comprehensive plan. The initiated measure became effective 30 days after the election (December 4, 2008).

Tobacco settlement payments received by the state under the Master Settlement Agreement are derived from two subsections of the Master Settlement Agreement. Subsection IX(c)(1) of the Master Settlement Agreement provides payments on April 15, 2000, and on April 15 of each year thereafter in perpetuity, while subsection IX(c)(2) of the Master Settlement Agreement provides for additional strategic contribution payments that begin on April 15, 2008, and continue each April 15 thereafter through 2017. Section 54-27-25, created by House Bill No. 1475 (1999), did not distinguish between payments received under the separate subsections of the Master Settlement Agreement and provided for the deposit of all tobacco settlement money received by the state into the tobacco settlement trust fund. Money in the fund, including interest, is transferred within 30 days of 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.

The measure provided for a portion of tobacco settlement dollars received by the state to be deposited in the tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement continues to be deposited in the tobacco settlement trust fund and allocated 10 percent to the community health trust fund (with 80 percent used for tobacco prevention and control), 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement is deposited into the tobacco prevention and control trust fund. Interest earned on the balance in this fund is deposited in the fund. The fund is administered by the executive committee created by the measure for the purpose of creating and implementing the comprehensive plan.

The measure also provided that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The 2009 Legislative Assembly, in Section 39 of House Bill No. 1015, provided that any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. Beginning in 2009 tobacco settlement payments are deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure. The measure results in the following actual and estimated payments deposited in the tobacco prevention and control trust fund:

	<b>Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund</b>
Actual payment April 2008	N/A
Actual payment April 2009	\$14.1 million
Actual payments 2009-11 biennium	23.5 million
Estimated 2011-13 biennium	24.5 million
Estimated 2013-15 biennium	27.6 million
Estimated 2015-17 biennium	27.6 million
<b>Total</b>	<b>\$117.3 million</b>

### **Comprehensive Tobacco Prevention and Control**

The Tobacco Prevention and Control Advisory Committee is responsible for developing a comprehensive statewide tobacco prevention and control program that is consistent with the Centers for Disease Control and Prevention *Best Practices for Comprehensive Tobacco Prevention and Control Programs*. The Centers for Disease Control and Prevention recommended annual investment for the state of North Dakota is \$9.3 million, or \$18.6 million for the biennium. The Tobacco Prevention and Control Executive Committee anticipates certain tobacco-related programs currently provided through the State Department of Health qualify as best practices as outlined by the Centers for Disease Control and Prevention. As a result, the funding for the Tobacco Prevention and Control Executive Committee is adjusted accordingly. Funding for the comprehensive statewide tobacco prevention and control program is summarized as follows:

<b>2011-13 Biennium</b>	<b>Community Health Trust Fund</b>	<b>Tobacco Prevention and Control Trust Fund</b>	<b>Federal Funds</b>	<b>Total</b>
State Department of Health (HB 1004) Tobacco prevention and control	\$3,510,496		\$2,651,900	\$6,162,396
Tobacco Prevention and Control Executive Committee (HB 1025) Tobacco prevention and control		\$12,922,614		12,922,614
Total 2011-13 biennium funding	\$3,510,496	\$12,922,614	\$2,651,900	\$19,085,010 <sup>1</sup>

<sup>1</sup>According to the Centers for Disease Control and Prevention, the best practices recommended level of funding for tobacco prevention and control in North Dakota is \$9.3 million per year, or \$18.6 million for the biennium.

**Other Sections in Bill**

**Reports to Budget Section** - Section 2 requires the Tobacco Prevention and Control Executive Committee provide quarterly written reports to the Budget Section during the 2011-12 interim. The reports must include detailed information on expenditures for contract services, professional fees and services, and grants.

**Related Legislation**

**Tobacco prevention and control** - House Bill No. 1004 provides tobacco prevention and control funding of \$6,162,396, of which \$3,510,496 is from the community health trust fund and \$2,651,900 is from federal funds. Funding from the community health trust fund provides for community health tobacco programs, the Tobacco Quitline, and a tobacco prevention coordinator.



**Veterans' Home  
Budget No. 313  
House Bill No. 1007**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	120.72	\$5,679,823	\$15,151,823	\$20,831,646
<b>2011-13 legislative appropriations</b>	<b>120.72</b>	<b>5,553,323</b>	<b>15,343,323</b>	<b>20,896,646</b>
Legislative increase (decrease) to executive budget	0.00	(\$126,500)	\$191,500	\$65,000
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$11,288,399)	(\$1,491,975)	(\$12,780,374)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$4,816,589	\$12,025,133	\$16,841,722
<b>2011-13 legislative appropriations</b>	<b>5,553,323</b>	<b>0</b>	<b>5,553,323</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$736,734	(\$12,025,133)	(\$11,288,399)
Percentage increase (decrease) to 2009-11 appropriations	15.3%	(100.0%)	(67.0%)
2011-13 legislative increase (decrease) to executive budget	\$0	(\$126,500)	(\$126,500)
Percentage increase (decrease) to executive budget	0.0%	(100.0%)	(2.2%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Changed the funding source of one-time funding for new home landscaping to provide funding from special funds made available by donated mineral lease income.		(\$25,000)	\$25,000	\$0
Changed the funding source of one-time funding for irrigation system repair to provide funding from special funds made available by donated mineral lease income.		(55,000)	55,000	0
Changed the funding source of one-time funding for the grading and shaping of the oxbow to provide funding from special funds made available by donated mineral lease income.		(46,500)	46,500	0

Removed special fund authority included in the executive recommendation for the administrator's housing allowance.			(20,000)	(20,000)
Added funding from special funds made available by donated mineral lease income to hire an architect to design a workshop for the Veterans' Home.			10,000	10,000
Added funding from special funds made available by donated mineral lease income to move the gazebo.			75,000	75,000
Total	<u>0.00</u>	<u>(\$126,500)</u>	<u>\$191,500</u>	<u>\$65,000</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 120.72 FTE positions, the same as the 2009-11 biennium.

**One-Time Funding**

The executive recommendation included one-time funding of \$126,500 from the general fund for new home landscaping (\$25,000), irrigation system repair (\$55,000), and the grading and shaping of the oxbow (\$46,500). The source of the funding for these projects was changed by the Legislative Assembly to provide funding from special funds made available by donated mineral lease income.

**Other Sections in Bill**

**Melvin Norgard memorial fund** - Section 3 establishes, in the state treasury, the Melvin Norgard memorial fund. All income related to a bequest made to the Veterans' Home by Melvin Norgard, including mineral lease income, royalties, and sale proceeds, must be transferred or deposited into the Melvin Norgard memorial fund. The State Treasurer is to invest money in the fund, and investment income of the fund must be retained in the fund. Money in the fund is available, subject to legislative appropriations, for projects and programs to benefit and serve the residents of the Veterans' Home. The Legislative Assembly must consider recommendations of the Veterans' Home Governing Board when determining appropriations from the fund for projects and programs.

**Disposition of old Veterans' Home facility** - Section 4 provides for a Legislative Management study of options for the disposition of the old Veterans' Home facility.

**Indian Affairs Commission  
Budget No. 316  
House Bill No. 1005**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	4.00	\$847,878	\$0	\$847,878
<b>2011-13 legislative appropriations</b>	<b>4.00</b>	<b>822,878</b>	<b>0</b>	<b>822,878</b>
Legislative increase (decrease) to executive budget	0.00	(\$25,000)	\$0	(\$25,000)
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$138,293	(\$18,000)	\$120,293

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$684,585	\$0	\$684,585
<b>2011-13 legislative appropriations</b>	<b>822,878</b>	<b>0</b>	<b>822,878</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$138,293	\$0	\$138,293
Percentage increase (decrease) to 2009-11 appropriations	20.2%	N/A	20.2%
2011-13 legislative increase (decrease) to executive budget	(\$25,000)	\$0	(\$25,000)
Percentage increase (decrease) to executive budget	(2.9%)	N/A	(2.9%)

**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. 2015.

	<b>Major Items</b>			<b>Total</b>
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	
The legislative action:				
Reduced funding provided in the executive budget from \$100,000 to \$75,000 for a suicide prevention program directed at Native American tribes.		(\$25,000)		(\$25,000)
<b>Total</b>	<b>0.00</b>	<b>(\$25,000)</b>	<b>\$0</b>	<b>(\$25,000)</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 4 FTE positions, the same as the 2009-11 biennium.

### **Indian Youth Leadership Academy**

The Legislative Assembly did not change the executive recommendation to provide \$60,000 from the general fund for the North Dakota Indian Youth Leadership Academy in the 2011-13 biennium. This level of funding represents an increase in funding of \$20,000 from the 2009-11 legislative appropriation of \$40,000. The Indian Affairs Commission will conduct a one-week school each year of the biennium for Indian youth and plans to utilize the additional funding to increase student attendance.

### **Other Sections in Bill**

**Suicide prevention program** - Section 3 provides legislative intent that the Indian Affairs Commission work in conjunction with the State Department of Health to develop a suicide prevention program, including outreach, education, administration, and implementation of grants for suicide prevention activities. The Indian Affairs Commission is to report to the Appropriations Committees of the 63<sup>rd</sup> Legislative Assembly on the use of the funding provided for the program, including statistics on the effectiveness of the program.

### **Related Legislation**

**Indian education issues** - House Bill No. 1049 provides for a Superintendent of Public Instruction study of Indian education issues and a report to the Legislative Management.

**Committee on Tribal and State Relations** - Senate Bill No. 2053 relates to the extension and duties of the Committee on Tribal and State Relations. The bill provides that the committee conduct joint meetings with North Dakota Tribal Governments' Task Force to study tribal-state issues, including government-to-government relations, human services, education, corrections, issues related to the promotion of economic development, and whether the members of the North Dakota Tribal Governments' Task Force should be voting members of the committee.

**Income tax exemption** - Senate Bill No. 2208 provides an income tax exemption to qualifying reservation residents on income from activities or sources within the exterior boundaries of a state reservation.

**Single public health unit - Fort Berthold Reservation** - Senate Concurrent Resolution No. 4012 provides that the Legislative Management study the feasibility and desirability of placing the entire Fort Berthold Reservation in a single public health unit to address issues of a possible decline in Indian Health Service funding and funding issues arising from three public health units serving the Fort Berthold Reservation.

**Tourism alliance** - Senate Concurrent Resolution No. 4021 provides that the Legislative Management study the feasibility and desirability of developing a strategic partnership between the Tourism Division and corresponding tourism departments or alliances of tourism departments of the Indian tribes within North Dakota promoting tourism in North Dakota.

**Department of Veterans' Affairs  
Budget No. 321  
House Bill Nos. 1007, 1177 and 1468**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	7.00	\$1,137,219	\$0	\$1,137,219
<b>2011-13 legislative appropriations</b>	<b>7.00</b>	<b>1,417,219</b>	<b>0</b>	<b>1,417,219</b>
Legislative increase (decrease) to executive budget	0.00	\$280,000	\$0	\$280,000
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$385,732	\$0	\$385,732

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,031,487	\$0	\$1,031,487
<b>2011-13 legislative appropriations</b>	<b>1,099,626</b>	<b>317,593</b>	<b>1,417,219</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$68,139	\$317,593	\$385,732
Percentage increase (decrease) to 2009-11 appropriations	6.6%	N/A	37.4%
2011-13 legislative increase (decrease) to executive budget	\$0	\$280,000	\$280,000
Percentage increase (decrease) to executive budget	0.0%	744.8%	24.6%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added one-time funding to hold "stand down" events (House Bill No. 1177).		\$20,000		\$20,000
Added one-time funding to be used in lieu of income generated from the veterans' postwar trust fund for programs to benefit and serve veterans or their dependents (\$210,000) and to purchase vans for the transport of veterans or their dependents (\$50,000) (House Bill No. 1468).		260,000		260,000
<b>Total</b>	<b>0.00</b>	<b>\$280,000</b>	<b>\$0</b>	<b>\$280,000</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 7 FTE positions, the same as the 2009-11 biennium.

### **One-Time Funding**

In Section 2 of House Bill No. 1007, the Legislative Assembly identified \$37,593 from the general fund, of which \$22,000 is for a discharge project and \$15,593 is for website redesign, as one-time funding. Other one-time funding items for the Department of Veterans' Affairs include:

- House Bill No. 1177 - \$20,000 from the general fund for "stand down" events to coordinate benefits and provide services to needy veterans in this state; and
- House Bill No. 1468 - \$260,000 from the general fund, of which \$210,000 is to be used in lieu of income generated from the veterans' postwar trust fund for programs to benefit and serve veterans or their dependents and \$50,000 for the purchase of vans to transport veterans or their dependents.

### **Veterans' Postwar Trust Fund**

In House Bill No. 1468, the Legislative Assembly amended North Dakota Century Code Section 37-14-14 relating to the veterans' postwar trust fund to provide all income earned by the veterans' postwar trust fund in a biennium is appropriated to the Administrative Committee on Veterans' Affairs on a continuing basis in the biennium following the biennium in which it was earned and not in the biennium in which the income was earned. The Legislative Assembly appropriated \$210,000 from the general fund to be used in lieu of income generated from the veterans' postwar trust fund during the 2011-13 biennium to provide benefits and services to veterans during the 2011-13 biennium. Income earned by the veterans' postwar trust fund during the 2011-13 biennium will be available for benefits and services to veterans during the 2013-15 biennium.

### **Other Sections in House Bill No. 1007**

**Delivery of services to veterans** - Section 5 provides for a Legislative Management study of the delivery of services to veterans, including the consistency in training and of the provision of services by county veterans' service officers.

### **Related Legislation**

**Veterans' "stand down" events** - House Bill No. 1177 appropriates \$20,000 from the general fund to the Department of Veterans' Affairs for "stand down" events to coordinate benefits and provide services to needy veterans in this state.

**Veterans' property tax exemption** - House Bill No. 1217 expands the property tax exemption for the residence of a disabled veteran to include a disabled veteran who has an extra-schedular rating to include individual unemployability that brings the veteran's total disability rating to 100 percent and extends the exemption to an unremarried surviving spouse who is receiving Department of Veterans' Affairs dependency and indemnity compensation. A fiscal note prepared by the Tax Department indicates the change will result in additional payments of approximately \$215,000 for the 2011-13 biennium.

**Veterans' postwar trust fund** - House Bill No. 1468 amends Section 37-14-14 relating to the veterans' postwar trust fund and provided \$260,000 from the general fund, of which \$210,000 is to be used in lieu of income generated from the veterans' postwar trust fund for programs to benefit and serve veterans or their dependents and \$50,000 for the purchase of vans to transport veterans or their dependents.

**Protection and Advocacy Project  
Budget No. 360  
Senate Bill No. 2014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	28.50	\$2,020,365	\$3,118,888	\$5,139,253
<b>2011-13 legislative appropriations</b>	<b>28.50</b>	<b>1,985,365</b>	<b>3,118,888</b>	<b>5,104,253</b>
Legislative increase (decrease) to executive budget	0.00	(\$35,000)	\$0	(\$35,000)
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$259,550	\$131,385	\$390,935

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,725,815	\$0	\$1,725,815
<b>2011-13 legislative appropriations</b>	<b>1,985,365</b>	<b>0</b>	<b>1,985,365</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$259,550	\$0	\$259,500
Percentage increase (decrease) to 2009-11 appropriations	15.0%	0.0%	15.0%
2011-13 legislative increase (decrease) to executive budget	(\$35,000)	\$0	(\$35,000)
Percentage increase (decrease) to executive budget	(1.7%)	0.0%	(1.7%)

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Reduced funding from the general fund by \$35,000 with specific budget reductions to be determined by the agency.		(\$35,000)		(\$35,000)
<b>Total</b>	<b>0.00</b>	<b>(\$35,000)</b>	<b>\$0</b>	<b>(\$35,000)</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation to provide 28.5 FTE positions, the same as the 2009-11 biennium.

**Job Service North Dakota  
Budget No. 380  
House Bill No. 1016**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	261.76	\$1,879,892	\$70,116,806	\$71,996,698
<b>2011-13 legislative appropriations</b>	<b>261.76</b>	<b>1,879,892</b>	<b>70,116,806</b>	<b>71,996,698</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	(22.29)	\$314,450	(\$88,038)	\$226,412

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,565,442	\$0	\$1,565,442
<b>2011-13 legislative appropriations</b>	<b>1,879,892</b>	<b>0</b>	<b>1,879,892</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$314,450	\$0	\$314,450
Percentage increase (decrease) to 2009-11 appropriations	20.1%	N/A	20.1%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
The Legislative Assembly did not change the executive recommendation for Job Service North Dakota.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



### **FTE Changes**

The 2011-13 biennium appropriation includes funding for 261.76 FTE positions, a decrease of 22.29 FTE positions from the 2009-11 biennium authorized level of 284.05 FTE positions. The legislative action did not change the executive recommendation to delete 22.29 FTE positions not requested by the agency.

### **Federal Fiscal Stimulus Funding**

The Legislative Assembly did not change the executive recommendation to provide for the continuation of \$1.5 million of federal fiscal stimulus funding not expended in the 2009-11 biennium. The funding relates to state unemployment insurance and employment services and administration relating to unemployment compensation benefit increases. This funding is not to be considered part of the agency's base budget for the 2013-15 biennium, and Job Service North Dakota is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### **Workforce 20/20**

The Legislative Assembly did not change the executive recommendation to provide funding of \$1,531,160 from the general fund for the Workforce 20/20 program. The funding of \$1,531,160 represents an increase in funding from the general fund of \$18,669 compared to the 2009-11 general fund appropriation for the Workforce 20/20 program of \$1,512,491.

### **Job Spidering**

The Legislative Assembly did not change the executive recommendation to provide funding of \$300,000 from the general fund for continuing the job spidering program (an online employment search tool). This program received funding from the general fund in the 2007-09 biennium and from federal fiscal stimulus funds in the 2009-11 biennium.

### **Unemployment Insurance Computer Modernization Project - Reed Act**

The Legislative Assembly did not change the executive recommendation to provide a \$12.4 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. The funding of \$12.4 million represents an increase in funding of \$6,884,414 compared to the 2009-11 special funds appropriation for modernizing the unemployment insurance computer system of \$5,515,586.

### **Workforce Data Quality Initiative**

The Legislative Assembly did not change the executive recommendation to provide a \$1,036,000 special funds appropriation from federal funds for completing a Workforce Data Quality Initiative, which is the agency's component of the statewide longitudinal data system.

### **Other Sections in Bill**

**Additional federal funding** - Section 4 provides a continuing appropriation for Job Service North Dakota to receive and spend any additional federal funds available during the 2011-13 biennium.

**New jobs training program** - Sections 5 and 6 amend North Dakota Century Code Sections 52-02.1-01 and 52-08-10 to provide that the institutions assigned primary responsibility for workforce training are included under the definition of "community" under the new jobs training program.

### **Related Legislation**

**Unemployment compensation benefits** - Senate Bill No. 2245 relates to unemployment insurance eligibility for claims for benefits resulting from domestic violence and sexual assault.

**Industrial Commission  
Budget No. 405  
House Bill No. 1014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	73.06	\$16,917,628	\$46,716,149	\$63,633,777
<b>2011-13 legislative appropriations</b>	<b><u>74.06<sup>1</sup></u></b>	<b><u>17,075,613</u></b>	<b><u>46,766,756</u></b>	<b><u>63,842,369</u></b>
Legislative increase (decrease) to executive budget	1.00	\$157,985	\$50,607	\$208,592
Legislative increase (decrease) to 2009-11 appropriations	13.00	\$2,650,359 <sup>2</sup>	(\$2,551,228)	\$99,131 <sup>2</sup>

<sup>1</sup>The 2011-13 authorized FTE positions do not include the 4 FTE positions for the Oil and Gas Division that were authorized in Section 8 of House Bill No. 1014 by the 2011 Legislative Assembly for the 2011-13 biennium. Upon Emergency Commission approval, the Industrial Commission may hire 1 additional FTE position if the drilling rig count exceeds 180 for at least 30 consecutive days, 1 additional FTE position if the drilling rig count exceeds 190 for at least 30 consecutive days, and 2 additional FTE positions if the total number of oil wells in the state exceeds 9,300.

<sup>2</sup>The amount shown reflects a \$150,000 general fund appropriation approved by the 2011 Legislative Assembly for salaries and operating expenses relating to the Industrial Commission's oil and gas industry regulatory responsibilities for the 2009-11 biennium.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$10,747,102	\$3,678,152	\$14,425,254
<b>2011-13 legislative appropriations</b>	<b><u>14,776,213</u></b>	<b><u>2,299,400</u></b>	<b><u>17,075,613</u></b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$4,029,111	(\$1,378,752)	\$2,650,359
Percentage increase (decrease) to 2009-11 appropriations	37.5%	(37.5%)	18.4%
2011-13 legislative increase (decrease) to executive budget	\$1,035,985	(\$878,000)	\$157,985
Percentage increase (decrease) to executive budget	7.5%	(27.6%)	0.9%

**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. 2015.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Increased funding for salaries and operating expenses to provide funding for 1 FTE engineering technician position for 24 months of the biennium rather than only 18 months of the biennium.		\$45,000		\$45,000
Added funding for the carbon dioxide storage facility administration fund and authorized 1 FTE position to administer the provisions of North Dakota Century Code Chapter 38-22.	1.00	532,000		532,000
Added funding for a contingent bond payment for the Veterans' Home federal subsidy of \$116,475 and reduced funding for bond payments for the State Department of Health (\$34,085) and Job Service North Dakota (\$31,783).			\$50,607	50,607
Reduced funding for continuing renewable energy development programs from \$3 million to \$1.5 million.		(1,500,000)		(1,500,000)
Added funding for a contingent appropriation from the permanent oil tax trust fund for the Oil and Gas Division to hire additional FTE positions based on drilling rig counts. The funding source was changed from the permanent oil tax trust fund to the general fund in Senate Bill No. 2015.		743,972		743,972
Added funding for retention of Department of Mineral Resources staff.		247,013		247,013
Added funding for temporary employees for the Geological Survey Division.		90,000		90,000
<b>Total</b>	<b>1.00</b>	<b>\$157,985</b>	<b>\$50,607</b>	<b>\$208,592</b>

#### FTE Changes

The 2011-13 biennium appropriation includes funding for 74.06 FTE positions, an increase of 13 FTE positions from the 2009-11 biennium authorized level of 61.06 FTE positions. The Legislative Assembly did not change the executive recommendation to add 7 FTE engineering technician positions, 1 FTE petroleum engineer position, 1 FTE production analyst position, and 1 FTE surface geologist 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 2009-11 biennium. The Legislative Assembly added 1 FTE position to administer the carbon dioxide storage facility administration fund. The Legislative Assembly also provided a contingent appropriation and authorized up to 4 additional FTE positions for the Department of Mineral Resources for the 2011-13 biennium. The 4 contingent FTE positions are not included in the total FTE count for the 2011-13 biennium.

#### One-Time Funding

In Section 2 of House Bill No. 1014, the Legislative Assembly identified \$2,299,400 from the general fund as one-time funding, of which \$1.5 million is for renewable energy development programs, \$532,000 is for the carbon dioxide storage facility administration fund, \$90,000 is for temporary employees for the core library, \$62,400 is for paleontologic preparatory work, and \$115,000 is for fracturing sand, oil-bearing rock, and coalbed methane studies. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the Industrial Commission is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Lease Payments

The Legislative Assembly provided \$25,389,733 for lease payments for outstanding bonded indebtedness, an increase of \$50,607 from the executive recommendation of \$25,339,126 and a decrease of \$2,052,132 from the 2009-11 biennium appropriation of \$27,441,865. The Legislative Assembly provided for a contingent bond payment for the Veterans' Home federal subsidy of \$116,475 and reduced funding for bond payments for the State Department of Health (\$34,085) and Job Service North Dakota (\$31,783). The following schedule lists the 2009-11 and 2011-13 biennium lease payments:

	2009-11 Biennium	2011-13 Biennium	Increase (Decrease)
Higher education institutions	\$12,014,048	\$12,254,770	\$240,722
Department of Corrections and Rehabilitation - State Penitentiary	2,203,515	1,337,752	(865,763)
State Department of Health	704,127	672,898	(31,229)
Job Service North Dakota	747,772	710,735	(37,037)
Department of Human Services - State Hospital	437,729	0	(437,729)
Department of Human Services - Developmental Center at Westwood Park, Grafton	501,657	0	(501,657)
Adjutant General	70,627	70,225	(402)
Information Technology Department - ConnectND	5,405,936	5,406,666	730
Office of Management and Budget	665,298	665,143	(155)
Attorney General	765,882	765,704	(178)
State Historical Society	1,392,393	1,392,069	(324)
Department of Parks and Recreation	73,630	73,613	(17)
Research and extension service	571,423	571,290	(133)
Veterans' Home		520,475	520,475
<b>Subtotal</b>	<b>\$25,554,037</b>	<b>\$24,441,340</b>	<b>(\$1,112,697)</b>
North Dakota University System energy conservation projects	1,869,248	929,789	(939,459)
Department of Corrections and Rehabilitation energy conservation projects	18,580	18,604	24
<b>Total</b>	<b>\$27,441,865</b>	<b>\$25,389,733</b>	<b>(\$2,052,132)</b>

### Lignite Research Grants

The Legislative Assembly did not change the executive recommendation providing \$19,971,300 for lignite research grants, a decrease of \$3 million from the 2009-11 biennium appropriation of \$22,971,300. Total funding anticipated to be available for the 2011-13 biennium of \$21,218,358 for lignite research grants is generated from the following sources:

Anticipated carryover from the 2007-09 biennium	\$9,858,358
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	2,855,000
Five percent of the general fund share of coal conversion tax	2,500,000
Interest income	80,000
<b>Total</b>	<b>\$21,218,358</b>

Section 11 of House Bill No. 1014 provides that up to \$1.5 million of the lignite research grants funding 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 a portion of the funds appropriated may 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 of this report for an analysis of the lignite research fund.

#### **Other Sections in Bill**

**Contingent Oil and Gas Division funding** - Section 8 provides that \$743,972 of special funds appropriated in the salaries and wages line item is from the permanent oil tax trust fund. Upon Emergency Commission approval, the Oil and Gas Division may hire 1 additional FTE position if the drilling rig count exceeds 180 for at least 30 consecutive days, 1 additional FTE position if the drilling rig count exceeds 190 for at least 30 consecutive days, and 2 additional FTE positions if the total number of oil wells in the state exceeds 9,300. Senate Bill No. 2015 includes an amendment to change the funding source for the contingent appropriation from the permanent oil tax trust fund to the general fund.

**Carbon dioxide storage facility administrative fund** - Section 1 includes \$532,000 from the general fund that the Industrial Commission may deposit in its carbon dioxide storage facility administrative fund for the purpose of hiring 1 FTE position for up to three years until fee income is sufficient to provide funding for the administration of the provisions of Chapter 38-22. Pursuant to Section 6, the Industrial Commission is to use this funding to provide a timely response to the Environmental Protection Agency's rules relating to carbon dioxide sequestration and develop a coordinated response from state agencies with the goal of the state of North Dakota having class VI primacy for carbon dioxide storage in North Dakota.

**Core library housing** - Section 12 provides legislative intent that the Industrial Commission not construct a new building for the expansion for the core library. If the existing location of the core library does not have sufficient space, the Industrial Commission may relocate parts or all of the library to an existing state-owned facility.

#### **Related Legislation**

**House Bill No. 1343** provides a \$150,000 general fund appropriation approved by the 2011 Legislative Assembly for salaries and operating expenses relating to the Industrial Commission's oil and gas industry regulatory responsibilities for the 2009-11 biennium.

**Senate Bill No. 2032** expands the purpose of the Oil and Gas Research Council to allow for the promotion of innovation in safety and an increase in education concerning the distribution of petroleum products and allows the Industrial Commission, as manager of the Oil and Gas Research Council, to provide financial assistance for processes and activities directly related to the refining industry and petroleum marketing industry.

**Labor Commissioner  
Budget No. 406  
Senate Bill No. 2007**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	12.00	\$1,540,125	\$424,511	\$1,964,636
<b>2011-13 legislative appropriations</b>	<b>12.00</b>	<b>1,540,125</b>	<b>424,511</b>	<b>1,964,636</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$118,542	\$11,760	\$130,302

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,421,583	\$0	\$1,421,583
<b>2011-13 legislative appropriations</b>	<b>1,540,125</b>	<b>0</b>	<b>1,540,125</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$118,542	\$0	\$118,542
Percentage increase (decrease) to 2009-11 appropriations	8.3%	N/A	8.3%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0.0%	N/A	0.0%

**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. 2015.

	<b>Major Items</b>			<b>Total</b>
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	
The legislative action:				
The Legislative Assembly did not change the executive recommendation for the Labor Commissioner.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 12 FTE positions, the same as the 2009-11 biennium.

### **Related Legislation**

**Employer's payment of accrued paid time off** - Senate Bill No. 2138 provides that the Labor Commissioner investigate the merit of reports submitted by employees that the employer violated regulations relating to the payment for accrued paid time off.

**Aeronautics Commission  
Budget No. 412  
House Bill No. 1006, Senate Bill No. 2206**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	6.00	\$550,000	\$12,083,688	\$12,633,688
<b>2011-13 legislative appropriations</b>	<b>6.00</b>	<b>554,500</b>	<b>12,533,688</b>	<b>13,088,188</b>
Legislative increase (decrease) to executive budget	0.00	\$4,500	\$450,000	\$454,500
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$4,500	\$151,022	\$155,522

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$550,000	\$0	\$550,000
<b>2011-13 legislative appropriations</b>	<b>550,000</b>	<b>4,500</b>	<b>554,500</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$0	\$4,500	\$4,500
Percentage increase (decrease) to 2009-11 appropriations	0.0%	N/A	0.8%
2011-13 legislative increase (decrease) to executive budget	\$0	\$4,500	\$4,500
Percentage increase (decrease) to executive budget	0.0%	N/A	0.8%

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding for purchase of a replacement aircraft (the replacement aircraft is estimated to have a purchase price of \$550,000 less a trade-in allowance of \$100,000).			\$450,000	\$450,000
Added funding for establishing a database of the locations of anemometer towers (Senate Bill No. 2206).		\$4,500		4,500
<b>Total</b>	<b>0.00</b>	<b>\$4,500</b>	<b>\$450,000</b>	<b>\$454,500</b>



### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 6 FTE positions, the same as the 2009-11 biennium.

### **One-Time Funding**

The 2011-13 legislative appropriation includes \$4,500 of one-time funding from the general fund for establishing a database of the locations of anemometer towers.

### **Air Service (Air Carrier) Airport Grants**

The Legislative Assembly did not change the executive recommendation to provide \$3.2 million, of which \$550,000 is from the general fund and \$2,650,000 is from other funds, for the air service airport grant program. This is a decrease of \$100,000 from the funding provided for the 2009-11 biennium of \$3.3 million, which included \$550,000 from the general fund and \$2,750,000 from other funds.

### **General Aviation (Secondary Airport) Grant Program**

The Legislative Assembly did not change the executive recommendation to provide \$2,430,000 of other funds for the general aviation grant program. This is a decrease of \$100,000 from the funding for the 2009-11 biennium of \$2,530,000 of other funds.

### **Other Sections in Bill**

**Limited deployment-cooperative airspace project** - Section 2 of House Bill No. 1006 provides that the Aeronautics Commission may use federal or special funds appropriated for the 2011-13 biennium to support the limited deployment-cooperative airspace project involving ADS-B navigational system general aviation equipment.

### **Related Legislation**

**Special funds** - House Bill No. 1132 amends the powers and duties of the Aeronautics Commission and provisions relating to the use of special funds received by the Aeronautics Commission.

**Aircraft excise tax** - House Bill No. 1157 creates an exemption from aircraft excise tax for donations of aircraft to aviation museums.

**Anemometer towers** - Senate Bill No. 2206 provides that the Aeronautics Commission establish and maintain a database that contains locations of all existing anemometer towers by January 1, 2012. The bill appropriates \$4,500 from the general fund as one-time funding to the commission for establishing the database.

**Department of Financial Institutions  
Budget No. 413  
House Bill No. 1008**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	29.00	\$0	\$6,662,411	\$6,662,411
<b>2011-13 legislative appropriations</b>	<b>29.00</b>	<b>0</b>	<b>6,836,318</b>	<b>6,836,318</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$173,907	\$173,907
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$0	\$649,830	\$649,830

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding for additional operating expenses associated with the estimated cost of implementing provisions of House Bill No. 1038 relating to the regulation of debt-settlement providers (see <b>Related Legislation</b> section below).			\$173,907	\$173,907
Total	<u>0.00</u>	<u>\$0</u>	<u>\$173,907</u>	<u>\$173,907</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation to provide 29 FTE positions, the same as the 2009-11 biennium.

**Related Legislation**

**House Bill No. 1038** requires the Department of Financial Institutions to license and regulate debt-settlement providers. Revenue from licensing and regulation estimated to total \$85,950 for the 2011-13 biennium will be deposited in the Department of Financial Institutions regulatory fund.

**Securities Department  
Budget No. 414  
Senate Bill No. 2011**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	9.00	\$1,909,220	\$317,199	\$2,226,419
<b>2011-13 legislative appropriations</b>	<b>9.00</b>	<b>1,909,220</b>	<b>317,199</b>	<b>2,226,419</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$110,858	\$0	\$110,858

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,798,362	\$0	\$1,798,362
<b>2011-13 legislative appropriations</b>	<b>1,909,220</b>	<b>0</b>	<b>1,909,220</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$110,858	\$0	\$110,858
Percentage increase (decrease) to 2009-11 appropriations	6.2%	0.0%	6.2%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0.0%	0.0%	0.0%

**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 Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
The Legislative Assembly did not change the executive recommendation for the Securities Commissioner.				\$0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 9 FTE positions, the same as the 2009-11 biennium.

**Bank of North Dakota  
Budget No. 471  
House Bill Nos. 1014 and 1206**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	176.50	\$9,400,000	\$46,853,155	\$56,253,155
<b>2011-13 legislative appropriations</b>	<b>176.50</b>	<b>34,400,000</b>	<b>56,853,155</b>	<b>91,253,155</b>
Legislative increase (decrease) to executive budget	0.00	\$25,000,000	\$10,000,000	\$35,000,000
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$23,300,000	\$12,535,881	\$35,835,881

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$9,400,000	\$1,700,000	\$11,100,000
<b>2011-13 legislative appropriations</b>	<b>9,400,000</b>	<b>25,000,000</b>	<b>34,400,000</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$0	\$23,300,000	\$23,300,000
Percentage increase (decrease) to 2009-11 appropriations	0.0%	1,370.6%	209.9%
2011-13 legislative increase (decrease) to executive budget	\$0	\$25,000,000	\$25,000,000
Percentage increase (decrease) to executive budget	0.0%	N/A	266.0%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding for loans to the Western Area Water Supply Authority (House Bill No. 1206).		\$25,000,000	\$10,000,000	\$35,000,000
Total	0.00	\$25,000,000	\$10,000,000	\$35,000,000

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 176.5 FTE positions, the same as the 2009-11 biennium.

### One-Time Funding

In Section 3 of House Bill No. 1206, the Legislative Assembly identified \$25 million from the general fund for a loan to the Western Area Water Supply Authority as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the Bank is to report to the Appropriations Committees during the 2013 legislative session on the use of the funding.

### Economic Development

The Legislative Assembly did not change the recommended level of funding for the PACE, Ag PACE, biofuels PACE, or the beginning farmer revolving loan fund. The following is a comparison of the funding for the PACE fund, Ag PACE fund, biofuels PACE fund, and the beginning farmer revolving loan fund:

	2009-11 Appropriation	2011-13 Executive Recommendation	2011-13 Appropriation
PACE fund	\$8,000,000	\$6,000,000	\$6,000,000
Ag PACE fund	2,400,000	1,000,000	1,000,000
Biofuels PACE fund	700,000	1,000,000	1,000,000
Beginning farmer revolving loan fund	950,000	1,400,000	1,400,000
Total	\$12,050,000	\$9,400,000	\$9,400,000
Funding sources			
General fund	\$11,100,000	\$9,400,000	\$9,400,000
Other funds - Beginning farmer revolving loan fund	\$950,000	\$0	\$0

### Transfers

Section 4 of House Bill No. 1021 provides for a transfer of \$5 million from the current and undivided profits of the Bank to the health information technology planning loan fund or to the health information technology loan fund. Section 6 of House Bill No. 1021 amends Section 8 of Chapter 519 of the 2009 Session Laws to extend the \$8 million transfer provided for the 2009-11 biennium into the 2011-13 biennium (see **Related Legislation** section below).

Section 1 of Senate Bill No. 2150 provides for a transfer, in an amount to be determined by the Superintendent of Public Instruction, to reimburse school districts for excess costs relating to special education and related services (see **Related Legislation** section below).

The following schedule shows an analysis of the Bank's estimated capital structure for the 2011-13 biennium:

June 30, 2011, estimated capital level	\$359,660,000
Estimated 2011-13 biennium profits	130,000,000 <sup>1</sup>
2011-13 biennium transfers to health information technology-related funds per Sections 8 and 9 of Senate Bill No. 2332	(13,000,000)
Estimated capital on June 30, 2013	\$476,660,000

<sup>1</sup>Actual calendar year 2010 profits were \$61.9 million.

### Other Sections in House Bill No. 1014

**Legislative intent - Land purchase** - Section 4 provides legislative intent that to the best of its ability, the Bank ensure that properties adjacent to Bank property northwest of West Street in Bismarck are developed for uses that are consistent with the mission and purpose of the Bank.

### Related Legislation

**House Bill No. 1003** provides that Williston State College may borrow up to \$1,725,000 from the Bank for a workforce training building project during the 2011-13 biennium.

**House Bill No. 1004** provides that the State Department of Health may borrow up to \$500,000 from the Bank for the purpose of defraying the expenses associated with possible litigation and other administrative proceedings involving the United States Environmental Protection Agency during the 2011-13 biennium.

**House Bill No. 1012** provides that the Department of Transportation may borrow up to \$120 million from the Bank for the purpose of providing funding for emergency relief projects on the state highway system for the remainder of the 2009-11 biennium and the 2011-13 biennium. Any federal funding received for projects receiving borrowed funds must be used to repay the loan from the Bank.

**House Bill No. 1015** provides that the Department of Corrections and Rehabilitation may borrow up to \$1.1 million from the Bank for the purpose of defraying the expenses of the Penitentiary project during the 2011-13 biennium.

**House Bill No. 1021**, Section 4, provides for a transfer of \$5 million from the current and undivided profits of the Bank to the health information technology planning loan fund or to the health information technology loan fund. Section 6 amends Section 8 of Chapter 519 of the 2009 Session Laws to extend the \$8 million transfer provided for the 2009-11 biennium into the 2011-13 biennium.

**House Bill No. 1206** establishes the Western Area Water Supply Authority. The bill provides for a \$25 million general fund appropriation to the Bank and a \$10 million special fund appropriation from the resources trust fund for providing loans to the Western Area Water Supply Authority.

**Senate Bill No. 2078** authorizes the Bank to establish a residential mortgage loan program for mortgages where private sector mortgage loan services are not reasonably available.

**Senate Bill No. 2150**, Section 1, provides for a transfer from the earnings and accumulated undivided profits of the Bank to the Department of Public Instruction in the amount that the Superintendent of Public Instruction certifies is necessary to provide the statutorily required level of reimbursement to school districts for the excess costs of serving the 1 percent of special education students statewide who require the greatest school district expenditures in order to be provided with special education and related services. The Superintendent is to file for introduction legislation requesting that the next Legislative Assembly return any amount transferred to the Bank.

**Senate Bill No. 2121** transfers the remaining loans in the developmentally disabled facility loan program to the Bank with the proceeds of the loan repayments to be deposited in the common schools trust fund.

**Senate Bill No. 2306** requires the Bank to establish and maintain an adequate guarantee reserve fund for the fuel production facility loan guarantee program. The Bank may request the Office of Management and Budget to transfer funds from the lands and minerals trust fund to maintain 25 percent of the guarantee reserve fund balance. The extent of the loan guarantee may not exceed 25 percent of the total loan. The maximum dollar amount for any guarantee on a single loan may not exceed \$12.5 million, and the value of all loan guarantees may not, at any one time, exceed \$25 million. House Bill No. 1451 discontinues the use of the lands and minerals trust fund and provides for maintenance of the guarantee reserve fund to be from the strategic investment and improvements fund.

**Senate Bill No. 2308** provides that the Bank shall extend a line of credit not to exceed \$2.56 million to the Highway Patrol to establish an online electronic permit system. The Highway Patrol is to repay the line of credit with funds in the motor carrier electronic permit transaction fund.

**Housing Finance Agency  
Budget No. 473  
House Bill No. 1014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	46.00	\$0	\$38,590,046	\$38,590,046
<b>2011-13 legislative appropriations</b>	<b>46.00</b>	<b>0</b>	<b>38,590,046</b>	<b>38,590,046</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$0	(\$32,834,297)	(\$32,834,297)

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the Housing Finance Agency.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation, which included funding for 46 FTE positions, the same as the 2009-11 biennium.

**Related Legislation**

**Senate Bill No. 2210** creates a special revolving housing incentive fund and provides a continuing appropriation to the Housing Finance Agency for disbursements from the fund. After a public hearing, the Housing Finance Agency is to create a annual allocation plan for the distribution of money in the fund. At least 25 percent of the fund must be used to assist developing communities with a population of not more than 10,000 individuals to address an unmet housing need or alleviate a housing shortage. At least 50 percent of the money in the fund must be used to benefit households with incomes at not more than 50 percent of the area median income.

**Mill and Elevator Association  
Budget No. 475  
House Bill No. 1014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	135.00	\$0	\$46,741,421	\$46,741,421
<b>2011-13 legislative appropriations</b>	<b>131.00</b>	<b>0</b>	<b>47,071,877</b>	<b>47,071,877</b>
Legislative increase (decrease) to executive budget	(4.00)	\$0	\$330,456	\$330,456
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$0	\$7,014,635	\$7,014,635

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed 4 FTE positions included in the executive recommendation, including 2 FTE car checker positions, 1 FTE sales representative position, and 1 FTE laboratory technician position.	(4.00)		(\$493,608)	(\$493,608)
Provided funding for temporary employees to be used as determined by the Mill and Elevator Association.			200,000	200,000
Added funding for a rural leadership grant.			60,000	60,000
Added funding for increased energy costs.			564,064	564,064
<b>Total</b>	<b>(4.00)</b>	<b>\$0</b>	<b>\$330,456</b>	<b>\$330,456</b>

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 131 FTE positions, the same as the 2009-11 biennium. The Legislative Assembly removed 4 FTE positions included in the executive budget, including 2 FTE car checker positions, 1 FTE sales representative position, and 1 FTE laboratory technician position.

**Transfer to Agricultural Fuel Tax Fund**

The 2009 Legislative Assembly enacted North Dakota Century Code Section 54-18-21 to provide that within 30 days after the conclusion of each fiscal year, the Industrial Commission is to transfer 5 percent of the net income earned by the Mill and Elevator during that fiscal year to the agricultural fuel tax fund. The 2009 Legislative Assembly appropriated funds from the agricultural fuel tax fund for the Agricultural Products Utilization Commission. The Mill and Elevator Association had fiscal year 2010 income of \$13.2 million and transferred \$658,996 to the agricultural fuel tax fund for fiscal year 2010. The mill anticipates transferring \$800,000 to the agricultural fuel tax fund for fiscal year 2011 and \$700,000 to the agricultural fuel tax fund during the 2011-13 biennium.



### **Transfer to General Fund**

The 2009 Legislative Assembly enacted Section 54-18-19 requiring the Industrial Commission to transfer to the state general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agricultural-related programs. The money must be transferred on an annual basis in the amounts and at the times requested by the director of the Office of Management and Budget. The Mill and Elevator Association had fiscal year 2010 income of \$13.2 million and transferred \$6.3 million to the general fund for fiscal year 2010. The mill anticipates transferring \$8 million to the general fund for fiscal year 2011 and \$6.65 million to the general fund during the 2011-13 biennium.

**Workforce Safety and Insurance  
Budget No. 485  
Senate Bill No. 2021**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	247.14	\$0	\$58,413,293	\$58,413,293
<b>2011-13 legislative appropriations</b>	<b>247.14</b>	<b>0</b>	<b>58,413,293</b>	<b>58,413,293</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$0	\$1,535,688	\$1,535,688

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

**Salaries and Wages**

The legislative action affecting the recommended appropriation for Workforce Safety and Insurance is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for Workforce Safety and Insurance.				
<b>Total</b>	<u>0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 247.14 FTE positions, the same as the 2009-11 biennium.

**Capital Assets**

The Legislative Assembly did not change the executive recommendation to appropriate \$466,250 of special funds for purchasing a backup generator for the Century Center--the Workforce Safety and Insurance office building.

**Related Legislation**

**Vocational rehabilitation grants** - House Bill No. 1050 creates a vocational rehabilitation grant program to promote and provide necessary educational opportunities for injured employees within the vocational rehabilitation process. The program uses funds available in the agency's educational revolving loan fund.

**Disability and rehabilitation benefits** - House Bill No. 1051 provides up to two years of workers' compensation disability and rehabilitation benefits to an employee who is injured within the two years preceding the employee's presumed retirement age.

**Permanent partial impairment benefits** - House Bill No. 1055 relates to workers' compensation permanent partial impairment benefits.

**Performance evaluations** - House Bill No. 1056 decreases the frequency of Workforce Safety and Insurance performance evaluations from once each biennium to once every four years.

**Operations** - Senate Bill No. 2114 relates to Workforce Safety and Insurance operations.

**Highway Patrol  
Budget No. 504  
House Bill No. 1011**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	197.00	\$38,291,883	\$12,100,404	\$50,392,287
<b>2011-13 legislative appropriations</b>	<b>194.00</b>	<b>34,443,274</b>	<b>11,525,325</b>	<b>45,968,599</b>
Legislative increase (decrease) to executive budget	(3.00)	(\$3,848,609)	(\$575,079)	(\$4,423,688)
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$3,085,289	\$631,595	\$3,716,884

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$31,077,985	\$280,000	\$31,357,985
<b>2011-13 legislative appropriations</b>	<b>33,367,274</b>	<b>1,076,000</b>	<b>34,443,274</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,289,289	\$796,000	\$3,085,289
Percentage increase (decrease) to 2009-11 appropriations	7.4%	284.3%	9.8%
2011-13 legislative increase (decrease) to executive budget	(\$290,309)	(\$3,558,300)	(\$3,848,609)
Percentage increase (decrease) to executive budget	(0.9%)	(76.8%)	(10.1%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed 3 new FTE motor carrier officer positions included in the executive budget and related operating costs.	(3.00)	(\$638,309)	(\$95,379)	(\$733,688)
Added funding to fill existing FTE positions for which funding is currently not available.		348,000	52,000	400,000
Removed funding to relocate the Law Enforcement Training Academy shooting range and emergency vehicles operations course.		(3,558,300)	(531,700)	(4,090,000)
<b>Total</b>	<b>(3.00)</b>	<b>(\$3,848,609)</b>	<b>(\$575,079)</b>	<b>(\$4,423,688)</b>

### **FTE Changes**

The 2011-13 biennium appropriation includes funding for 194 FTE positions, the same as the 2009-11 biennium. The Legislative Assembly removed 3 FTE motor carrier officer positions included in the executive recommendation.

### **One-Time Funding**

In Section 2 of House Bill No. 1011, the Legislative Assembly identified one-time funding of \$1,237,000 to be used for a digital radio equipment upgrade. Of this amount, \$1,076,000 is from the general fund and \$161,000 is from the highway tax distribution fund. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Highway Patrol is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### **Funding From Highway Tax Distribution Fund**

Section 3 of House Bill No. 1011 identifies \$5,025,762 of other funds appropriation as funding from the highway tax distribution fund. This amount is \$575,079 less than the \$5,600,841 provided in the executive recommendation and \$475,037 more than the 2009-11 biennium amount of \$4,550,725.

### **Other Sections in Bill**

**Officer per diem** - Section 4 provides officer per diem of \$200 per month which is in lieu of reimbursement for meals and other expenses while in travel status within the state. This is the same amount of monthly officer per diem as provided during the 2009-11 biennium.

**Legislative Management study of the Highway Patrol Training Academy** - Section 5 provides for a Legislative Management study of the Highway Patrol Training Academy, including the feasibility and desirability of relocating the academy or portions of the academy.

### **Related Legislation**

**Senate Bill No. 2108** increases the state and employee contributions into the Highway Patrolmen's retirement plan by 1 percent on January 1, 2012, and 1 percent on January 1, 2013.

**Senate Bill No. 2308** allows the Highway Patrol to establish an online electronic permit system and creates a motor carrier electronic permit transaction fund. An additional fee of \$15 is to be assessed for overweight and oversize permits which is to be deposited in the motor carrier electronic permit transaction fund and appropriated on a continuing basis to the Highway Patrol for the costs of establishing and maintaining an online electronic permit system.

**House Bill No. 1082** allows the Highway Patrol and the Department of Transportation to enter a cooperative regional permit agreement with other states for the movement and routing of overweight and oversize vehicles.

**Department of Corrections and Rehabilitation  
Budget No. 530  
House Bill No. 1015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	802.29	\$161,604,273	\$30,506,150	\$192,110,423
<b>2011-13 legislative appropriations</b>	<b>794.29</b>	<b>159,565,919</b>	<b>31,606,150</b>	<b>191,172,069</b>
Legislative increase (decrease) to executive budget	(8.00)	(\$2,038,354)	\$1,100,000	(\$938,354)
Legislative increase (decrease) to 2009-11 appropriations	59.00	(\$7,574,910)	(\$39,905,595)	(\$47,480,505)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$145,707,006	\$21,433,823	\$167,140,829
<b>2011-13 legislative appropriations</b>	<b>157,901,861</b>	<b>1,664,058</b>	<b>159,565,919</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$12,194,855	(\$19,769,765)	(\$7,574,910)
Percentage increase (decrease) to 2009-11 appropriations	8.4%	(92.2%)	(4.5%)
2011-13 legislative increase (decrease) to executive budget	(\$1,636,904)	(\$401,450)	(\$2,038,354)
Percentage increase (decrease) to executive budget	(1.0%)	(19.4%)	(1.3%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
<b>Adult Services Division</b>				
Removed the following new FTE positions and related operating expenses recommended in the executive budget:	(8.00)	(\$300,994)		(\$300,994)
<ul style="list-style-type: none"> <li>• 3 FTE health care orderly positions (\$101,847).</li> <li>• 2 FTE correctional officer positions (\$80,898).</li> <li>• 1 FTE dental assistant position (\$33,949).</li> <li>• 1 FTE training officer position (\$47,645).</li> <li>• 1 FTE administrative assistant position (\$36,655).</li> </ul>				

Reduced funding for equipment.	(158,200)		(158,200)
Reduced funding for extraordinary repairs at James River Correctional Center.	(198,250)		(198,250)
Removed funding for extraordinary repairs at Missouri River Correctional Center.	(45,000)		(45,000)
Reduced funding for contract treatment, transitional, and overflow housing.	(780,000)		(780,000)
Reduced funding for contract housing for female inmates.	(400,000)		(400,000)
Reduced funding for operating expenses.	(120,910)		(120,910)
Reduced funding for professional development.	(35,000)		(35,000)
Provided borrowing authority to defray expenses of the prison expansion project (see <b>Prison Facility Project</b> section below).		\$1,100,000	1,100,000
<b>Total</b>	<u>(8.00)</u>	<u>(\$2,038,354)</u>	<u>\$1,100,000</u>
			<u>(\$938,354)</u>

#### FTE Changes

The 2011-13 biennium appropriation includes funding for 794.29 FTE positions, an increase of 59 FTE positions from the 2009-11 biennium authorized level of 735.29 FTE positions and a decrease of 8 FTE positions from the 2011-13 executive recommendation of 802.29 FTE positions. The following table summarizes FTE position changes included in the 2011-13 executive budget and the legislative appropriation:

Position	Executive Budget Recommended FTE Changes	Legislative Appropriation FTE Changes	Legislative Appropriation Increase (Decrease) From Executive Budget
Adult Services Division			
Correctional officer II	41.00	39.00	(2.00)
Health care orderlies	7.00	4.00	(3.00)
Correctional caseworker	5.00	5.00	
Industries specialist	3.00	3.00	
Correctional unit manager	2.00	2.00	
Registered nurse II	1.50	1.50	
Correctional supervisor II	1.00	1.00	
Administrative assistant	1.00		(1.00)
Dental assistant	1.00		(1.00)
Training officer	1.00		(1.00)
Storekeeper	1.00	1.00	
Systems mechanic II	1.00	1.00	
Food service director	1.00	1.00	
Registered pharmacy technician	.50	.50	
<b>Total</b>	<b>67.00</b>	<b>59.00</b>	<b>(8.00)</b>

#### One-Time Funding

In Section 2 of House Bill No. 1015, the Legislative Assembly identified \$1,664,058 from the general fund as one-time funding, of which \$617,968 is for capital projects, \$741,490 is for extraordinary repairs, and \$304,600 is for equipment. These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Department of Corrections and Rehabilitation is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Capital Projects and Extraordinary Repairs**

Project	2011-13 Executive Budget			2011-13 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									
Utility tunnel roof and roadway improvements	\$43,328		\$43,328	\$43,328		\$43,328			
Repairs and maintenance	319,500		319,500	319,500		319,500			
Total - Youth Services Division	\$362,828		\$362,828	\$362,828		\$362,828			
Adult Services Division									
Prisons Division									
Penitentiary repairs and maintenance	\$173,940		\$173,940	\$173,940		\$173,940			
James River Correctional Center ET building cabinet unit ventilator	574,640		574,640	574,640		574,640			
James River Correctional Center repairs and maintenance	446,300		446,300	248,050		248,050	(\$198,250)		(\$198,250)
Missouri River Correctional Center repairs and maintenance	45,000		45,000				(45,000)		(45,000)
Total - Adult Services Division	\$1,239,880		\$1,239,880	\$996,630		\$996,630	(\$243,250)		(\$243,250)
Total Department of Corrections and Rehabilitation	\$1,602,708		\$1,602,708	\$1,359,458		\$1,359,458	(\$243,250)		(\$243,250)

**Inmate Population**

The following table summarizes the 2011-13 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 2012			
July	1,369	182	1,551
August	1,371	183	1,554
September	1,373	183	1,556
October	1,376	183	1,559
November	1,378	184	1,562
December	1,380	184	1,564
January	1,382	184	1,566
February	1,385	185	1,570
March	1,387	185	1,572
April	1,389	185	1,574
May	1,391	185	1,576
June	1,394	186	1,580
Fiscal year 2013			
July	1,396	186	1,582
August	1,398	186	1,584
September	1,400	187	1,587
October	1,403	187	1,590
November	1,405	187	1,592
December	1,407	188	1,595
January	1,409	188	1,597
February	1,412	188	1,600
March	1,414	189	1,603
April	1,416	189	1,605
May	1,418	189	1,607
June	1,420	190	1,610



The following table shows the actual average male and female inmate populations for July 2009 through April 2011 as compared to the legislative population estimates for the 2009-11 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 2010						
July	1,329	1,263	(66)	161	164	3
August	1,331	1,265	(66)	161	157	(4)
September	1,333	1,281	(52)	161	156	(5)
October	1,336	1,292	(44)	161	157	(4)
November	1,338	1,291	(47)	162	158	(4)
December	1,340	1,314	(26)	162	169	7
January	1,342	1,336	(6)	162	172	10
February	1,344	1,331	(13)	163	176	13
March	1,347	1,332	(15)	163	175	12
April	1,349	1,340	(9)	163	173	10
May	1,351	1,353	2	163	177	14
June	1,353	1,338	(15)	164	176	12
Fiscal year 2011						
July	1,355	1,317	(38)	164	178	14
August	1,358	1,302	(56)	164	177	13
September	1,360	1,294	(66)	165	170	5
October	1,362	1,316	(46)	165	169	4
November	1,364	1,313	(51)	165	170	5
December	1,367	1,310	(57)	165	174	9
January	1,369	1,312	(57)	166	178	12
February	1,371	1,310	(61)	166	177	11
March	1,373	1,307	(66)	166	170	4
April	1,375	1,294	(81)	167	168	1
May	1,378			167		
June	1,380			167		

#### Male Inmate Contract Housing

The Legislative Assembly provided \$27,584,656 for contract housing and transitional facilities for male inmates, an increase of \$816,501 from the 2009-11 biennium appropriation. This amount includes \$25,506,683 from the general fund and \$2,077,973 of special funds. This funding is to be used to house male inmates at the Missouri River Correctional Center, county jails, and private facilities.

#### Dakota Women's Correctional and Rehabilitation Center

The Legislative Assembly provided \$8,458,683 from the general fund for a contract to house female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England, the same as the 2009-11 biennium appropriation.

#### Prison Facility Project

The 2009 Legislative Assembly provided an appropriation of \$64 million, of which \$19,465,804 is from the general fund and \$44,534,196 is from the State Penitentiary land fund, to the Department of Corrections and Rehabilitation for completing the renovation and expansion project at the State Penitentiary. Funding from the State Penitentiary land fund was to include interest income earned on money in the fund. Due to the Department of Corrections and Rehabilitation anticipating interest income on money in the State Penitentiary land fund to be \$1.5 million less than projected due to lower than anticipated interest rates, the 2011 Legislative Assembly authorized the Department of Corrections and Rehabilitation to borrow up to \$1.1 million from the Bank of North Dakota for the purpose of defraying the expenses of the Penitentiary project during the 2011-13 biennium.

### **Other Sections in Bill**

**Borrowing authority - Report to Budget Section** - Section 3 authorizes the Department of Corrections and Rehabilitation to borrow up to \$1.1 million from the Bank of North Dakota for the purpose of defraying the expenses of the prison expansion project during the 2011-13 biennium. Section 5 requires the department to report quarterly to the Budget Section regarding the progress of the prison expansion project, including any amounts borrowed from the Bank pursuant to Section 3 and the use of the loan proceeds.

**Female housing contract** - Section 4 provides that the Department of Corrections and Rehabilitation contract with an organization to house women inmates sentenced to the department for the biennium beginning July 1, 2011, and ending June 30, 2013. At the conclusion of the 2011-13 biennium, if the agreed-upon contract amount differs from the actual expenditures of the organization for the biennium beginning July 1, 2011, and ending June 30, 2013, the variance must be disclosed and reported to the Department of Corrections and Rehabilitation.

**FTE positions** - Section 6 provides legislative intent that the Department of Corrections and Rehabilitation not fill any of the 47 new FTE positions for the State Penitentiary expansion project prior to 90 days before the estimated completion date of the project.

### **Related Legislation**

**Senate Bill No. 2190** amends North Dakota Century Code Section 12-59-20 to provide that probation and parole officers may supervise sexually dangerous individuals released to community placement on an outpatient basis. The bill also adds a subsection to Section 54-23.3-04 to provide that the director of the Department of Corrections and Rehabilitation is to employ personnel and establish policies and procedures to supervise sexually dangerous individuals released to community placement on an outpatient basis.

**Adjutant General, including the National Guard and the Department of Emergency Services  
Budget No. 540  
Senate Bill Nos. 2016 and 2369**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	242.00	\$29,659,125	\$204,204,378	\$233,863,503
<b>2011-13 legislative appropriations</b>	<b>242.00</b>	<b>29,353,555</b>	<b>252,604,378</b>	<b>281,957,933</b>
Legislative increase (decrease) to executive budget	0.00	(\$305,570)	\$48,400,000	\$48,094,430
Legislative increase (decrease) to 2009-11 appropriations	10.00	(\$11,391,659)	\$15,852,507	\$4,460,848

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$22,209,867	\$18,535,347	\$40,745,214
<b>2011-13 legislative appropriations</b>	<b>24,035,127</b>	<b>5,318,428</b>	<b>29,353,555</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$1,825,260	(\$13,216,919)	(\$11,391,659)
Percentage increase (decrease) to 2009-11 appropriations	8.2%	(71.3%)	(28.0%)
2011-13 legislative increase (decrease) to executive budget	\$246,430	(\$552,000)	(\$305,570)
Percentage increase (decrease) to executive budget	1.0%	(9.4%)	(1.0%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Reduced funding for one-time extraordinary repairs by \$60,000, from \$385,381 to \$325,381.		(\$60,000)		(\$60,000)
Added funding for grants to the 18 municipal-owned armories to be distributed proportionately based on rental rates.		60,000		60,000
Added funding for the Department of Emergency Services to defray the expenses of providing mobile data terminal services.		194,430		194,430

Reduced one-time funding for State Radio tower enhancements by \$500,000, from \$2 million to \$1.5 million.	(500,000)	(500,000)		
Reclassified a portion of one-time funding (\$100,000) provided in the executive budget for State Radio enhancements in the radio communications line item to technology projects in the capital assets line item.				
Reclassified a general fund appropriation for equipment (\$52,000) included in the executive budget from one-time to ongoing.				
Provided the Department of Emergency Services with funding from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters.	\$400,000	400,000		
Provided additional funding to the Adjutant General from the state disaster relief fund to provide the state share of funding for expenses associated with presidential-declared state disasters pursuant to North Dakota Century Code Section 37-17.1-27.	3,500,000	3,500,000		
Authorized the Adjutant General to utilize available federal funds for expenses relating to the 2011 flood disaster.	22,500,000	22,500,000		
Appropriated \$22 million from the state disaster relief fund for flood-related costs for the remainder of the 2009-11 biennium and for the 2011-13 biennium. Subject to Emergency Commission and Budget Section approval, the Adjutant General may use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state (Senate Bill No. 2369 (2011)).	22,000,000	22,000,000		
Total	<u>0.00</u>	<u>(\$305,570)</u>	<u>\$48,400,000</u>	<u>\$48,094,430</u>

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 242 FTE positions, an increase of 10 FTE positions from the 2009-11 biennium. The Legislative Assembly did not change the executive recommendation to add 10 FTE positions--1 FTE custodian position for the Regional Training Institute at Camp Grafton in Devils Lake, 5 FTE 119<sup>th</sup> Wing firefighter positions at Hector Field in Fargo, and 4 FTE regional homeland security emergency management coordinator positions serving four regions of the state located in Ward County, Cass County, Burleigh County, and the City of Grand Forks.

### One-Time Funding

In Section 2 of Senate Bill No. 2016, the Legislative Assembly identified \$5,318,428 from the general fund for the Motorola lease purchase payment (\$1,525,347), message switch upgrades (\$235,000), central electronics bank dispatch system (\$1.1 million), technology projects (\$100,000), State Radio tower package (\$1.5 million), statewide seamless base map (\$400,000), Military Service Center east (\$72,700), armory grants (\$60,000), and extraordinary repairs (\$325,381). This funding is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Adjutant General is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Capital Assets Line Item

The Legislative Assembly provided funding of \$2,982,099, of which \$2,180,099 is from the general fund and \$802,000 is from other funds, for capital assets. This level of funding is an increase of \$40,000 from the executive recommendation of \$2,942,099. The following is a summary of funding for capital assets:

	2011-13 Executive Recommendation			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
National Guard						
State building extraordinary repairs	\$385,381		\$385,381	\$325,381		\$325,381
Payment in lieu of taxes at Camp Grafton	35,000		35,000	35,000		35,000
Bond payment	70,225		70,225	70,225		70,225
Special assessments	72,146		72,146	72,146		72,146
Replacement of grounds equipment units	52,000		52,000	52,000		52,000
Subtotal - National Guard	\$614,752		\$614,752	\$554,752		\$554,752
Department of Emergency Services						
Motorola lease purchase agreement payment	\$1,525,347		\$1,525,347	\$1,525,347		\$1,525,347
Homeland security grants to enhance response capabilities		\$802,000	802,000		\$802,000	802,000
Unmanned aerial systems initiative				100,000		100,000
Subtotal - Department of Emergency Services	\$1,525,347	\$802,000	\$2,327,347	\$1,625,347	\$802,000	\$2,427,347
<b>Total - Adjutant General</b>	<b>\$2,140,099</b>	<b>\$802,000</b>	<b>\$2,942,099</b>	<b>\$2,180,099</b>	<b>\$802,000</b>	<b>\$2,982,099</b>

### 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, the same level of funding provided for the 2009-11 biennium. 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 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 did not change the executive recommendation to provide funding of \$576,916, of which \$328,216 is from the general fund and \$248,700 is special funds from the Veterans' Cemetery maintenance fund, for the operation of the Veterans' Cemetery. This represents an increase of \$87,775 from the 2009-11 biennium appropriation of \$489,141, of which \$301,659 was from the general fund and \$187,482 was special funds from the Veterans' Cemetery maintenance fund. Section 4 of Senate Bill No. 2016 provides that any additional funds received by the Adjutant General and deposited in the Veterans' Cemetery maintenance fund pursuant to Sections 37-03-14 and 39-04-10.10 for the operation of the Veterans' Cemetery are appropriated to the Adjutant General.

### Disaster Relief Funding

The 2011 Legislative Assembly authorized the Adjutant General to use funding from the state disaster relief fund for costs associated with state disasters and flood mitigation efforts as follows:

- Section 1 of Senate Bill No. 2016 authorizes the Department of Emergency Services to utilize funding from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters.
- Section 1 of Senate Bill No. 2016 includes spending authority of \$7.8 million from the state disaster relief fund for expenses related to the 2009 flood disaster (\$3,369,258) and other unclosed state disasters (\$4,473,046) in the 2011-13 biennium.
- Section 5 of Senate Bill No. 2016 appropriates \$3.5 million from the state disaster relief fund to the Adjutant General for the purpose of providing the required state share of funding for defraying the expenses associated with presidential-declared disasters pursuant to Section 37-17.1-27.
- Section 2 of Senate Bill No. 2369 appropriates up to \$9 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships. Section 2 provides that a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services must distribute these grants prior to June 30, 2011, and report to the Budget Section regarding the grants awarded under this section. Any unspent funds may be used for purposes as provided for other state disaster costs as provided in Section 4 of Senate Bill No. 2369.
- Section 4 of Senate Bill No. 2369 appropriates \$22 million from the state disaster relief fund for flood-related costs for the remainder of the 2009-11 biennium and for the 2011-13 biennium. Subject to Emergency Commission and Budget Section approval, the Adjutant General may use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state.

### Other Sections in Senate Bill No. 2016

**State disaster relief fund appropriation** - Section 5 provides additional spending authority to the Adjutant General from the state disaster relief fund of \$3.5 million to provide the state share of funding for expenses associated with presidential-declared state disasters pursuant to Section 37-17.1-27.

**Line item transfer authority** - Section 6 authorizes the Adjutant General to 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 2011-13 biennium. Any amounts transferred must be reported to the Office of Management and Budget.

**Exemption** - Section 7 provides that any unexpended general fund appropriation authority under House Bill No. 1017 (2005) relating to the \$5 million appropriated for the payment of adjusted compensation to veterans during the 2005-07, 2007-09, 2009-11, and 2011-13 bienniums is not subject to the provisions of Section 54-44.1-11 and must be transferred to the Veterans' Cemetery trust fund during the 2013-15 biennium.

**Exemption** - Section 8 provides that any unexpended general fund or special funds appropriation authority in the capital assets line item relating to the Next Generation 911 study and State Radio tower study during the 2009-11 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2011-13 biennium.

**State Radio fees** - Section 9 amends Section 37-17.3-08 relating to State Radio fees to provide the following charges per terminal:

County Population	2009-11 State Radio Fee (Per Month)	2011-13 State Radio Fee (Per Month)
Less than 5,000	\$30	\$40
5,000 or more but less than 10,000	\$60	\$80
10,000 or more but less than 15,000	\$90	\$120
15,000 or more but less than 25,000	\$120	\$160
25,000 or more	\$160	\$200

**Legislative intent** - Section 10 provides legislative intent that the Adjutant General work with public and private sector entities to maximize the number of State Radio tower enhancements or additions that may be implemented within the funding provided.

#### **Related Legislation**

**Compact on Educational Opportunity for Military Children** - House Bill No. 1248 provides that the Adjutant General pay all expenses incurred by the state to participate in the Compact on Educational Opportunity for Military Children, including the reimbursement of actual and necessary expenses incurred by members of the state council, from the operating expenses line item in Section 1 of Senate Bill No. 2016 (2011).

**Medical expense reimbursement** - Senate Bill No. 2069 provides for the reimbursement of certain medical expenses for North Dakota National Guard members while on state active duty.

**Disaster relief funding** - Senate Bill No. 2369 provides for a transfer of \$22 million from the permanent oil tax trust fund to the state disaster relief fund prior to June 30, 2009, and provides authority to the Department of Emergency Services to use this funding for costs associated with state disasters and flood mitigation efforts. The bill specifies funding may be used for the following items, subject to Emergency Commission and Budget Section approval:

- State costs relating to flooding that occurs during the spring of 2011.
- Flood disaster relief or disaster mitigation projects in incorporated cities, up to \$3.2 million.
- A portion of the local share required to match federal funds on road grade raising projects located on any natural body of water that comprises more than 150,000 acres at current water levels and has risen more than 25 feet since 1993.
- Grants to political subdivisions for up to 50 percent of the local share required to match federal emergency relief funding relating to disasters occurring from January 2011 through June 2011.
- State disasters pursuant to Section 37-17.1-27.

Senate Bill No. 2369 also provides an appropriation of \$9 million from the state disaster relief fund to the Adjutant General for providing emergency snow removal grants to counties, cities, and townships. A county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services is to distribute these grants prior to June 30, 2011.

**Department of Commerce  
Budget No. 601  
House Bill No. 1018, Senate Bill No. 2057**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	70.25	\$46,089,494	\$88,634,937	\$134,724,431
<b>2011-13 legislative appropriations</b>	<b>68.25</b>	<b>41,759,865</b>	<b>88,634,937</b>	<b>130,394,802</b>
Legislative increase (decrease) to executive budget	(2.00)	(\$4,329,629)	\$0	(\$4,329,629)
Legislative increase (decrease) to 2009-11 appropriations	0.25	(\$21,716,438)	(\$49,626,168)	(\$71,342,606)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$30,056,303	\$33,420,000	\$63,476,303
<b>2011-13 legislative appropriations</b>	<b>29,134,865</b>	<b>12,625,000</b>	<b>41,759,865</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	(\$921,438)	(\$20,795,000)	(\$21,716,438)
Percentage increase (decrease) to 2009-11 appropriations	(3.1%)	(62.2%)	(34.2%)
2011-13 legislative increase (decrease) to executive budget	(\$659,291)	(\$3,670,338)	(\$4,329,629)
Percentage increase (decrease) to executive budget	(2.2%)	(22.5%)	(9.4%)

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

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Department of Commerce is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding provided in the executive budget for an eminent researcher recruitment grant.		(\$1,000,000)		(\$1,000,000)
Reduced funding provided for workforce enhancement grants by \$1.625 million to provide a total of \$375,000 from the general fund. In addition, the Legislative Assembly authorized the department to use up to \$1.125 million from unspent 2009-11 biennium appropriation authority for the Great Plains Applied Energy Research Center for workforce enhancement grants during the 2011-13 biennium, making available a total		(1,625,000)		(1,625,000)



of \$1.5 million. The executive budget provided \$2 million from the general fund for these grants.

Reduced funding provided for the American Indian Business Development Office to provide a total of \$150,000 from the general fund.		(50,000)		(50,000)
Removed funding added in the executive budget to continue four Jobs for America's Graduates programs previously paid with federal funds in the 2009-11 biennium.		(100,000)		(100,000)
Removed one-time funding added in the executive budget for a statewide marketing effort of the WorkKeys program.		(125,000)		(125,000)
Added one-time funding for an electronic portfolio pilot project.		150,000		150,000
Added funding for grants relating to a 2020 and Beyond Initiative to assess current assets and resources of the state and whether these assets and resources match the emerging opportunities and trends within the state.		50,000		50,000
Added funding for the North Dakota Trade Office for a lease rate increase from \$2 per square foot to \$8 per square foot.		60,400		60,400
Removed funding added in the executive budget to create a Division of Energy, including an energy director position (\$243,549), program manager position (\$125,216), and operating expenses (\$250,926).	(2.00)	(619,691)		(619,690)
Removed funding provided for child care grants (\$500,000), loans (\$420,338), and development grants (\$150,000) and provided a separate \$3.1 million general fund appropriation to the Department of Human Services for grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building as provided in North Dakota Century Code Section 50-11.1-14.1.		(1,070,338)		(1,070,338)
<b>Total</b>		<u>(2.00)</u>	<u>(\$4,329,629)</u>	<u>\$0</u>
				<u>(\$4,329,629)</u>

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 68.25 FTE positions, an increase of .25 FTE positions from the 2009-11 biennium authorized level of 68 FTE positions. The Legislative Assembly removed 2 FTE positions included in the executive recommendation for an energy director position and program manager position related to the proposed Division of Energy which was also removed.

**One-Time Funding**

In Section 2 of Senate Bill No. 2057, the Legislative Assembly identified \$12.625 million of funding from the general fund as one-time funding items for the Department of Commerce. These amounts are not to be considered part of the Department of Commerce base budget for preparing the 2013-15 executive budget, and the Department of Commerce is to report to the Appropriations Committees during the 2013 legislative session on the use of the funding. The table below summarizes one-time funding included in the executive recommendation and provided by the Legislative Assembly to the Department of Commerce from the general fund for the 2011-13 biennium.

<b>One-Time Funding Initiatives</b>	<b>2011-13 Biennium Executive Recommendation House Bill No. 1018</b>	<b>2011-13 Biennium Legislative Appropriation Senate Bill No. 2057</b>	<b>2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2011-13 Executive Recommendation</b>
Workforce enhancement grants	\$2,000,000	\$375,000	(\$1,625,000)
Centers of research excellence	13,000,000	12,000,000	(1,000,000)
American Indian Business Development Office	100,000	50,000	(50,000)
WorkKeys	125,000		(125,000)
Electronic portfolio pilot project		150,000	150,000
2020 and Beyond study		50,000	50,000
Child care credential grants	150,000		(150,000)
Child care grants and loans	920,338		(920,338)
<b>Total</b>	<b>\$16,295,338</b>	<b>\$12,625,000</b>	<b>(\$3,670,338)</b>

### Federal Fiscal Stimulus Funding

The Legislative Assembly appropriated \$24,496,750 of federal fiscal stimulus funds carryover from the American Recovery and Reinvestment Act of 2009. This funding, which is summarized below, is not to be considered part of the agency's base budget for the 2013-15 biennium. Any program expenditures made with these funds will not be replaced with state funds after the American Recovery and Reinvestment Act of 2009 funds are no longer available.

United States Department of Energy low-income weatherization assistance program	\$9,100,000
State energy program	9,000,000
Energy efficiency and conservation block grants	4,946,750
Homeless prevention and rapid rehousing program	1,250,000
Community services block grant	200,000
<b>Total</b>	<b>\$24,496,750</b>

### Exemption

In Section 18 of Senate Bill No. 2057, the Legislative Assembly authorized the Department of Commerce to continue up to \$4.1 million of the 2009-11 \$5 million general fund appropriation for a Great Plains Applied Energy Research Center (2009 S.L., ch. 26, § 1). In the 2009-11 biennium the department conducted a feasibility study to determine if a Great Plains Applied Energy Research Center on the Bismarck State College campus was a viable investment. The study determined the project was not feasible; therefore, the department did not continue with construction of the center. The executive recommendation provided \$5 million carryover for the centers of research excellence program in the 2011-13 biennium. The Legislative Assembly provided \$4.1 million carryover in the 2011-13 biennium for the following purposes:

<b>Off Budget Items</b>	<b>2011-13 Biennium Executive Recommendation House Bill No. 1018</b>	<b>2011-13 Biennium Legislative Appropriation Senate Bill No. 2057</b>	<b>2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2011-13 Executive Recommendation</b>
Centers of research excellence	\$5,000,000		(\$5,000,000)
North Dakota Development Fund to provide funding to startup stage technology-based businesses		\$1,000,000	1,000,000
Workforce enhancement grants		1,125,000	1,125,000
Tourism infrastructure grants		750,000	750,000
Acquisition of the antiballistic missile site at the Stanley R. Mickelson safeguard complex in Nekoma		600,000	600,000
Minot Air Force Base realignment grant		325,000	325,000
Grant to a not-for-profit organization assisting individuals with business ideas		300,000	300,000
<b>Total</b>	<b>\$5,000,000</b>	<b>\$4,100,000</b>	<b>(\$900,000)</b>

### **Centers of Research Excellence**

Section 12 of Senate Bill No. 2057 (2011) establishes a centers of research excellence fund and centers of research excellence program. The centers of research excellence program established by the 2011 Legislative Assembly replaces the centers of excellence program with the following modifications:

- Grant award determinations are made by the Centers of Excellence Commission and do not require Emergency Commission or Budget Section approval.
- Tourism was removed from the definition of an "industry cluster."
- Under centers of research excellence application and eligibility requirements, the requirement that research universities limit applications to two per round of centers funding is removed as well as the requirement relating to consideration of a center's ability to become financially self-sustaining from the award determination process.
- Under centers of research excellence postaward monitoring, an audit is required on all funds distributed to the centers after the second full fiscal year and after all funds distributed to the centers have been expended and for all other years during the postaward monitoring, the centers may contract with an independent accountant for an agreed-upon procedures engagement. This was changed from the requirement of annual audits until the completion of the commission's postaward monitoring, which lasted for no fewer than 6 years and no more than 10 years following center designation.
- The centers of research excellence program is considered an ongoing program of the Department of Commerce (the centers of excellence program had an established expiration date).

The 2011 Legislative Assembly appropriated \$12 million from the general fund for transfer to the centers of research excellence fund for providing funding for a limited deployment-cooperative airspace project grant (\$4 million), centers of research excellence grants (\$5 million), and base realignment grants (\$3 million) for the 2011-13 biennium.

The Department of Commerce may use up to \$4 million of the funds transferred to the centers of research excellence fund for grants to the North Dakota University System's research institutions for the purpose of leveraging private and federal funding to advance state opportunities associated with a limited deployment-cooperative airspace project in the state during the 2011-13 biennium. Up to \$2.7 million may be awarded to the University of North Dakota and up to \$1.3 million to North Dakota State University. The Department of Commerce is to develop application criteria, review submitted applications, and recommend applications for approval to the Centers of Excellence Commission. Any uncommitted funds available as of July 1, 2012, may be used by the Centers of Excellence Commission for the centers of research excellence program. One research university or nonprofit foundation related to that research university may receive no more than 50 percent of the available funds.

The Department of Commerce may use \$8 million of the funds transferred to the centers of research excellence fund for centers of research excellence grants as established in Senate Bill No. 2057. Of the \$4 million available to the University of North Dakota through the centers of research excellence program, \$3 million is to be used for base realignment grants. The department may award base realignment grants to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission, a grant of up to \$200,000 to the Grand Forks Housing Authority for a planning initiative, or grants for infrastructure and economic development projects or programs to accommodate growth in proximity to or at the Grand Forks Air Force Base. Any remaining funds of the \$3 million available for base realignment grants that are not committed within the first 18 months of the biennium may be used by the Centers of Excellence Commission for the centers of research excellence program.

### **Centers of Excellence**

The 2011 Legislative Assembly did not appropriate new funding to the centers of excellence fund or program for the 2011-13 biennium. The remaining balance in the centers of excellence fund is obligated to centers of excellence awarded in prior bienniums. Pursuant to provisions of Senate Bill No. 2057 (2011), the centers of excellence fund will be repealed on August 1, 2023. Section 15-69-05, relating to centers of excellence, is amended to provide for the distribution of remaining obligated funds and postaward monitoring of centers of excellence awarded in prior bienniums. The postaward monitoring is changed to provide that an audit be required on all funds distributed to the centers after the second full fiscal year and after all funds distributed to the centers have been expended and for all other years during the postaward monitoring, the centers may contract with an independent accountant for an agreed-upon procedures engagement. This was changed from the requirement of annual audits until the completion of the commission's postaward monitoring, which lasted for no fewer than 6 years and no more than 10 years following center designation.

**InnovateND Program**

The Legislative Assembly provided \$550,000, of which \$400,000 is from the general fund for the InnovateND program in the 2011-13 biennium. This level of funding is the same as the executive recommendation and the 2009-11 biennium appropriation.

**North Dakota Trade Office**

The Legislative Assembly provided \$2,613,400 from the general fund for the North Dakota Trade Office. The \$2,613,400 is \$60,400 more than the executive recommendation of \$2.553 million from the general fund and \$549,400 more than the 2009-11 biennium appropriation of \$2,064,000 from the general fund. The following is a summary of funding for the North Dakota Trade Office:

Biennium	General Fund	Special Funds	Total
2003-05	\$75,000 <sup>1</sup>	\$0	\$75,000
2005-07	\$0	\$700,000 <sup>2</sup>	\$700,000
2007-09	\$1,500,000 <sup>3</sup>	\$0	\$1,500,000
2009-11	\$2,064,000 <sup>4</sup>	\$0	\$2,064,000
2011-13	\$2,613,400 <sup>5</sup>	\$0	\$2,613,400

<sup>1</sup>Section 21 of House Bill No. 1019 (2003) required the Department of Commerce to establish a trade promotion authority for promoting North Dakota products and improving international trade for North Dakota products for the 2003-05 biennium. The department was to use \$75,000 from the general fund appropriated in its operating expenses line item for operating costs of the authority for the 2003-05 biennium. Section 22 of House Bill No. 1019 provided that the department may spend any gifts, grants, or other income received by the authority pursuant to a continuing appropriation for the 2003-05 biennium.

<sup>2</sup>The 2005 Legislative Assembly provided funding of \$500,000 from the Development Fund and \$200,000 from the Mill and Elevator for costs associated with the North Dakota Trade Office. Matching funds of 50 percent were to be provided before this funding was made available.

<sup>3</sup>Section 10 of House Bill No. 1018 (2007) provided that the Department of Commerce may spend 50 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

<sup>4</sup>Section 11 of Senate Bill No. 2018 (2009) provides that the Department of Commerce may spend 62.5 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

<sup>5</sup>Section 26 of Senate Bill No. 2057 (2011) provides that the Department of Commerce may spend 70 percent of funding appropriated to the North Dakota Trade Office (\$2,613,400) without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the department for the 2011-13 biennium. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

**Operation Intern Program**

The Legislative Assembly provided \$900,000 from the general fund for the Operation Intern program, the same as the executive recommendation and the 2009-11 biennium. Section 10 creates a new section to Chapter 54-60 to create an internship fund and provide a continuing appropriation. Interest earned on money in the fund is retained in the fund. Section 17 allows the department to continue any unexpended amounts from the 2009-11 biennium appropriations relating to internships (operating expenses line item - 2009 S.L., ch. 46, § 1) into the 2011-13 biennium and provides that any unexpended funds of this amount in the 2011-13 biennium be transferred to the internship fund at the end of the 2011-13 biennium. Section 25 provides that the \$900,000 appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund.

**Other Sections in Senate Bill No. 2057**

**Financing to early childhood facilities** - Section 3 extends the expiration of financing to early childhood facilities from the North Dakota Development Fund from July 31, 2011, to July 31, 2013, and increases the award limit per childhood facility from \$100,000 to \$200,000.

**Small business technology investment** - Section 4 establishes a small business technology investment program that provides matching investments to startup technology-based businesses. A matching requirement provides that corporations must provide \$2 of angel fund investment matching funds, certified under Section 57-38-01.26, for each \$1 of state funds awarded. Investments are limited to \$50,000 per award recipient.

**Biofuel blender pump incentive program** - Section 9 reestablishes the biofuel blender pump incentive program that expired on November 30, 2010. The program is to be administered by the Department of Commerce to provide cost-share grants up to \$14,000 per pump to motor fuel retailers for the installation of biofuel blender pumps and associated equipment at retail locations, including the piping system and storage components. Section 36 establishes an expiration date of July 31, 2013, for the statutory provisions.

**Electronic portfolio pilot project** - Section 11 establishes a pilot program within higher education for an electronic portfolio system to be administered by the Division of Workforce Development.

**Income tax credit** - Sections 13 and 14 provide for an income tax credit on purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes. Section 37 provides that Sections 13 and 14 are effective for the first three taxable years beginning after December 31, 2012.

**Exemption** - Sections 15, 16, and 19 through 22 allow unexpended amounts from the following 2009-11 biennium appropriations to continue into the 2011-13 biennium:

- Agricultural Products Utilization Commission (2009 S.L., ch. 46, § 1).
- Discretionary funds (line item - 2009 S.L., ch. 46, § 1).
- Technology-based entrepreneurship grant program (grants line item - 2009 S.L., ch. 46, § 1).
- Early childhood facility grants (2009 S.L., ch. 108, § 6).
- Biofuel blender pump incentive program (2009 S.L., ch. 46, §§ 1 and 2).
- USS *North Dakota* (grants line item - 2009 S.L., ch. 46, § 1).

**Department of Human Services - Child care service providers grant** - Section 27 provides a \$3.1 million general fund appropriation to the Department of Human Services for grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building as provided in Section 50-11.1-14.1.

**2020 and Beyond Initiative** - Section 29 provides that the North Dakota Economic Development Foundation contract with an organization with North Dakota business membership which is statewide in scope and represents business interests across the state in order to conduct a 2020 and Beyond Initiative studying various aspects of the state's economic conditions. The 2020 and Beyond Initiative must include periodic meetings of six legislators appointed by the chairman of the Legislative Management, individuals representing North Dakota business interests, individuals representing North Dakota education interests, and individuals representing state and local government interests. The grants line item includes the sum of \$50,000 from the general fund for providing a grant to implement the 2020 and Beyond Initiative.

**Institution of higher education vaccinology initiative** - Section 30 provides that of the funds appropriated in the discretionary funds line item, \$50,000 from the general fund may be used by the Department of Commerce to provide a matching grant to an institution of higher education for a vaccinology initiative.

**Examination of population growth impact on revenues study** - Section 31 provides that the Legislative Management consider studying the development of a reliable means of estimating the effect of future population growth on state and local government revenues.

**Early childhood services provider training and assistance study** - Section 32 provides that the Legislative Management consider studying the means by which training and assistance are provided to early childhood services providers and the efficiency of administering training and assistance to early childhood services providers, including whether there is duplication of efforts. The study should review the effectiveness of funding provided to the Department of Human Services for early childhood care, including workforce development, child care capacity, and quality improvement for early childhood facilities, for the 2009-11 biennium and to the Department of Commerce for financing to early childhood facilities and early childhood facility grants for technical assistance, a business

plan, or infrastructure for the 2009-11 biennium. The study should also consider the effectiveness of funding provided to the Department of Human Services for child care service provider grants for the 2011-13 biennium.

**Center of research excellence program continuity** - Section 33 provides legislative intent that the centers of research excellence program be considered an ongoing program of the Department of Commerce.

#### **Related Legislation**

**Angel fund investment tax credit** - House Bill No. 1057 amends and reenacts Section 57-38-01.26 relating to the angel fund investment tax credit, provides a report to the Legislative Management, and provides an effective date and expiration date. The bill expands provisions of the angel fund investment tax credit to enable passthrough entities, such as partnerships and limited liability companies, to participate. The bill also provides that unused angel fund investment tax credits may be sold, assigned, or transferred to other taxpayers.

**Tourism infrastructure grants - Emergency Commission and Budget Section approval** - Section 31 of Senate Bill No. 2015 provides that the \$750,000 available for tourism infrastructure grants may only be awarded upon Emergency Commission and Budget Section approval. **This section was vetoed by the Governor.**

**Tourism strategic partnerships** - House Concurrent Resolution No. 4021 directs the Legislative Management to study the feasibility and desirability of developing a strategic partnership between the Tourism Division and corresponding tourism departments or alliances of tourism departments of the Indian tribes within North Dakota promoting tourism in North Dakota.

**Crop insurance development grants** - Senate Bill No. 2222 requires the Agricultural Products Utilization Commission to reserve \$150,000 from the agricultural fuel tax fund for the purpose of awarding grants that have been approved by the Crop Insurance Development Board. If any portion of the reserved amount remains unexpended at the conclusion of a biennium, the unexpended amount must also be made available for the purpose of awarding grants during the ensuing biennium.

**State Seed Department  
Budget No. 616  
House Bill No. 1022**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	30.00	\$0	\$6,894,011	\$6,894,011
<b>2011-13 legislative appropriations</b>	<b>30.00</b>	<b>0</b>	<b>6,894,011</b>	<b>6,894,011</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$0	\$66,516	\$66,516 <sup>1</sup>

<sup>1</sup>The 2009-11 legislative appropriation amounts include \$22,000 of other funds for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$0	\$0	\$0
<b>2011-13 legislative appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$0	\$0	\$0
Percentage increase (decrease) to 2009-11 appropriations	N/A	N/A	N/A
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

**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 Seed Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 30 FTE positions, the same as the 2009-11 biennium.

### **Related Legislation**

**Seed laws rewrite** - House Bill No. 1027 provides for the rewrite of laws pertaining to the State Seed Department and includes a continuing appropriation of all money collected by the State Seed Department.



**Upper Great Plains Transportation Institute  
Budget No. 627  
House Bill No. 1020, Senate Bill No. 2325**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	52.30	\$1,919,628	\$22,150,333	\$24,069,961
<b>2011-13 legislative appropriations</b>	<b>52.30</b>	<b>1,919,628</b>	<b>22,500,333</b>	<b>24,419,961</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$350,000	\$350,000
Legislative increase (decrease) to 2009-11 appropriations	0.00 <sup>1</sup>	\$329,835	(\$2,236,866)	(\$1,907,031)

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 53.95 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 1.65 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 52.3 FTE positions.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,589,793	\$0	\$1,589,793
<b>2011-13 legislative appropriations</b>	<b>1,919,628</b>	<b>0</b>	<b>1,919,628</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$329,835	\$0	\$329,835
Percentage increase (decrease) to 2009-11 appropriations	20.7%	N/A	20.7%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0.0%	N/A	0.0%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding from the oil and gas impact grant fund for updating and maintaining reports for transportation infrastructure needs for all county and township roads in the state (Senate Bill No. 2325).			\$350,000	\$350,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$350,000</b>	<b>\$350,000</b>

### **FTE Changes**

The number of 2009-11 authorized FTE positions is based on 53.95 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 1.65 FTE positions were removed pursuant to this section and reported to OMB for a total of 52.3 FTE positions. The Legislative Assembly did not change the executive recommendation to maintain the same level of 52.3 FTE positions in the 2011-13 biennium.

### **Funding Source Changes**

The Legislative Assembly did not change the executive recommendation to change the funding source to the general fund from other funds for partial funding of base payroll for 3 FTE positions (\$257,138) and related operating expenses (\$8,133).

### **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, North Dakota State University (NDSU) Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and the Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2011-13 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 2011-13 biennium and report any adjustments to OMB.

**Carryover authority** - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2011-13 biennium, any unspent general fund money appropriated to or excess income received during the 2011-13 biennium.

### **Related Legislation**

**Transportation infrastructure reports** - Senate Bill No. 2325 appropriated \$350,000 from the oil and gas impact grant fund to the Upper Great Plains Transportation Institute for updating and maintaining reports for transportation infrastructure needs for all county and township roads in the state and provided that the Upper Great Plains Transportation Institute report at least annually to the Budget Section regarding the status of the reports and present updated reports to the 63<sup>rd</sup> Legislative Assembly.

**Membership of the Advisory Transportation Council** - House Bill No. 1200 changes the membership of the Advisory Transportation Council of the Upper Great Plains Transportation Institute by removing a representative from the North Dakota Farm Bureau and adding a representative from the North Dakota Corn Council.

**Branch Research Centers  
Budget No. 628  
House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	95.49	\$13,935,208	\$14,877,581	\$28,812,789
<b>2011-13 legislative appropriations</b>	<b>97.49</b>	<b>14,945,208</b>	<b>14,997,581</b>	<b>29,942,789</b>
Legislative increase (decrease) to executive budget	2.00	\$1,010,000	\$120,000	\$1,130,000
Legislative increase (decrease) to 2009-11 appropriations	2.00 <sup>1</sup>	\$2,578,018	(\$194,235)	\$2,383,783

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 97.26 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 1.77 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 95.49 FTE positions.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$12,367,190	\$0	\$12,367,190
<b>2011-13 legislative appropriations</b>	<b>14,945,208</b>	<b>0</b>	<b>14,945,208</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,578,018	\$0	\$2,578,018
Percentage increase (decrease) to 2009-11 appropriations	20.8%	N/A	20.8%
2011-13 legislative increase (decrease) to executive budget	\$1,159,600	(\$149,600)	\$1,010,000
Percentage increase (decrease) to executive budget	8.4%	(100.0%)	7.2%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Provided a contingent appropriation to add 1 FTE director position at the Williston Research Center if the funding for 50 percent of the position from the Montana State University Eastern Agricultural Research Center is no longer available.	1.00	\$210,000		\$210,000

Added funding for operations at the Dickinson Research Center from the general fund. Funding was originally provided from the permanent oil tax trust fund but was changed to the general fund in Senate Bill No. 2015 due to the repeal of the permanent oil tax trust fund.		800,000		800,000
Added funding and 1 FTE position for a State Board of Agricultural Research and Education initiative to enhance canola crop development efforts.	1.00		\$120,000	120,000
<b>Total</b>	<u>2.00</u>	<u>\$1,010,000</u>	<u>\$120,000</u>	<u>\$1,130,000</u>

**FTE Changes**

The number of 2009-11 authorized FTE positions is based on 97.26 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 1.77 FTE positions were removed pursuant to this section and reported to OMB for a total of 95.49 FTE positions. The 2011-13 biennium appropriation includes funding for 97.49 FTE positions, an increase of 2 FTE positions from the executive recommendation. The Legislative Assembly added an FTE director position at the Williston Research Center and an FTE position relating to a State Board of Agricultural Research and Education Initiative to enhance canola crop development efforts.

The executive budget included funding but did not reflect an increase of 6 FTE positions associated with the State Board of Agricultural Research and Education priority to enhance soil productivity and land management. The number of FTE positions shown for the 2011-13 biennium does not include these FTE positions excluded from the executive budget because of authority provided to the State Board of Higher Education under Section 6 of House Bill No. 1020 to adjust FTE positions as necessary.

**State Board of Agricultural Research and Education Priorities**

The Legislative Assembly provided funding for State Board of Agricultural Research and Education priorities as follows:

Initiative	Priority Ranking	FTE	Appropriation
Enhancing soil productivity and land management	2	<sup>1</sup>	\$940,000
Operations and infrastructure support management	3		100,000
Enhance canola crop development efforts	4	1.00	120,000
<b>Total</b>		1.00	\$1,160,000
General fund			\$1,040,000
Special funds		1.00	\$120,000

<sup>1</sup>The executive budget included funding but did not reflect an increase of 6 FTE positions in the total FTE position count associated with the State Board of Agricultural Research and Education priority to enhance soil productivity and land management. The Legislative Assembly did not add the FTE positions. The State Board of Higher Education has authority under Section 6 of House Bill No. 1020 to adjust FTE positions as necessary.

**Other Sections in Bill**

**Contingent funding - Williston Research Center director** - Section 3 provides a contingent appropriation to add 1 FTE director position at the Williston Research Center if the funding for 50 percent of the position from the Montana State University Eastern Agricultural Research Center is no longer available.

**Additional income appropriation** - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations, received by the Upper Great Plains Transportation Institute, North Dakota State University (NDSU) Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and the Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2011-13 biennium.

**Transfer authority** - Section 5 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

**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 2011-13 biennium and report any adjustments to OMB.

**Carryover authority** - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2011-13 biennium, any unspent general fund money appropriated to or excess income received during the 2011-13 biennium.

**Operating pool** - Section 8 provides that \$800,000 from the permanent oil tax trust fund appropriated to the Dickinson Research Center be used for operating costs at the Dickinson Research Center. In Section 18 of Senate Bill No. 2015 (2011) the funding source is changed to the general fund due to the repeal of the permanent oil tax trust fund.

**NDSU Extension Service  
Budget No. 630  
House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	255.75	\$25,615,644	\$23,128,810	\$48,744,454
<b>2011-13 legislative appropriations</b>	<b>256.75</b>	<b>24,885,644</b>	<b>23,128,810</b>	<b>48,014,454</b>
Legislative increase (decrease) to executive budget	1.00	(\$730,000)	\$0	(\$730,000)
Legislative increase (decrease) to 2009-11 appropriations	1.00 <sup>1</sup>	\$2,885,232	(\$2,800,067)	\$85,165

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 268.63 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.88 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 255.75 FTE positions.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$22,000,412	\$0	\$22,000,412
<b>2011-13 legislative appropriations</b>	<b>24,885,644</b>	<b>0</b>	<b>24,885,644</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$2,885,232	\$0	\$2,885,232
Percentage increase (decrease) to 2009-11 appropriations	13.1%	N/A	13.1%
2011-13 legislative increase (decrease) to executive budget	(\$730,000)	\$0	(\$730,000)
Percentage increase (decrease) to executive budget	(2.8%)	N/A	(2.8%)

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

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the North Dakota State University (NDSU) Extension Service is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding provided in the executive budget to expand the Gearing Up for Kindergarten program to a statewide scope. The Legislative Assembly appropriated \$625,000 from the general fund to the Department of Public Instruction for this program in Senate Bill No. 2150.		(\$830,000)		(\$830,000)

Added funding for the soil conservation committee to provide a total of \$987,800.		100,000		100,000
Added 1 FTE position related to the State Board of Agricultural Research and Education livestock stewardship initiative. The funding for the position was included in the executive budget but not the FTE position.	1.00			
<b>Total</b>	<u>1.00</u>	<u>(\$730,000)</u>	<u>\$0</u>	<u>(\$730,000)</u>

**FTE Changes**

The number of 2009-11 authorized FTE positions is based on 268.63 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.88 FTE positions were removed pursuant to this section and reported to OMB for a total of 255.75 FTE positions. The 2011-13 biennium appropriation includes funding for 256.75 FTE positions, an increase of 1 FTE position from the executive recommendation of 255.75. The Legislative Assembly added an FTE position relating to the State Board of Agricultural Research and Education livestock stewardship initiative.

The executive budget included funding but did not reflect an increase of 4 FTE positions associated with the State Board of Agricultural Research and Education priority of soil health and land management (3 FTE positions) and livestock stewardship (1 FTE position). The Legislative Assembly added the 1 FTE position related to livestock stewardship. The number of FTE positions shown for the 2011-13 biennium does not include the 3 FTE positions related to soil health and land management that were excluded from the executive budget because of authority provided to the State Board of Higher Education under Section 6 of House Bill No. 1020 to adjust FTE positions as necessary.

**State Board of Agricultural Research and Education Priorities**

The Legislative Assembly provided funding for State Board of Agricultural Research and Education priorities as follows:

Initiative	Priority Ranking	FTE	Appropriation
Infrastructure - Technical support in plant sciences, plant pathology, entomology, and nutrition	1	0.00	\$450,000
Soil health and land management	2a	1	690,000
Livestock stewardship	2b	1.00	250,000
<b>Total</b>		4.00	\$1,390,000
General fund		4.00	\$1,390,000

<sup>1</sup>The executive budget did not include an increase of 4 FTE positions associated with the State Board of Agricultural Research and Education priority of soil health and land management (3 FTE position) and livestock stewardship (1 FTE position). However, the Legislative Assembly added the 1 FTE position relating to the State Board of Agricultural Research and Education livestock stewardship initiative.

**Other Sections in Bill**

**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 the Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2011-13 biennium.

**Transfer authority** - Section 5 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

**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 2011-13 biennium and report any adjustments to OMB.

**Carryover authority** - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2011-13 biennium, any unspent general fund money appropriated to or excess income received during the 2011-13 biennium.

#### **Related Legislation**

**Gearing Up for Kindergarten** - Senate Bill No. 2150 appropriates \$625,000 from the general fund to the Department of Public Instruction to support the "Gearing Up for Kindergarten" program provided by the NDSU Extension Service. The NDSU Extension Service may use up to \$125,000 for administrative purposes.



**Northern Crops Institute  
Budget No. 638  
House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	11.00	\$1,692,582	\$1,654,725	\$3,347,307
<b>2011-13 legislative appropriations</b>	<b>11.00</b>	<b>1,692,582</b>	<b>1,654,725</b>	<b>3,347,307</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00 <sup>1</sup>	\$255,361	\$56,460	\$309,821

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 11.2 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A .2 FTE position was removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 11 FTE positions.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,439,221	\$0	\$1,439,221
<b>2011-13 legislative appropriations</b>	<b>1,692,582</b>	<b>0</b>	<b>1,692,582</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$253,361	\$0	\$253,361
Percentage increase (decrease) to 2009-11 appropriations	17.6%	N/A	17.6%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0.0%	N/A	0.0%

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the Northern Crops Institute.				
Total	<u>0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### **FTE Changes**

The number of 2009-11 authorized FTE positions is based on 11.2 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorizes the State Board of Higher Education to adjust FTE positions as needed. The State Board of Higher Education removed a .2 FTE position pursuant to this section and reported it to OMB for a total of 11 FTE positions. The 2011-13 biennium appropriation includes funding for 11 FTE positions, the same as the executive recommendation.

### **Funding Source Changes**

The Legislative Assembly did not change the executive recommendation to change the funding source to the general fund from other funds for the existing feed production center manager FTE position (\$202,321).

### **Other Sections in Bill**

**Additional income appropriation** - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations, received by the Upper Great Plains Transportation Institute, North Dakota State University (NDSU) Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and the Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2011-13 biennium.

**Transfer authority** - Section 5 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

**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 2011-13 biennium and report any adjustments to OMB.

**Carryover authority** - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2011-13 biennium, any unspent general fund money appropriated to or excess income received during the 2011-13 biennium.

**Northern Crops Council membership** - Section 9 amends North Dakota Century Code Section 4-14.2-02, relating to the Northern Crops Council, to permit the council to stagger the terms of producers of northern crops and representatives of industries so that no more than one producer's term and one representative's term expires in June 2013.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	329.26	\$53,923,996	\$43,973,575	\$97,897,571
<b>2011-13 legislative appropriations</b>	<b>333.26</b>	<b>54,456,398</b>	<b>44,133,575</b>	<b>98,589,973</b>
Legislative increase (decrease) to executive budget	4.00	\$532,402	\$160,000	\$692,402
Legislative increase (decrease) to 2009-11 appropriations	4.00 <sup>1</sup>	(\$5,760,753)	(\$1,579,692)	(\$7,340,445)

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 352.39 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 23.13 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 329.26 FTE positions.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$42,767,151	\$17,450,000	\$60,217,151
<b>2011-13 legislative appropriations</b>	<b>47,464,748</b>	<b>6,991,650</b>	<b>54,456,398</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$4,697,597	(\$10,458,350)	(\$5,760,753)
Percentage increase (decrease) to 2009-11 appropriations	11.0%	(59.9%)	(9.6%)
2011-13 legislative increase (decrease) to executive budget	\$954,092	(\$421,690)	\$532,402
Percentage increase (decrease) to executive budget	2.1%	(5.7%)	1.0%

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

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding and 2 FTE technician positions for a State Board of Agricultural Research and Education initiative to improve animal productivity and livestock stewardship for increased profitability in the North Dakota livestock industry.	2.00	\$240,000		\$240,000

Added funding and 2 FTE positions for a State Board of Agricultural Research and Education initiative to enhance canola crop development efforts.	2.00	210,000	\$160,000	370,000
Added funding for estimated 2011-13 special assessments of the Main Research Center.		82,402		82,402
<b>Total</b>	<u>4.00</u>	<u>\$532,402</u>	<u>\$160,000</u>	<u>\$692,402</u>

#### FTE Changes

The number of 2009-11 authorized FTE positions is based on 352.39 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 23.13 FTE positions were removed pursuant to this section and reported to OMB for a total of 329.26 FTE positions. The 2011-13 biennium appropriation includes funding for 333.26 FTE positions, an increase of 4 FTE positions from the executive recommendation of 329.26. The Legislative Assembly added 2 FTE positions relating to an animal productivity and livestock stewardship initiative and 2 FTE positions relating to canola crop development efforts.

The executive budget included funding but did not reflect an increase of 8 FTE positions associated with the State Board of Agricultural Research and Education priority to enhance soil productivity and land management (3 FTE positions) and infrastructure (5 FTE positions). The number of FTE positions shown for the 2011-13 biennium does not include the FTE positions that were excluded from the executive budget because of authority provided to the State Board of Higher Education under Section 6 of House Bill No. 1020 to adjust FTE positions as necessary.

#### One-Time Funding

In Section 2 of House Bill No. 1020, the Legislative Assembly identified \$6,991,650 from the general fund for the Main Research Center greenhouse project as a one-time funding item. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the Main Research Center is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

#### Capital Construction

**Main Research Center greenhouse project** - The 2011 Legislative Assembly did not change the executive recommendation to provide \$6,991,650 from the general fund to continue the Main Research Center greenhouse project. In addition, Section 10 of House Bill No. 1020 provides that any unspent amounts appropriated for the research greenhouse complex project, as contained in subdivision 4, Section 3, Chapter 48 of the 2005 Session Laws, and the branch research center renovations and research greenhouse complex projects, as contained in subdivision 4, Section 1, Chapter 48 of the 2009 Session Laws may continue for the projects into the 2011-13 biennium. Funding for the Main Research Center greenhouse project is summarized as follows:

Biennium	General Fund	Federal Fiscal Stimulus Funds	Gifts, Grants, Contracts, and Donations	Bond Proceeds	Total
2005-07			\$5,000,000	\$2,000,000	\$7,000,000
2007-09 <sup>1</sup>	\$7,000,000				7,000,000
2009-11 <sup>2</sup>	11,450,400	3			11,450,400
2011-13	6,991,650		2,502,931		9,494,581
<b>Total</b>	<b>\$25,442,050</b>	<b>\$0<sup>3</sup></b>	<b>\$7,502,931</b>	<b>\$2,000,000</b>	<b>\$34,944,981</b>

<sup>1</sup>The 2007 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, including the continuation of unspent authority from the 2005-07 biennium, for the Main Research Center greenhouse project to begin construction.

<sup>2</sup>The Main Research Center requested \$16.8 million for the 2009-11 biennium to complete the Main Research Center greenhouse project. The 2009 Legislative Assembly, as recommended in the executive budget, provided an appropriation of \$11.5 million from the general fund. In Section 4 of Senate Bill No. 2020, the Legislative Assembly appropriated an additional \$700,000 of federal funds, if available, under the American Recovery and Reinvestment Act of 2009 to install a geothermal heating system in the Main Research Center greenhouse.

<sup>3</sup>In Section 4 of Senate Bill No. 2020 (2009), the Legislative Assembly appropriated an additional \$700,000 of federal funds, if available, under the American Recovery and Reinvestment Act of 2009 to install a geothermal heating system in the Main Research Center greenhouse. This project did not qualify for the American Recovery and Reinvestment Act of 2009; therefore, no funding was received.

In addition, the Legislative Assembly did not change the executive recommendation to provide \$173,622 from the general fund for the increased cost of greenhouse utilities.

**State Board of Agricultural Research and Education Priorities**

The Legislative Assembly provided funding for State Board of Agricultural Research and Education priorities as follows:

Initiative	Priority Ranking	FTE	Appropriation
Greenhouse utilities	1		\$173,622
Enhancing soil productivity and land management	2	1	470,000
Operations and infrastructure support management	3	1	1,780,000
Enhance canola crop development efforts	4	2.00	370,000
Improve animal productivity and livestock stewardship for increased profitability in the North Dakota livestock industry	5	2.00	240,000
<b>Total</b>		<b>4.00</b>	<b>\$3,033,622</b>
General fund		3.00	\$2,873,622
Special funds		1.00	\$160,000

<sup>1</sup>The executive budget added funding but did not reflect an increase of 8 FTE positions associated with the State Board of Agricultural Research and Education priority to enhance soil productivity and land management (3 FTE positions) and infrastructure (5 FTE positions). The Legislative Assembly did not add these FTE positions. The State Board of Higher Education has authority under Section 6 of House Bill No. 1020 to adjust FTE positions as necessary.

**Other Sections in Bill**

**Additional income appropriation** - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations, received by the Upper Great Plains Transportation Institute, North Dakota State University (NDSU) Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and the Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2011-13 biennium.

**Transfer authority** - Section 5 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

**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 2011-13 biennium and report any adjustments to OMB.

**Carryover authority** - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2011-13 biennium, any unspent general fund money appropriated to or excess income received during the 2011-13 biennium.

**Agronomy Seed Farm  
Budget No. 649  
House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	3.00	\$0	\$1,435,168	\$1,435,168
<b>2011-13 legislative appropriations</b>	<b>3.00</b>	<b>0</b>	<b>1,435,168</b>	<b>1,435,168</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00 <sup>1</sup>	\$0	\$159,930	\$159,930

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 3 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. The State Board of Higher Education did not change any FTE positions pursuant to this section.

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm.				
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FTE Changes**

The number of 2009-11 authorized FTE positions is based on 3 FTE positions authorized by the 2009 Legislative Assembly. Section 8 of Senate Bill No. 2020 (2009) authorized the State Board of Higher Education to adjust FTE positions as needed. The State Board of Higher Education did not change any FTE positions pursuant to this section. The Legislative Assembly did not change the executive recommendation to maintain 3 FTE positions in the 2011-13 biennium.

**Other Sections in Bill**

**Additional income appropriation** - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations, received by the Upper Great Plains Transportation Institute, North Dakota State University (NDSU) Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and the Agronomy Seed Farm) for the purpose designated in the Act, grant, or donation for the 2011-13 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 2011-13 biennium and report any adjustments to the Office of Management and Budget.

**Carryover authority** - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2011-13 biennium, any unspent general fund money appropriated to or excess income received during the 2011-13 biennium.

**State Fair Association  
Budget No. 665  
House Bill No. 1009**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	0.00	\$730,000	\$0	\$730,000
<b>2011-13 legislative appropriations</b>	<b>0.00</b>	<b>730,000</b>	<b>0</b>	<b>730,000</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$14,967,150)	(\$3,000,000)	(\$17,967,150)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$697,150	\$15,000,000	\$15,697,150
<b>2011-13 legislative appropriations</b>	<b>730,000</b>	<b>0</b>	<b>730,000</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$32,850	(\$15,000,000)	(\$14,967,150)
Percentage increase (decrease) to 2009-11 appropriations	4.7%	(100.0%)	(95.3%)
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0.0%	0.0%	0.0%

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

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action: The Legislative Assembly did not change the executive recommendation for the State Fair Association.				
Total	<u>0.00</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**State Fair Premiums**

The Legislative Assembly provided \$520,000 from the general fund for premiums, the same as the executive budget recommendation and \$32,850 more than the 2009-11 biennium general fund appropriation of \$487,150.

**Bond Payment**

The Legislative Assembly provided \$210,000 from the general fund for the association's biennial capital bond payment, the same as the 2009-11 biennium.

**Other Sections in Bill**

**The Iverson Grandstand** - Section 3 provides the grandstand constructed by the State Fair Association on the state fairgrounds during the 2009-11 biennium is designated the Iverson Grandstand.



**Racing Commission  
Budget No. 670  
House Bill No. 1024**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	2.00	\$317,501	\$130,000	\$447,501
<b>2011-13 legislative appropriations</b>	<b>2.00</b>	<b>317,501</b>	<b>130,000</b>	<b>447,501</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$22,501	\$100,000	\$122,501

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$295,000	\$0	\$295,000
<b>2011-13 legislative appropriations</b>	<b>317,501</b>	<b>0</b>	<b>317,501</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$22,501	\$0	\$22,501
Percentage increase (decrease) to 2009-11 appropriations	7.6%	0.0%	7.6%
2011-13 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	0.0%	0.0%	0.0%

**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. 2015.

	<b>Major Items</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
The Legislative Assembly did not change the executive recommendation for the Racing Commission.				\$0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 2 FTE positions, the same as the 2009-11 biennium.

### **Related Legislation**

**House Bill No. 1093** allows the Racing Commission to receive \$25,000 per year, or 25 percent of the fund balance, whichever is greater, from the racing promotion fund for the payment of Racing Commission operating expenses. Current statutory provisions allow the Racing Commission to receive up to 25 percent of the racing promotion fund balance, subject to Emergency Commission approval, for operating expenses. The bill also provides for changes to the payment of racing breakage.

**State Historical Society  
Budget No. 701  
Senate Bill No. 2018**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	63.00	\$13,069,301	\$3,550,413	\$16,619,714
<b>2011-13 legislative appropriations</b>	<b>63.00</b>	<b>13,034,891</b>	<b>3,550,413</b>	<b>16,585,304</b>
Legislative increase (decrease) to executive budget	0.00	(\$34,410)	\$0	(\$34,410)
Legislative increase (decrease) to 2009-11 appropriations	1.00	(\$39,439,361)	(\$12,821,424)	(\$52,260,785)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$11,352,752	\$41,121,500	\$52,474,252
<b>2011-13 legislative appropriations</b>	<b>12,119,191</b>	<b>915,700</b>	<b>13,034,891</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$766,439	(\$40,205,800)	(\$39,439,361)
Percentage increase (decrease) to 2009-11 appropriations	6.8%	(97.8%)	(75.2%)
2011-13 legislative increase (decrease) to executive budget	(\$24,000)	(\$10,410)	(\$34,410)
Percentage increase (decrease) to executive budget	(0.2%)	(1.1%)	(0.3%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding to provide a grant to an organization for operating costs related to the Lawrence Welk homestead.		\$25,000		\$25,000
Increased funding for operating expenses to provide one-time funding for research and development of a new North Dakota 8 <sup>th</sup> grade curriculum.		125,000		125,000
Reduced funding for temporary salaries.		(49,000)		(49,000)

Reduces funding for a business analysis to be completed by the Information Technology Department from \$145,410 to \$10,000.		(135,410)		(135,410)
Total	<u>0.00</u>	<u>(\$34,410)</u>	<u>\$0</u>	<u>(\$34,410)</u>

**FTE Changes**

The 2011-13 biennium appropriation includes funding for 63 FTE positions, an increase of 1 FTE position from the 2009-11 biennium authorized level of 62 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE exhibit specialist position.

**One-Time Funding**

In Section 2 of Senate Bill No. 2018, the Legislative Assembly identified \$915,700 from the general fund, of which \$75,000 for marketing, \$90,000 for new exhibit development, \$30,900 for database migration, \$59,800 for temporary staff, \$10,000 for a business analysis, \$125,000 for development of a new North Dakota 8<sup>th</sup> grade curriculum, \$50,000 for the state's 125<sup>th</sup> celebration planning, and \$475,000 for extraordinary repairs and small capital projects, as one-time funding items. These funds are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the State Historical Society is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Capital Projects**

The Legislative Assembly did not change the executive budget recommendation to provide \$1,396,000, of which \$746,000 is from the general fund, for capital projects, including \$306,000 for extraordinary repairs at historic sites, \$90,000 for historic site exhibits, and \$1 million for bank stabilization at Fort Abercrombie.

**Other Sections in Bill**

**State onsite project manager - Heritage Center expansion project** - Section 5 provides that notwithstanding North Dakota Century Code Section 55-01-02.1, the director of the Facility Management Division of the Office of Management and Budget shall serve as the state onsite project manager for the Heritage Center addition project until completion of the project. The state onsite project manager has authority to verify and approve all expenditures relating to the project and related exhibits.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	5.00	\$1,398,602	\$1,854,860	\$3,253,462
<b>2011-13 legislative appropriations</b>	<b>5.00</b>	<b>1,363,602</b>	<b>1,854,860</b>	<b>3,218,462</b>
Legislative increase (decrease) to executive budget	0.00	(\$35,000)	\$0	(\$35,000)
Legislative increase (decrease) to 2009-11 appropriations	0.00	(\$5,132)	\$119,374	\$114,242

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$1,311,284	\$57,450	\$1,368,734
<b>2011-13 legislative appropriations</b>	<b>1,363,602</b>	<b>0</b>	<b>1,363,602</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$52,318	(\$57,450)	(\$5,132)
Percentage increase (decrease) to 2009-11 appropriations	4.0%	(100.0%)	(0.4%)
2011-13 legislative increase (decrease) to executive budget	(\$20,000)	(\$15,000)	(\$35,000)
Percentage increase (decrease) to executive budget	(1.4%)	(100.0%)	(2.5%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed one-time funding added in the executive recommendation for a grant for CulturePulse web marketing.		(\$15,000)		(\$15,000)
Reduced funding for travel expenses.		(20,000)		(20,000)
<b>Total</b>	<b>0.00</b>	<b>(\$35,000)</b>	<b>\$0</b>	<b>(\$35,000)</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2009-11 biennium.

### **One-Time Funding**

The executive recommendation included one-time funding of \$15,000 from the general fund for a grant for CulturePulse web marketing. This funding was removed by the Legislative Assembly.

**Game and Fish Department  
Budget No. 720  
Senate Bill No. 2017**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	157.00	\$0	\$64,737,742	\$64,737,742
<b>2011-13 legislative appropriations</b>	<b>157.00</b>	<b>300,000<sup>1</sup></b>	<b>65,687,742</b>	<b>65,987,742</b>
Legislative increase (decrease) to executive budget	0.00	\$300,000	\$950,000	\$1,250,000
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$300,000	\$6,023,804 <sup>2</sup>	\$6,323,804

<sup>1</sup>This amount reflects a transfer of \$300,000 from the general fund to the game and fish fund.

<sup>2</sup>This amount reflects a 2009-11 biennium deficiency appropriation of \$200,000 from the game and fish fund to be transferred to the Agriculture Commissioner for the Wildlife Services program.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$0	\$0	\$0
<b>2011-13 legislative appropriations</b>	<b>300,000</b>	<b>0</b>	<b>300,000</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$300,000	\$0	\$300,000
Percentage increase (decrease) to 2009-11 appropriations	N/A	N/A	N/A
2011-13 legislative increase (decrease) to executive budget	\$300,000	\$0	\$300,000
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Increased spending authority for hunting access and deer depredation due to additional federal funding for hunting access programs and greater than anticipated requests for deer depredation assistance.			\$850,000	\$850,000

Increased the amount of funding to be provided the Agriculture Commissioner for the Wildlife Services program (see <b>Funding for the Department of Agriculture</b> section below).			100,000	100,000
Added a transfer from the general fund to the game and fish fund related to funding to be provided to the Agriculture Commissioner (see <b>Funding for the Department of Agriculture</b> section below).		\$300,000		300,000
Total	<u>0.00</u>	<u>\$300,000</u>	<u>\$950,000</u>	<u>\$1,250,000</u>

**FTE Changes**

The Legislative Assembly did not change the executive recommendation to provide funding for 157 FTE positions, the same amount as the 2009-11 biennium.

**Funding for the Department of Agriculture**

**Wildlife Services** - The Legislative Assembly provided \$868,800 from the game and fish fund for Wildlife Services, an increase of \$100,000 from the 2009-11 biennium appropriation and executive recommendation to provide \$768,800. Section 2 of Senate Bill No. 2017 appropriates \$200,000 from the game and fish fund to be transferred to the Agriculture Commissioner for the 2009-11 biennium for the Wildlife Services program. The section also provides legislative intent that the additional 2009-11 biennium funding is from the estimated savings to the Game and Fish Department resulting from the reduction in property tax liability as provided in 2009 Senate Bill No. 2199.

**State Board of Animal Health** - The 2011-13 biennium appropriation includes \$199,461 from the game and fish fund for a grant to the Department of Agriculture for the State Board of Animal Health, a decrease of \$539 from the 2009-11 biennium appropriation of \$200,000.

**General fund transfer to game and fish fund** - Section 3 of Senate Bill No. 2017 transfers \$300,000 from the general fund to the game and fish fund during the 2011-13 biennium to be provided to the Department of Agriculture for expenses related to the State Board of Animal Health (\$199,461) and for the Wildlife Services program (\$100,539).

**Funding for Parks and Recreation Department**

The 2011-13 biennium appropriation includes \$122,000 from the game and fish fund for a grant to the Parks and Recreation Department for state park boat ramp maintenance and improvements. The 2011-13 biennium appropriation also includes a \$400,000 grant from the game and fish fund to the Parks and Recreation Department to cost-share in the Grahams Island State Park road raise project.

**Capital Projects**

The Legislative Assembly did not change the executive recommendation to provide \$2,448,500 from the game and fish fund and \$1,834,670 of federal funds for the following capital projects:

Project	Other Funds
Extraordinary repairs	\$300,000
Wildlife management area improvements	290,170
Fishing area projects	875,000
Land acquisition	800,000
Equipment replacement	791,000
Payment in lieu of taxes	1,000,000
District office storage buildings	200,000
Information technology equipment	27,000
Total	\$4,283,170



#### **Other Sections in Bill**

**Funding received for mineral exploration activities on department land** - Section 4 identifies \$400,000 in the grants, gifts, and donations line item as funding received by the Game and Fish Department resulting from surface damage, easements, or reclamation on department-owned or department-managed land related to mineral exploration and extraction activities.

**Missouri River law enforcement** - Section 5 provides that funding included in the Missouri River law enforcement line item may only be used for the salaries and operating expenses of Game and Fish Department employees coordinating or performing Missouri River law enforcement activities and for grants to local law enforcement agencies performing Missouri River law enforcement activities. The funds may not be used for the purchase of equipment with a cost of \$3,000 or more.

#### **Related Legislation**

**Senate Bill No. 2227** provides for the Game and Fish Department to develop a winter management program to alleviate depredation caused by big game and requires the department to make \$1 million available from its existing appropriations for the deerproof hay yard program and make \$100,000 available for food plots on private property.

**Parks and Recreation Department  
Budget No. 750  
Senate Bill No. 2019**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	54.00	\$16,356,556	\$12,669,532	\$29,026,088
<b>2011-13 legislative appropriations</b>	<b>54.00</b>	<b>16,623,556</b>	<b>12,669,532</b>	<b>29,293,088</b>
Legislative increase (decrease) to executive budget	0.00	\$267,000	\$0	\$267,000
Legislative increase (decrease) to 2009-11 appropriations	1.00	\$789,597	(\$278,522)	\$511,075

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$11,062,591	\$4,771,368	\$15,833,959
<b>2011-13 legislative appropriations</b>	<b>11,874,346</b>	<b>4,749,210</b>	<b>16,623,556</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$811,755	(\$22,158)	\$789,597
Percentage increase (decrease) to 2009-11 appropriations	7.3%	(0.5%)	5.0%
2011-13 legislative increase (decrease) to executive budget	\$0	\$267,000	\$267,000
Percentage increase (decrease) to executive budget	0.0%	6.0%	1.6%

**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. 2015.

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added one-time funding for an addition to the conservatory at the International Peace Garden to house a cactus collection.		\$242,000		\$242,000
Added one-time funding for a memorial at the International Peace Garden for victims of the September 11, 2001, terrorist attack on the World Trade Center.		25,000		25,000
<b>Total</b>	<b>0.00</b>	<b>\$267,000</b>	<b>\$0</b>	<b>\$267,000</b>

### FTE Changes

The 2011-13 biennium appropriation includes funding for 54 FTE positions, an increase of 1 FTE position from the 2009-11 authorized level of 53 FTE positions. The Legislative Assembly did not change the executive recommendation to convert a long-term temporary employee to a 1 FTE grants administrator position.

### One-Time Funding

In Section 2 of Senate Bill No. 2019, the Legislative Assembly identified \$4,749,210 from the general fund as one-time funding for parks capital projects and deferred maintenance (\$4,299,210), parks equipment (\$58,000), Little Missouri State Park trail leases (\$85,000), state comprehensive outdoor recreation plan (\$40,000), and International Peace Garden capital projects and deferred maintenance (\$267,000). This amount is not to be considered part of the agency's base budget for preparing the 2011-13 executive budget, and the Parks and Recreation Department is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Capital Projects

The Legislative Assembly provided funding for the following capital projects at state parks:

Project	2011-13 Executive Recommendation			2011 Legislative Action			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Amphitheater rehabilitation at various sites	\$60,000		\$60,000				\$60,000		\$60,000
Boundary fences at various sites	39,500		39,500				39,500		39,500
Sewer lift repairs at various sites	25,000		25,000				25,000		25,000
Statewide multiuse trail rehabilitation	30,000		30,000				30,000		30,000
Beaver Lake State Park repair and maintenance projects	78,500		78,500				78,500		78,500
Cross Ranch State Park repair and maintenance projects	69,500		69,500				69,500		69,500
Fort Abraham Lincoln State Park repair and maintenance projects	75,000		75,000				75,000		75,000
Fort Ransom State Park repair and maintenance projects	88,000		88,000				88,000		88,000
Fort Stevenson State Park repair and maintenance projects	47,800		47,800				47,800		47,800
Icelandic State Park repair and maintenance projects	35,100		35,100				35,100		35,100
Little Missouri State Park repair and maintenance projects	30,000		30,000				30,000		30,000
Lake Metigoshe State Park repair and maintenance projects	49,000		49,000				49,000		49,000
Lake Sakakawea State Park repair and maintenance projects	85,000		85,000				85,000		85,000
Turtle River State Park repair and maintenance projects	41,000		41,000				41,000		41,000
Garrison Bay marina dock purchase	240,000		240,000				240,000		240,000
Garrison Bay marina electrical and water systems	175,000		175,000				175,000		175,000

Project	2011-13 Executive Recommendation			2011 Legislative Action			2011-13 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Grahams Island access road five-foot grade raise	2,484,800	\$400,000	2,884,800				2,484,800	\$400,000	2,884,800
Grahams Island campground expansion	350,000	350,000	700,000				350,000	350,000	700,000
Lewis and Clark State Park campground renovations	240,000		240,000				240,000		240,000
Lewis and Clark State Park road repairs	565,000		565,000				565,000		565,000
Little Missouri Bay showerhouse	90,000		90,000				90,000		90,000
Multiuse trail development	55,000	220,000	275,000				55,000	220,000	275,000
Information technology Ethernet installation at various parks	99,410		99,410				99,410		99,410
International Peace Garden - Conservatory expansion				\$242,000		\$242,000	242,000		242,000
Total	\$5,052,610	\$970,000	\$6,022,610	\$242,000	\$0	\$242,000	\$5,294,610	\$970,000	\$6,264,610

#### International Peace Garden

The 2011-13 biennium appropriation includes \$1,040,699 from the general fund for the International Peace Garden, a decrease of \$1,687,755 from the 2009-11 biennium appropriation amount of \$2,728,454 and an increase of \$267,000 from the 2011-13 executive recommendation. The Legislative Assembly did not change the executive recommendation to provide \$773,699 for the operating grant for the International Peace Garden, an increase of \$36,845 from the 2009-11 biennium level of \$736,854. The Legislative Assembly provided one-time funding of \$267,000 from the general fund for an addition to the conservatory at the International Peace Garden to house a cactus collection (\$242,000) and for a memorial at the International Peace Garden for victims of the September 11, 2001, terrorist attack on the World Trade Center (\$25,000).

#### Other Sections in Bill

**Game and fish operating fund** - Section 3 provides that \$122,000 of the estimated income line item appropriated in Section 1 of the bill is from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, and must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at various state parks. Section 4 provides \$400,000 from the game and fish operating fund which is to be transferred to the Parks and Recreation Department to pay for a portion of the nonfederal costs to raise the elevation of the Grahams Island State Park access road.

**International Peace Garden conservatory addition** - Section 5 requires the International Peace Garden obtain \$242,000 of additional funding for the conservatory addition at the International Peace Garden from nonstate sources prior to beginning the project.

#### Related Legislation

**Senate Bill No. 2117** decriminalizes state park rules violations and provides for deposit of fines in the general fund.

**State Water Commission  
Budget No. 770  
Senate Bill No. 2020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	87.00	\$15,227,098	\$443,688,322	\$458,915,420
<b>2011-13 legislative appropriations</b>	<b>87.00</b>	<b>14,995,199</b>	<b>444,420,221</b>	<b>459,415,420</b>
Legislative increase (decrease) to executive budget	0.00	(\$231,899)	\$731,899	\$500,000
Legislative increase (decrease) to 2009-11 appropriations	1.00	\$871,300	\$132,334,412	\$133,205,712

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$14,123,899	\$0	\$14,123,899
<b>2011-13 legislative appropriations</b>	<b>14,995,199</b>	<b>0</b>	<b>14,995,199</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$871,300	\$0	\$871,300
Percentage increase (decrease) to 2009-11 appropriations	6.2%	N/A	6.2%
2011-13 legislative increase (decrease) to executive budget	(\$231,899)	\$0	(\$231,899)
Percentage increase (decrease) to executive budget	(1.5%)	N/A	(1.5%)

**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. 2015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Changed the funding source of the Water Development Division director position added in the executive recommendation from the general fund to the resources trust fund.		(\$231,899)	\$231,899	\$0
Added funding from the resources trust fund for a remote metering device reimbursement program. Sections 9 and 15 of Senate Bill No. 2020 relating to the remote metering of water permits were vetoed by the Governor.			500,000	500,000
<b>Total</b>	<b>0.00</b>	<b>(\$231,899)</b>	<b>\$731,899</b>	<b>\$500,000</b>

### **FTE Changes**

The Legislative Assembly did not change the executive recommendation which included funding for 87 FTE positions, an increase of 1 FTE position from the 2009-11 authorized level of 86 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE Water Development Division director position.

### **One-Time Funding**

In Section 2 of Senate Bill No. 2020, the Legislative Assembly identified \$7,771,773 of one-time funding from special funds, of which \$7,271,773 is from federal fiscal stimulus funding provided for the Southwest Pipeline Project's water treatment plant.

The 2009 Legislative Assembly in House Bill No. 1305 provided \$2,792,000 from the permanent oil tax trust fund for the following water project grants:

- \$864,000 to assist in the local cost-share of the Ray and Tioga Water Supply Project;
- \$985,000 to assist in the local cost-share of the Burke, Divide, and Williams Water District Water Supply Project;
- \$593,000 to assist in the local cost-share of the Wildrose Water Supply Project; and
- \$350,000 to assist in the repayment of outstanding bonds associated with the Stanley water pipeline construction project.

The 2011 Legislative Assembly identified \$500,000 of one-time funding from special funds to complete these projects during the 2011-13 biennium and provided the Office of Management and Budget transfer any unexpended funds appropriated from the permanent oil tax trust fund for these projects to the State Water Commission fund at the end of the 2009-11 biennium.

These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the State Water Commission is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### **Other Sections in Bill**

**Sovereign lands enforcement grant** - Section 3 directs the State Water Commission to provide a grant of \$200,000 from the general fund to the Game and Fish Department for law enforcement activities on sovereign lands in the state.

**Resources trust fund and water development trust fund** - Section 4 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund and the water development trust fund, any additional amounts that become available in those funds are appropriated to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2011-13 biennium (see the resources trust fund analysis and the water development trust fund analysis in the **Trust Fund Analyses** section of this report). However, the State Water Commission must receive Budget Section approval prior to the expenditure of any funds in excess of the \$448,413,774 of funding appropriated in the water and atmospheric resources line item of the bill.

**Grant and water project carryover authority** - Section 5 authorizes the State Water Commission to continue any unexpended 2011-13 appropriation authority for grants or water-related projects in the 2013-15 biennium.

**Fargo flood control project funding 2009-11 biennium** - Section 6 amends 2009 Session Laws Chapter 20, Section 7, relating to Fargo flood control project funding to provide that funds appropriated for Fargo flood control may be used for right-of-way acquisition costs, excluding the purchase of dwellings, in addition to land purchases and construction and to provide that no more than 10 percent of Fargo flood control project funds may be used for engineering, legal, planning, or other similar purposes. The amendment to 2009 Session Laws Chapter 20, Section 7, also provides that the City of Fargo, Cass County, and the Cass County Joint Water Resource District must approve any expenditures made under 2009 Session Laws Chapter 20, Section 7, and that costs incurred by nonstate entities for dwellings or other real property that are not paid by state funds are eligible for application by the nonstate entity for cost-sharing with the state. The amendments to the 2009 Session Laws are retroactive to January 1, 2011.

**Fargo flood control project funding 2011-13 biennium** - Section 7 provides that of the funds appropriated to the State Water Commission for grants and projects for the 2011-13 biennium, \$30 million is for Fargo flood control projects. The section also provides that any funds not spent by June 30, 2013, are not subject to North Dakota Century Code Section 54-44.1-11 and must be continued into the next or subsequent bienniums and may be expended only for Fargo flood control projects. These funds may be used only for land purchases and construction, including right-of-way acquisition costs, and may not be used for the

purchase of dwellings. No more than 10 percent of the funds may be used for engineering, legal, planning, or other similar purposes. The City of Fargo, Cass County, and the Cass County Joint Water Resource District must approve any expenditures made under this section. Costs incurred by nonstate entities for dwellings or other real property that are not paid by state funds are eligible for application by the nonstate entity for cost-sharing with the state. This funding is in addition to \$45 million provided for Fargo flood control by the 2009 Legislative Assembly for a total of \$75 million.

**State Water Commission projects** - Section 8 requires the State Water Commission to provide funding for a grant to Wildlife Services for animal control (\$250,000) and flood-related water projects in the Nelson County Water Resource District (\$250,000) during the 2011-13 biennium.

**Remote metering of water permits funding** - Section 9 provides legislative intent that of the funds appropriated from the resources trust fund in the water and atmospheric resources line item in Senate Bill No. 2020, the State Water Commission provide up to \$500,000 for a reimbursement program for the purchase and installation of remote water metering devices during the 2011-13 biennium. **This section was vetoed by the Governor.**

**Conversion of existing joint powers entity to a commerce authority** - Sections 10, 11, 12, 13, and 14 amend North Dakota Century Code to provide a procedure through which an existing joint powers entity may convert to a commerce authority for the purpose of achieving status as a political subdivision. Section 18 provides the process through which a joint powers entity may convert to a commerce authority is effective through July 31, 2013, but Section 17 provides that a commerce authority formed by the conversion of a joint powers agreement remains a valid commerce authority after the expiration date of the legislation. In addition, Section 17 provides Sections 10 through 14 do not grant any additional authority to exercise the power of eminent domain or issue general obligation bonds to a commerce authority formed by a conversion of a joint powers agreement.

**Remote metering of certain water sources** - Section 15 requires the State Engineer to develop rules relating to the remote metering of certain water sources and require permit holders to purchase and maintain remote metering devices for the metering of water used pursuant to a temporary, conditional, or perfected water permit and sold for oil and gas purposes. The metering requirement does not apply to water permits used exclusively for irrigation purposes or to temporary permits that have been returned to irrigation use. Except for nonpotable ground water used for enhanced oil recovery purposes and water uses of less than 15 acre-feet per year, all other permitted and temporarily permitted industrial water supplies sold for oil and gas purposes are subject to the metering requirements. The State Engineer is to provide up to \$500,000 for a program to reimburse permit holders for the purchase and installation of the remote terminal water metering devices, up to \$5,000 per metering device. **This section was vetoed by the Governor.**

**Permanent oil tax trust fund transfer** - Section 16 requires the Office of Management and Budget transfer any unexpended funds appropriated from the permanent oil tax trust fund in the 2009 Session Laws Chapter 25 to the State Water Commission fund at the end of the 2009-11 biennium to allow the State Water Commission to complete projects funded from the permanent oil tax trust fund by the 2009 Legislative Assembly and included in the 2011-13 biennium appropriation by the 2011 Legislative Assembly as one-time funding.

**Conversion of joint powers application** - Section 17 provides that a commerce authority formed by the conversion of a joint powers agreement remains a valid commerce authority after the expiration date of the legislation. In addition, Section 17 provides the amendments contained in Sections 10 through 14 do not grant any additional authority to exercise the power of eminent domain or issue general obligation bonds to a commerce authority formed by a conversion of a joint powers agreement.

**Conversion of joint powers expiration** - Section 18 provides the process through which a joint powers entity may convert to a commerce authority is effective through July 31, 2013.

**Grand Forks Corporate Center** - Section 19 repeals 1999 Session Laws Chapter 535, Section 5, relating to the pledge of revenues from the Grand Forks Corporate Center. The State Water Commission reported on the fiscal note for this bill that an analysis prepared when Senate Bill No. 2188 (1999) was enacted, an estimated \$12.2 million in corporate center revenues would be available to partially repay the water development trust fund over 21 years beginning in 2018.

#### **Related Legislation**

**Informational and adjudicative proceedings on water permit applications** - House Bill No. 1107 provides that a person filing written comments regarding a proposed appropriation may also request an informational hearing on the application. If a request for an informational hearing is made and if the State Engineer determines an informational hearing is necessary to obtain additional information to evaluate the application or to receive public input, the State Engineer is

required to designate a time and place for the informational hearing and serve a copy of the notice of hearing upon the applicant and person who filed written comments.

**Western Area Water Supply Authority** - House Bill No. 1206 establishes the Western Area Water Supply Authority to treat, store, and distribute water to western North Dakota and to provide for the supply and distribution of water to the people of western North Dakota for domestic, rural water, municipal, livestock, industrial, oil and gas development, and other purposes. The authority may acquire, construct, improve, develop, and own water supply infrastructure and may enter water supply contracts with member cities; water districts; and private users, such as oil and gas producers, for the sale of water for use within or outside the authority boundaries or the state. The authority consists of participating political subdivisions located within McKenzie, Williams, Burke, Divide, and Mountrail Counties which enter a water supply contract with the authority. The bill provides that the Bank of North Dakota provide a loan of \$50 million to the authority for the construction of the project. The State Water Commission is required to make available, from funding appropriated to the commission, \$25 million as a zero interest loan to the authority. The bill also appropriates \$25 million from the general fund to the Bank to provide a loan to the authority for a maximum term of eight years from the completion of the \$50 million loan from the Bank at 5 percent interest per year. The bill appropriates \$10 million from the resources trust fund to the Bank for the purpose of providing a loan to the authority for a maximum term of two years from the completion of the \$25 million loan from the general fund at 5 percent interest per year. The bill provides that this funding must be structured so that funding is provided, as needed, first from the \$25 million zero interest loan from the State Water Commission, second from the \$50 million loan from the Bank, third from the \$25 million loan from the general fund, and last from the \$10 million loan from the resources trust fund. Repayment of loans must be structured in the following order:

1. The \$50 million loan from the Bank;
2. The \$25 million loan from the general fund with deposit of the principal in the general fund and interest in the resources trust fund;
3. The \$10 million loan from the resources trust fund for deposit in the resources trust fund; and
4. The \$25 million zero interest loan from the State Water Commission for deposit in the resources trust fund.

The authority is required to repay the loans from revenues from the project. Upon repayment of the State Water Commission zero interest loan, the authority is required to provide 5 percent of the net profits to the State Water Commission for deposit by the State Treasurer in the resources trust fund until June 30, 2040. At the request of the authority, the State Water Commission is required to consider a loan of \$40 million from the resources trust fund for inclusion in the State Water Commission's budget for second phase funding. The bill includes an emergency clause and became effective upon the bill's filing with the Secretary of State.

**Garrison Diversion Conservancy District** - House Bill No. 1318 authorizes the board of directors of the Garrison Diversion Conservancy District to establish special assessment districts for irrigation works.

**Control flooding transfer exemption** - House Bill No. 1335 exempts water transfers used to control flooding from actions that may be brought under either Chapter 32-40 or 61-28 against an owner or operator of a water transfer used to control flooding for violation of the state's water pollution control laws if the water transfer does not require a national pollutant discharge elimination system permit and complies with the conditions in the state's water quality standards established to protect aquatic life.

**Execution of contracts** - Senate Bill No. 2068 provides that the State Engineer or the State Engineer's authorized designee may execute contracts approved by the State Water Commission.

**State Board of Water Well Contractors** - Senate Bill No. 2101 increases the fees the State Board of Water Well Contractors may charge for a certification examination from \$10 to \$100 and for a certificate renewal from a maximum of \$50 to a maximum of \$200 and repeals the grandfather provisions for the certification of water well contractors, water well pump and pitless unit installers, well contracting monitoring, and geothermal system drillers.

**State Water Commission compensation** - Senate Bill No. 2282 increases compensation for the appointed members of the State Water Commission and the members of the North Dakota Atmospheric Resource Board from \$62.50 per day to the amount provided for members of the Legislative Management under Section 54-35-10.



**Department of Transportation  
Budget No. 801  
House Bill No. 1012, Senate Bill No. 2015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	1,066.50	\$5,850,000	\$1,542,433,665	\$1,548,283,665
<b>2011-13 legislative appropriations</b>	<b>1,063.50</b>	<b>376,550,000<sup>1</sup></b>	<b>1,663,054,459</b>	<b>2,039,604,459</b>
Legislative increase (decrease) to executive budget	(3.00)	\$370,700,000	\$120,620,794	\$491,320,794
Legislative increase (decrease) to 2009-11 appropriations	9.00	\$371,950,000	\$416,038,871	\$787,988,871

<sup>1</sup>Reflects a \$370.6 million transfer from the general fund to the highway fund and a \$100,000 transfer from the general fund to the public transportation fund.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$0	\$4,600,000	\$4,600,000
<b>2011-13 legislative appropriations</b>	<b>0</b>	<b>376,550,000</b>	<b>376,550,000</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$0	\$371,950,000	\$371,950,000
Percentage increase (decrease) to 2009-11 appropriations	N/A	8,085.9%	8,085.9%
2011-13 legislative increase (decrease) to executive budget	\$0	\$370,700,000	\$370,700,000
Percentage increase (decrease) to executive budget	N/A	6,336.8%	6,336.8%

**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. 2015. The Legislative Assembly also provided the Department of Transportation with an additional \$600,000 of funding from the highway fund for optional market salary adjustments for department equipment operators and highway maintenance personnel.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed 3 new FTE transportation technician positions included in the executive recommendation.	(3.00)		(\$310,206)	(\$310,206)
Removed a portion of funding included in the executive recommendation for salary equity adjustments to provide total funding of \$600,000 for optional market salary adjustments.			(500,000)	(500,000)

Added spending authorization from the highway-rail grade crossing safety fund for projects approved during the 2009-11 biennium for which funding has not been distributed and for additional projects during the 2011-13 biennium (see <b>Highway-Rail Grade Crossing Safety Fund</b> section below).		1,431,000	1,431,000
Added borrowing authority and spending authorization for emergency relief projects (see <b>Borrowing for Emergency Relief Program</b> section below).		120,000,000	120,000,000
Added a transfer from the general fund to the highway fund.	\$370,600,000		370,600,000
Added a transfer from the general fund to the public transportation fund (Senate Bill No. 2015).	100,000		100,000
<b>Total</b>	<u>(3.00)</u>	<u>\$370,700,000</u>	<u>\$120,620,794</u>

### FTE Changes

The 2011-13 biennium appropriation includes funding for 1,063.5 FTE positions, an increase of 9 FTE positions from the 2009-11 authorized level of 1,054.5 FTE positions. The Legislative assembly did not change the executive recommendation to add 4 new FTE driver's license examiner positions and 2 new FTE motor vehicle licensing specialist positions. The Legislative Assembly also added 3 of the 6 new FTE transportation technician positions included in the executive recommendation.

### One-Time Funding

Section 2 of House Bill No. 1012 identifies \$400,569,575 of one-time funding for the Department of Transportation as follows:

	General Fund	Other Funds	Total
Devils Lake area road projects	\$5,850,000		\$5,850,000
Federal fiscal stimulus funds		\$24,119,575	24,119,575
State highway projects in areas affected by oil and gas development		228,600,000	228,600,000
County and township roadway projects in areas affected by oil and gas development		142,000,000	142,000,000
<b>Total</b>	<b>\$5,850,000</b>	<b>\$394,719,575</b>	<b>\$400,569,575</b>

The Legislative Assembly also provided a one-time transfer of \$370.6 million from the general fund to the highway fund and a one-time transfer of \$100,000 from the general fund to the public transportation fund. These amounts are not to be considered part of the agency's 2013-15 biennium base budget, and the Department of Transportation is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Allocation of Motor Vehicle Excise Taxes

The executive recommendation provided that 25 percent of motor vehicle excise taxes, after distributions to the state aid distribution fund, be deposited in the highway tax distribution fund rather than the general fund during the 2011-13 biennium. This would have resulted in an estimated \$46.4 million of motor vehicle excise tax deposits in the highway tax distribution fund during the 2011-13 biennium. The Legislative Assembly removed this provision and all motor vehicle excise taxes, after distributions to the state aid distribution fund, will be deposited in the general fund.

### Highway-Rail Grade Crossing Safety Fund

Section 3 of House Bill No. 1012 appropriates \$1.431 million from the highway-rail grade crossing safety fund to the Department of Transportation as follows:

- \$1.201 million for highway-rail grade crossing safety projects approved by the department during the 2009-11 biennium but for which funding was not distributed.

- \$230,000 for additional highway-rail grade crossing safety projects grants during the 2011-13 biennium. To be eligible for a grant, a political subdivision must file a grant application with the Department of Transportation and provide 10 percent matching funds for highway-rail grade crossings which are not on a state highway. Grant funds may be used for the development of railroad quiet zones, the installation or upgrading of active warning devices, the resurfacing of crossings, building grade separations, or any other cost associated with the eligible improvements. Grants provided during the 2011-13 biennium may not exceed \$80,000 per city.

The State Treasurer is to transfer any unexpended and unobligated funds remaining in the highway-rail grade crossing safety fund on June 30, 2013, to the highway tax distribution fund.

Section 9 of House Bill No. 1012 repeals a section of Senate Bill No. 2338 (2009) relating to the highway-rail grade crossing safety fund. The section repealed provided guidelines regarding the distribution of grants during the 2009-11 biennium and required the State Treasurer to transfer any unexpended and unobligated amount in the highway-rail grade crossing safety fund to the highway tax distribution fund by August 1, 2011.

#### **Borrowing for Emergency Relief Program**

Section 4 of House Bill No. 1012 allows the Department of Transportation to borrow up to \$120 million from the Bank of North Dakota for state highway emergency relief projects during the 2011-13 biennium. The funding is to be considered one-time funding and any federal funds received for projects receiving funding under the section must be used to repay the loan from the Bank of North Dakota.

#### **Transportation Funding Distributions to Non-Oil-Producing Counties**

Sections 5 and 6 of House Bill No. 1012 appropriate \$60 million from the general fund to the State Treasurer for transportation funding distributions to non-oil-producing counties, cities, and townships. Of this amount, \$35 million is to be distributed during the 2009-11 biennium and \$25 million is to be distributed on April 1, 2012. The funding is to be distributed as follows:

- Eighty percent to counties and cities pursuant to North Dakota Century Code Section 54-27-19(4).
- Twenty percent to counties and townships pursuant to Section 54-27-19.1 except that organized townships are not required to provide matching funds.

To be eligible for a distribution, a political subdivision must be located within a county that received an allocation of funding under Section 57-51-15 (oil and gas production tax allocations) of \$500,000 or less in the preceding state fiscal year.

#### **Funding for Roadway Projects in Areas Affected by Oil and Gas Development**

House Bill No. 1012 appropriates \$370.6 million from the highway fund for state highway projects (\$228.6 million) and county and township roadway projects (\$142 million) in areas affected by oil and gas development. Section 11 provides that funding for state highway projects may be applied to engineering and design costs incurred on the projects as of January 1, 2011. Section 10 provides the following guidelines for the use of the \$142 million for county and township roadway projects:

- Funding allocations must be based on a report prepared by the Upper Great Plains Transportation Institute entitled *Additional Road Investments Needed to Support Oil and Gas Production and Distribution in North Dakota*.
- Each county requesting funding for county or township road projects shall submit a plan to the Department of Transportation detailing the projects. The Department of Transportation may approve the plan or may approve the plan with amendments.
- Funds may not be used for routine maintenance.
- Funds may be used for 90 percent of the cost of approved paved roadway projects and for 25 percent of the cost of approved unpaved roadway projects.
- Funds may be used for engineering and design costs incurred on approved projects as of January 1, 2011.

#### **Contingent Appropriation - Fargo District Office Building**

Section 12 of House Bill No. 1012 provides that \$800,000 of funding appropriated to the Department of Transportation from the highway fund for an equipment storage facility at the Fargo district office location is contingent upon the department offering the current district office location for sale. The department is to offer the Fargo district office land and facilities for sale in exchange for a new location and facilities for the Fargo district office. The new location is to be of suitable

size and condition, be accessible to the interstate system, and be located within the interstate storm gates in the cities of Fargo and West Fargo. The director of the Department of Transportation has the authority to determine if any offers for a new location and facilities for the Fargo district office are adequate for operations. The department may proceed with the construction of the equipment storage facility at the current location if an offer is not accepted by the department by May 1, 2012.

### Federal Funding and Required State Matching Funds

The table below details the estimated amount of federal funding to be received by the state for the 2009-11 and 2011-13 bienniums.

Estimated Federal Highway Funding (In Millions)						
	2009-11 Biennium Regular Highway Funding	2009-11 Biennium Federal Fiscal Stimulus Funding	Total 2009- 11 Biennium Funding	Estimated 2011-13 Biennium Regular Highway Funding	Estimated 2011-13 Biennium Federal Fiscal Stimulus Highway Funding	Total 2011-13 Biennium Funding
Federal Highway Administration funding	\$500.9		\$500.9	\$569.5		\$569.5
Emergency relief funds	33.7		33.7	56.2		56.2
Federal rail funds	2.3		2.3	6.1		6.1
National Highway Traffic Safety Administration	10.0		10.0	11.4		11.4
Federal transit funds	12.8		12.8	13.7		13.7
Funding for Devils Lake area projects	43.8		43.8			
Federal fiscal stimulus funding - Highway infrastructure		\$170.1	170.1		\$19.3	19.3
Federal fiscal stimulus funding - Transit programs		0.2 <sup>1</sup>	0.2		4.8	4.8
<b>Total</b>	<b>\$603.5</b>	<b>\$170.3</b>	<b>\$773.8</b>	<b>\$656.9</b>	<b>\$24.1</b>	<b>\$681.0</b>

<sup>1</sup>Does not include \$5,041,000 of federal fiscal stimulus funding distributed directly to transit programs in metropolitan planning areas.

House Bill No. 1012 appropriates \$24,119,575 of federal fiscal stimulus funds to the Department of Transportation. Of this amount, \$14.13 million relates to a grant received to construct the North Central Regional Economic Growth Intermodal Port Connector project in Minot, \$5,189,575 is for transportation infrastructure project funds not spent during the 2009-11 biennium, and \$4.8 million is for grants for rural transit programs not distributed during the 2009-11 biennium.

The table below details the amount of federal funding allocated for state, county, city, and other purposes, including the amount of state matching funds required to receive federal funding for the 2009-11 and 2011-13 bienniums:

	2009-11 Biennium Estimate (In Millions)	2011-13 Biennium Estimate (In Millions)
Federal funding		
State projects	\$472.4	\$517.7
County projects	43.8	47.4
City projects	75.0	74.3
Other purposes, including transit, rail, and safety programs	12.3	17.5
<b>Total - Federal funding</b>	<b>\$603.5</b>	<b>\$656.9</b>
State funding		
Required funding match for state projects	\$88.0	\$101.6
Required funding match for county projects <sup>1</sup>	10.9	11.9
Required funding match for city projects <sup>1</sup>	14.3	14.1
Required funding match for other purposes	15.6	17.2
<b>Total - Required state matching funds</b>	<b>\$128.8</b>	<b>\$144.8</b>

<sup>1</sup>The Department of Transportation receives reimbursement from counties and cities for the required local funding match.

### **Other Sections in House Bill No. 1012**

**Line item transfers** - Section 8 allows the Department of Transportation to transfer funding between the salaries and wages, operating expenses, capital assets, and grants line items when it is cost-effective for the construction and maintenance of highways. The department is to notify the Office of Management and Budget of any transfers made.

**Legislative Management study of state airplanes** - Section 13 provides for a Legislative Management study of the use of state-owned airplanes, including the feasibility and desirability of requiring state airplanes to be managed by State Fleet Services.

### **Related Legislation**

**House Bill No. 1082** allows the Highway Patrol and Department of Transportation to enter a cooperative regional permit agreement with other states for the movement and routing of overweight and oversize vehicles.

**House Bill No. 1109** increases the fee for driver's license renewals from \$10 to \$15 and extends the driver's license renewal period from four years to six years for Class D operator's licenses.

**Senate Bill No. 2015** allows the Department of Transportation to design and procure or construct additional office space for motor vehicle branch offices during the 2011-13 biennium. The bill also provides for a \$100,000 transfer from the general fund to the public transportation fund during the 2011-13 biennium.

**Senate Bill No. 2207** imposes certain registration requirements for nonresidents operating motor vehicles in the state and provides legislative intent that the Department of Transportation is not to spend more than \$50,000 for a marketing and awareness campaign for the new requirements. The bill is estimated to increase deposits in the highway tax distribution fund by \$5,097,040 for the 2011-13 biennium.

## **SECTION I - CAPITAL CONSTRUCTION**

OVERVIEW	I-1
MAJOR NEW CAPITAL CONSTRUCTION PROJECTS	I-2
EXTRAORDINARY REPAIRS	I-4
CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING BALANCES	I-9
SALES TAX LIMITATION - BOND PAYMENTS	I-18

## CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

### CAPITAL PROJECTS

The Legislative Assembly provided funding of \$1,406,625,355 for capital projects as reflected in the following schedule:

	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page I-2	\$62,686,828	\$133,021,336	\$195,708,164
Extraordinary repairs - See the extraordinary repairs schedule on page I-4	21,804,868	15,149,812	36,954,680
Department of Transportation bond payments		1,189,239	1,189,239
Department of Transportation contractor payments	5,850,000	686,910,826	692,760,826
Department of Transportation emergency relief projects		120,000,000	120,000,000
Department of Transportation state roadway projects	228,600,000		228,600,000
State Water Commission bond payments		16,881,750	16,881,750
Water projects		88,711,828	88,711,828 <sup>1</sup>
Institutions of higher education special assessments	819,357		819,357
State agency special assessments	72,146	20,000	92,146
Payment in lieu of taxes	35,000	1,000,000	1,035,000 <sup>2</sup>
ConnectND bond payments		5,406,666	5,406,666
State Fair bond payments	210,000		210,000
Other bond payments - See the lease payment schedule on page I-9	17,025,451	1,230,248	18,255,699
<b>Total</b>	<b>\$337,103,650</b>	<b>\$1,069,521,705</b>	<b>\$1,406,625,355</b>

<sup>1</sup>This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project. In addition, the State Water Commission budget includes \$314.6 million for local cost-share and water project grants.

<sup>2</sup>This amount does not include payments in lieu of taxes of approximately \$405,000 estimated to be paid by Workforce Safety and Insurance in the 2011-13 biennium under the agency's continuing appropriation for building maintenance.

### LEASE PAYMENTS

The Legislative Assembly did not change the executive budget recommendation which included a total of \$17,025,451 from the general fund for 2011-13 biennium lease payments for repayment of notes issued to finance capital projects. Funding is included in the budgets for the North Dakota University System, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, branch research centers, Main Research Center, State Fair, and Veterans' Home.

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 2011-13 biennium is estimated to be \$34,236,400 based on projected sales, use, and motor vehicle excise tax collections included in the 2011-13 executive budget.

The Legislative Assembly did not approve any capital projects funded through bonded indebtedness that affect the bonding limit.

Please see the **Capital Construction Schedule of Lease Payments and Outstanding Principal Balances** for additional information.

**MAJOR NEW CAPITAL CONSTRUCTION FOR THE 2011-13 BIENNIUM**

Bill No.	Agency or Institution	Project	2011-13 Executive Budget Recommendations			2011-13 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
HB 1003	Bismarck State College (227)	Plant services building	\$1,500,000			\$1,500,000		
		Student Union renovation and addition (revenue bonds)		\$500,000	\$7,000,000		\$500,000	\$7,000,000
		National Energy Center of Excellence fourth floor project				3,300,000	1,035,000	
HB 1003	Lake Region State College (228)	Roof replacement projects				866,000		
HB 1003	Williston State College (229)	Campus improvements		1,500,000		1,000,000	500,000	
		Science laboratory remodel		1,320,000		1,320,000		
		Workforce training building project (revenue bonds)				500,000		1,725,000
HB 1003	University of North Dakota (UND) (230)	Energy and Environmental Research Center Slurry Building expansion		2,700,000			2,700,000	
		Joint North Dakota University System and UND information technology facility	11,200,000			12,500,000	8,000,000	
		University Townhome apartments (revenue bonds)			5,000,000			5,000,000
		Wilkerson Hall renovation and addition (revenue bonds)			14,000,000			14,000,000
HB 1003	North Dakota State University (NDSU) (235)	Flight operations center renovation					750,000	
		Bison Sports Arena renovation		29,100,000			29,100,000	
		Information technology infrastructure		2,000,000			2,000,000	
		Indoor practice facility		5,000,000			5,000,000	
HB 1003	State College of Science (238)	Forkner Hall renovation (revenue bonds)			5,000,000			5,000,000
		Frank Vertin football complex		1,500,000			1,500,000	
		Old Main renovation	8,180,000					
		Schulz Hall renovation (revenue bonds)			4,000,000			4,000,000
HB 1003	Dickinson State University (239)	Bisek Hall renovation and addition				10,300,000	200,000	
		Stoxen Library	8,800,000					
		Landscape plan (Phases 2 and 3 of 10-year plan)		800,000			800,000	
		Old Main classroom remodel		750,000			750,000	
HB 1003	Minot State University (241)	Resident apartments (revenue bonds)			3,500,000			3,500,000
		Food service remodeling project					1,500,000	
		Plant services building					600,000	
		Geothermal energy project				4,850,000	8,884,555	
		Lokken Field turf		815,000			815,000	
		Rhoades Science Center addition and renovation	7,971,000			10,300,000	200,000	
HB 1003	Dakota College at Bottineau (243)	Campus capital projects				700,000		
HB 1003	Forest Service (244)	Towner State Nursery greenhouse project					6,000	
HB 1007	Veterans' Home (313)	Heated storage area for new maintenance building		6,000			6,000	
SB 2012	Department of Human Services (325)	State Hospital capital projects (fire safety and electrical projects)	1,800,000			1,800,000		
HB 1006	Aeronautics Commission (412)	Terminal and wildlife fencing at International Peace Garden airport		230,000			230,000	
SB 2021	Workforce Safety and Insurance (485)	Backup generator for building		466,250			466,250	
HB 1011	Highway Patrol (504)	Emergency vehicle operations course	3,558,300	531,700				
HB 1015	Department of Corrections and Rehabilitation (530)	James River Correctional Center ET building - Cabinet unit ventilator	574,640			574,640		
		Youth Correctional Center - Utility tunnel roof and roadway improvements	43,328			43,328		
SB 2016	Adjutant General (540)	Federal construction projects		20,000,000			20,000,000	
		State Radio tower equipment	2,100,000			1,600,000		
HB 1020	NDSU Main Research Center (640)	Research greenhouse complex	6,991,650	2,502,931		6,991,650	2,502,931	
SB 2017	Game and Fish Department (720)	District office storage buildings		200,000			200,000	
		Land acquisition		800,000			800,000	
SB 2019	Parks and Recreation Department (750)	Garrison Bay marina dock purchase	240,000			240,000		
		Garrison Bay marina electrical and water systems	175,000			175,000		
		Grahams Island State Park access road five-foot grade raise	2,484,800	400,000		2,484,800	400,000	
		Grahams Island State Park campground expansion	350,000	350,000		350,000	350,000	
		Lewis and Clark State Park campground renovations	240,000			240,000		



	Lewis and Clark State Park road repairs	565,000		565,000	
	Little Missouri Bay showerhouse	90,000		90,000	
	Multiuse trail development	55,000	220,000	55,000	220,000
	Information technology Ethernet installation at various parks	99,410		99,410	
	International Peace Garden - Conservatory expansion			242,000	
HB 1012 Department of Transportation (801)	Land and buildings		2,780,600		2,780,600
Total 2011-13 executive budget recommendation		<u>\$57,018,128</u>	<u>\$74,472,481</u>	<u>\$38,500,000</u>	
Total 2011-13 legislative appropriations				<u>\$62,686,828</u>	<u>\$92,796,336</u>
					<u>\$40,225,000</u>

**EXTRAORDINARY REPAIRS FOR THE 2011-13 BIENNIUM**

Agency or Institution	2011-13 Executive Budget Recommendations			2011-13 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Office of Management and Budget (110)						
Capitol Café and hallway remodel		\$700,000	\$700,000		\$700,000	\$700,000
Exterior repairs to Capitol	\$2,800,000		2,800,000	\$2,800,000		2,800,000
Legislative wing brass and wood restoration		1,000,000	1,000,000		1,000,000	1,000,000
Capitol south entrance remodeling		900,000	900,000		900,000	900,000
Capitol grounds electrical system repairs	200,000		200,000	200,000		200,000
Capitol elevator panel replacement	38,000		38,000	38,000		38,000
Exterior signage for Capitol grounds		400,000	400,000			0
Improvements to the Liberty Memorial Building	650,000		650,000	650,000		650,000
Capitol mechanical repairs	390,000		390,000	390,000		390,000
Capitol grounds parking lot repairs	400,000		400,000	1,200,000		1,200,000
Total - Office of Management and Budget	\$4,478,000	\$3,000,000	\$7,478,000	\$5,278,000	\$2,600,000	\$7,878,000
Bismarck State College (227)						
Infrastructure repairs	\$212,000		\$212,000	\$212,000		\$212,000
Building exterior	175,000		175,000	175,000		175,000
Miscellaneous small projects less than \$50,000	30,673		30,673	30,673		30,673
Total - Bismarck State College	\$417,673		\$417,673	\$417,673		\$417,673
Lake Region State College (228)						
Building exterior	\$73,367		\$73,367	\$73,367		\$73,367
Mechanical and electrical upgrades	82,000		82,000	82,000		82,000
Total - Lake Region State College	\$155,367		\$155,367	\$155,367		\$155,367
Williston State College (229)						
Interior finishes	\$197,801		\$197,801	\$197,801		\$197,801
Total - Williston State College	\$197,801		\$197,801	\$197,801		\$197,801
University of North Dakota (230)						
Building exterior maintenance	\$747,000		\$747,000	\$747,000		\$747,000
Interior finishes	225,000		225,000	225,000		225,000
Mechanical and electrical upgrades	732,500		732,500	732,500		732,500
Miscellaneous small projects under \$50,000	264,650		264,650	264,650		264,650
Paving and area lighting	725,545		725,545	725,545		725,545
Structural repairs	840,171		840,171	840,171		840,171
Utilities and infrastructure	876,700		876,700	876,700		876,700
Total - University of North Dakota	\$4,411,566		\$4,411,566	\$4,411,566		\$4,411,566

North Dakota State University (235)				
Building exterior maintenance	\$750,000	\$750,000	\$750,000	\$750,000
Interior finishes	100,000	100,000	100,000	100,000
Mechanical and electrical upgrades	750,000	750,000	750,000	750,000
Miscellaneous small projects under \$50,000	332,244	332,244	332,244	332,244
Paving and area lighting	200,000	200,000	200,000	200,000
Structural repairs	100,000	100,000	100,000	100,000
Utilities and infrastructure	500,000	500,000	500,000	500,000
Total - North Dakota State University	\$2,732,244	\$2,732,244	\$2,732,244	\$2,732,244
State College of Science (238)				
Building exterior	\$350,000	\$350,000	\$350,000	\$350,000
Mechanical and electrical upgrade	125,000	125,000	125,000	125,000
Interior finishes	200,000	200,000	200,000	200,000
Paving and area lighting	55,000	55,000	55,000	55,000
Utilities and infrastructure	45,000	45,000	45,000	45,000
Miscellaneous small projects less than \$5,000	237,379	237,379	237,379	237,379
Total - State College of Science	\$1,012,379	\$1,012,379	\$1,012,379	\$1,012,379
Dickinson State University (239)				
Interior finishes	\$53,708	\$53,708	\$53,708	\$53,708
Mechanical and electrical upgrades	176,000	176,000	176,000	176,000
Miscellaneous projects under \$50,000	79,370	79,370	79,370	79,370
Utilities and infrastructure	100,000	100,000	100,000	100,000
Total - Dickinson State University	\$409,078	\$409,078	\$409,078	\$409,078
Mayville State University (240)				
Building exterior maintenance	\$179,496	\$179,496	\$179,496	\$179,496
Miscellaneous projects under \$50,000	179,496	179,496	179,496	179,496
Total - Mayville State University	\$358,992	\$358,992	\$358,992	\$358,992
Minot State University (241)				
Interior finishes	\$299,620	\$299,620	\$299,620	\$299,620
Mechanical and electrical upgrades	500,000	500,000	500,000	500,000
Paving and area lighting	50,000	50,000	50,000	50,000
Utilities and infrastructure	50,000	50,000	50,000	50,000
Total - Minot State University	\$899,620	\$899,620	\$899,620	\$899,620
Valley City State University (242)				
Building exterior maintenance	\$40,000	\$40,000	\$40,000	\$40,000
Interior finishes	100,000	100,000	100,000	100,000
Mechanical and electrical upgrades	100,000	100,000	100,000	100,000
Miscellaneous small projects under \$50,000	52,319	52,319	52,319	52,319
Paving and lighting	20,000	20,000	20,000	20,000
Special assessments	26,000	26,000	26,000	26,000
Structural repairs	50,000	50,000	50,000	50,000
Utilities and infrastructure	20,000	20,000	20,000	20,000
Total - Valley City State University	\$408,319	\$408,319	\$408,319	\$408,319

Dakota College at Bottineau (243)						
Building exterior maintenance	\$10,000		\$10,000	\$10,000		\$10,000
Interior finishes	5,782		5,782	5,782		5,782
Mechanical and electrical upgrades	21,000		21,000	21,000		21,000
Miscellaneous small projects under \$50,000	49,000		49,000	49,000		49,000
Paving and area lighting	10,000		10,000	10,000		10,000
Structural repairs	9,725		9,725	9,725		9,725
Utilities and infrastructure	10,000		10,000	10,000		10,000
Total - Dakota College at Bottineau	\$115,507		\$115,507	\$115,507		\$115,507
Forest Service (244)						
Miscellaneous small projects under \$50,000	\$41,543		\$41,543	\$41,543		\$41,543
Total - Forest Service	\$41,543		\$41,543	\$41,543		\$41,543
School for the Deaf (252)						
Apartment building and garage demolition	\$2,600	\$14,400	\$17,000	\$2,600	\$14,400	\$17,000
Blackhurst Dormitory repairs		250,400	250,400		250,400	250,400
Kitchen/dining repairs	101,200		101,200	101,200		101,200
School building repairs		520,200	520,200		520,200	520,200
Gym roof repair		59,730	59,730		59,730	59,730
Utility transformer repair		50,000	50,000		50,000	50,000
Total - School for the Deaf	\$103,800	\$894,730 <sup>1</sup>	\$998,530	\$103,800	\$894,730 <sup>1</sup>	\$998,530
North Dakota Vision Services - School for the Blind (253)						
Base budget extraordinary repairs	\$7,453	\$32,047	\$39,500	\$7,453	\$32,047	\$39,500
Total - North Dakota Vision Services - School for the Blind	\$7,453	\$32,047	\$39,500 <sup>2</sup>	\$7,453	\$32,047	\$39,500
State Department of Health (301)						
Repairs to the laboratory building and Environmental Training Center		\$316,329	\$316,329		\$316,329	\$316,329
Total - State Department of Health		\$316,329	\$316,329		\$316,329	\$316,329
Veterans' Home (313)						
Irrigation system for new site		\$187,000	\$187,000		\$187,000	\$187,000
Landscaping around new facility	\$25,000		25,000	25,000		25,000
Mill, overlay, and new truck road		65,000	65,000		65,000	65,000
Repair irrigation system on current grounds	55,000		55,000	55,000		55,000
Reshape and grade oxbow	46,500	30,000	76,500	46,500	30,000	76,500
Side and shingle three-stall garage		7,000	7,000		7,000	7,000
Streetlighting		55,000	55,000		55,000	55,000
Move gazebo					75,000	75,000
Total - Veterans' Home	\$126,500	\$344,000	\$470,500	\$126,500	\$545,500	\$545,500

Department of Human Services (325)						
Parking lot repairs - Southeast Human Service Center	\$35,671		\$35,671	\$35,671		\$35,671
State Hospital extraordinary repairs	733,650		733,650	733,650		733,650
Developmental Center extraordinary repairs	579,469		579,469	579,469		579,469
Total - Department of Human Services	\$1,348,790		\$1,348,790	\$1,348,790		\$1,348,790
Aeronautics Commission (412)						
Runway rejuvenation at the International Peace Garden airport		\$100,000	\$100,000		\$100,000	\$100,000
Total - Aeronautics Commission		\$100,000	\$100,000		\$100,000	\$100,000
Department of Corrections and Rehabilitation (530)						
State Penitentiary repair and maintenance projects	\$173,940		\$173,940	\$173,940		\$173,940
James River Correctional Center repair and maintenance projects	446,300		446,300	248,050		248,050
Missouri River Correctional Center repair and maintenance projects	45,000		45,000			0
Youth Correctional Center repair and maintenance projects	319,500		319,500	319,500		319,500
Total - Department of Corrections and Rehabilitation	\$984,740		\$984,740	\$741,490		\$741,490
Adjutant General (540)						
Extraordinary repairs at state-supported buildings	\$385,381	\$5,000,000	\$5,385,381	\$325,381	\$5,000,000	\$5,325,381
Total - Adjutant General	\$385,381	\$5,000,000	\$5,385,381	\$325,381	\$5,000,000	\$5,325,381
State Seed Department (616)						
Extraordinary repairs		\$165,692	\$165,692		\$165,692	\$165,692
Total - State Seed Department		\$165,692	\$165,692		\$165,692	\$165,692
North Dakota State University Main Research Center (640)						
Building exterior repairs	\$268,093		\$268,093	\$268,093		\$268,093
Mechanical and electrical repairs	268,093		268,093	268,093		268,093
Interior repairs	268,093		268,093	268,093		268,093
Structural repairs	134,047		134,047	134,047		134,047
Paving and area lighting	134,046		134,046	134,046		134,046
Utilities and infrastructure	268,093		268,093	268,093		268,093
Total - North Dakota State University Main Research Center	\$1,340,465		\$1,340,465	\$1,340,465		\$1,340,465
State Historical Society (701)						
Fort Abercrombie bank stabilization	\$350,000	\$650,000	\$1,000,000	\$350,000	\$650,000	\$1,000,000
Historic site exhibits	90,000		90,000	90,000		90,000
Historic site repairs	306,000		306,000	306,000		306,000
Total - State Historical Society	\$746,000	\$650,000	\$1,396,000	\$746,000	\$650,000	\$1,396,000

Game and Fish Department (720)					
Department facility repairs		\$300,000	\$300,000	\$300,000	\$300,000
Fishing area projects		875,000	875,000	875,000	875,000
Wildlife management area improvements		290,170	290,170	290,170	290,170
Total - Game and Fish Department		<u>\$1,465,170</u>	<u>\$1,465,170</u>	<u>\$1,465,170</u>	<u>\$1,465,170</u>
Parks and Recreation Department (750)					
Amphitheater rehabilitation at various sites	\$60,000		\$60,000	\$60,000	\$60,000
Boundary fences at various sites	39,500		39,500	39,500	39,500
Sewer lift repairs at various sites	25,000		25,000	25,000	25,000
Statewide multiuse trail rehabilitation	30,000		30,000	30,000	30,000
Beaver Lake State Park repair and maintenance projects	78,500		78,500	78,500	78,500
Cross Ranch State Park repair and maintenance projects	69,500		69,500	69,500	69,500
Fort Abraham Lincoln State Park repair and maintenance projects	75,000		75,000	75,000	75,000
Fort Ransom State Park repair and maintenance projects	88,000		88,000	88,000	88,000
Fort Stevenson State Park repair and maintenance projects	47,800		47,800	47,800	47,800
Icelandic State Park repair and maintenance projects	35,100		35,100	35,100	35,100
Little Missouri State Park repair and maintenance projects	30,000		30,000	30,000	30,000
Lake Metigoshe State Park repair and maintenance projects	49,000		49,000	49,000	49,000
Lake Sakakawea State Park repair and maintenance projects	85,000		85,000	85,000	85,000
Turtle River State Park repair and maintenance projects	41,000		41,000	41,000	41,000
Total - Parks and Recreation Department	<u>\$753,400</u>		<u>\$753,400</u>	<u>\$753,400</u>	<u>\$753,400</u>
Department of Transportation (801)					
Asbestos abatement in Highway Building		\$2,463,544	\$2,463,544	\$2,463,544	\$2,463,544
Miscellaneous district improvements		916,800	916,800	916,800	916,800
Total - Department of Transportation		<u>\$3,380,344</u>	<u>\$3,380,344</u>	<u>\$3,380,344</u>	<u>\$3,380,344</u>
Total 2011-13 executive budget recommendation - Extraordinary repairs	<u>\$21,434,618</u>	<u>\$15,348,312</u>	<u>\$36,782,930</u>	<u>\$21,804,868</u>	<u>\$15,149,812</u>

<sup>1</sup> Of the \$894,730 provided from special funds for extraordinary repairs at the School for the Deaf, \$835,000 consists of a transfer from the general fund to the school's operating fund of carryover funding from the 2009-11 biennium provided for the remodel of the Trades Building.

<sup>2</sup> The executive recommendation for the North Dakota Vision Services - School for the Blind also included contingent funding of \$150,000 to remodel the school building. The funding was contingent on the current tenant not renewing a lease set to expire in June 2012 and was available only to the extent improvements were necessary to accommodate a new tenant. The agency reported to the 2011 Legislative Assembly that the current tenant would continue through the 2011-13 biennium and the contingent funding was removed.

## 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, 2009	Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013
				2007-09 Actual Payments	2009-11 Actual Payments	2011-13 Estimated Payments			
1985 Legislative Assembly approved: Developmental Center - Renovations (\$3,900,000) State Penitentiary - Phase II 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	\$2,018,514	\$1,838,699	\$0	\$2,695,000	\$0	\$0
1991 Legislative Assembly approved: Department of Human Services - Southeast Human Service Center (\$2,475,000)									
1989 Legislative Assembly approved: North Dakota State University (NDSU) - Computer Center (\$5,375,000) University of North Dakota (UND) - United Hospital north unit (\$1,720,000) State College of Science - Agricultural mechanics building (\$2,916,000) UND - Abbott Hall addition (\$3,300,000)	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 <sup>1</sup>	5,847,795	0	0	0	0	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013
				2007-09 Actual Payments	2009-11 Actual Payments	2011-13 Estimated Payments			
Minot State University - Library (\$7,728,000)									
State Board of Higher Education - Selected handicapped accessibility projects (\$1,600,000)									
State Penitentiary - Phase III 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 <sup>2</sup>	10,665,000	2,285,223	2,296,973	2,380,520	6,150,000	4,180,000	2,060,000
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)									



Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013
				2007-09 Actual Payments	2009-11 Actual Payments	2011-13 Estimated Payments			
1995 Legislative Assembly approved: Bismarck State College - Science and mathematics center (\$8,060,000) UND - Abbott Hall renovations (\$2,371,769) NDSU - Emission control renovations on power plant (\$2,145,000) Dickinson State University - Klinefelter Hall renovations (\$2,750,000)	2002 Series D lease revenue refunding bonds used to refund 1995 Series A North Dakota Building Authority revenue bonds (3% to 4.5% - 15-year bonds) (2017)	15,326,769 <sup>3</sup>	16,425,000	2,884,467	2,868,259	2,996,490	10,145,000	7,915,000	5,495,000
1997 Legislative Assembly approved: State College of Science - Bute Gym remodeling (\$1,700,000) Minot State University - Moore Hall renovation (\$4,000,000) Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)	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 <sup>4,5</sup>	9,750,000	1,946,503	1,631,463	1,999,800	8,430,000	7,330,000	5,800,000
1999 Legislative Assembly approved: NDSU - Animal facility (\$2,207,500) Youth Correctional Center - Pine Cottage (\$1,475,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013
				2007-09 Actual Payments	2009-11 Actual Payments	2011-13 Estimated Payments			
1997 Legislative Assembly approved: UND - 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 <sup>6</sup>	3,400,000	725,645	0	0	0	0	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) - Remaining 2001 Series A North Dakota Building Authority revenue bonds (4.13% to 4.35%) (2010)	10,850,000 <sup>7</sup>	9,770,000	1,926,170	1,862,150	2,073,025	10,855,000	9,650,000	8,325,000
2001 Legislative Assembly approved: Minot State University - Old Main renovation (\$7,850,000)									
2001 Legislative Assembly approved: State Department of Health - Laboratory addition (\$2,700,000) Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	2002 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds) (2022)	5,002,000 <sup>8</sup>	6,035,000	899,554	853,196	286,512	5,000,000	0	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013
				2007-09 Actual Payments	2009-11 Actual Payments	2011-13 Estimated Payments			
2003 Legislative Assembly approved: State Department of Health - Morgue and storage annex (\$960,000) Department of Corrections and Rehabilitation - James River Correctional Center food service/laundry renovations - Phase II (\$2,662,890) Dickinson State University - Murphy Hall - Phase I addition (\$5,882,047) Mayville State University - Steamline replacement - Phase II (\$1,355,000) Valley City State University - Graichen Gymnasium elevator and emergency exits (\$785,300)	2003 Series B North Dakota Building Authority revenue bonds (4.09% - 20-year bonds) (2023)	11,645,237 <sup>9</sup>	13,080,000 <sup>10</sup>	1,952,986	2,023,087	2,048,541	10,930,000	9,680,000	8,350,000
2005 Legislative Assembly approved: Office of Management and Budget - Fire suppression system (\$3,155,000) Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691) NDSU - Hazardous material handling and storage facility (\$3,500,000)	2005 Series A North Dakota Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000 <sup>11</sup>	910,805	5,338,237	6,081,260	37,955,000	34,500,000	30,740,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013
				2007-09 Actual Payments	2009-11 Actual Payments	2011-13 Estimated Payments			
State College of Science - Electrical distribution (\$736,000)									
Dickinson State University - 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)									
Department of Corrections and Rehabilitation - James River Correctional Center programs building code improvements (\$584,000)									
North Central Research Center - Agronomy laboratory and greenhouse (\$440,000)									
Central Grasslands Research Center - Office addition (\$270,000)									
Main Research Center - Greenhouse complex (\$2,000,000)									
State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013
				2007-09 Actual Payments	2009-11 Actual Payments	2011-13 Estimated Payments			
State Historical Society and Heritage Center - Research collections expansion (\$5,500,000)									
Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									
2005 Legislative Assembly approved:									
Veterans' Home (\$2,355,000) - Series A	2010 Series A taxable facilities improvement bonds (recovery zone economic development bonds) (3.5% to 6.25% - 20-year bonds) (2030)	0	0	0	0	142,615	0	2,355,000	2,355,000
Veterans' Home (\$630,000) - Series B	2010 Series B North Dakota Building Authority facilities improvement bonds (2% to 4% - 11-year bonds) - Used to fund a portion of the Veterans' Home project and refund a portion of the 2002 Series A Bond - Job Service North Dakota and State Department of Health (2022)	0	0	0	48,185	909,226	0	4,910,000	4,275,000
Total		\$144,870,815	\$133,565,000	\$21,397,662	\$18,760,249	\$18,917,989	\$92,160,000	\$80,520,000	\$67,400,000
Breakdown of payments									
General fund				\$19,091,733 <sup>12</sup>	\$17,036,153 <sup>12</sup>	\$17,025,273 <sup>12</sup>			
Agency contributions				2,305,929	1,724,096	1,892,716			
Total				\$21,397,662	\$18,760,249	\$18,917,989			

<sup>1</sup>House Bill No. 1037 (1989) included a section stating that it was the intent of the Legislative Assembly that up to a total of \$4.4 million from non-general fund sources be used to assist in the retirement of the debt incurred to finance the construction projects. The non-general fund sources will be the college development foundation at UND, NDSU, and the 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 2007-09 Biennium
NDSU	Computer technology transfer center	\$1,343,000	\$1,343,000
State College of Science	Agricultural mechanics technology facility	300,000	300,000
UND	Abbott Hall addition	825,000	825,000
Minot State University	Library facility	1,932,000	1,932,000
Total		\$4,400,000	\$4,400,000

In addition to the \$5.375 million appropriated from bond proceeds for the NDSU computer center, House Bill No. 1037 also appropriated \$5.375 million from federal or other funds. The total amount appropriated for the project was \$10.75 million.

House Bill No. 1669 (1989) appropriated up to \$6.2 million for State Penitentiary Phase III construction from loan notes less the insurance proceeds received in the Penitentiary's fire loss of \$1.2 million.

Senate Bill No. 2096 (1989) authorized the issuance of bonds in the amount of \$1.169 million 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.

<sup>2</sup>House Bill No. 1020 (1993) included a section stating that up to a total of \$1.99 million 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 \$1.99 million by each entity is as follows:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium
Minot State University	Library renovation	\$255,000	\$255,000
Job Service North Dakota	Grand Forks office building	1,735,000	
Total		\$1,990,000	\$255,000

In addition to the \$2.55 million 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 \$7.35 million.

Job Service North Dakota makes the entire bond payment, principal and interest, on the \$1.735 million for the Grand Forks office building.

<sup>3</sup>Senate Bill No. 2030 (1995) included a section stating that up to a total of \$2,206,769 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$2,206,769 by each institution is as follows:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium
Bismarck State College	Science and mathematics center	\$1,060,000	\$1,060,000
UMD	Abbott Hall renovation	871,769	871,769
Dickinson State University	Klinefelter Hall renovation	275,000	275,000
Total		\$2,206,769	\$2,206,769

In addition to the \$2,371,769 appropriated from bond proceeds for the UND 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.

<sup>4</sup>Senate Bill No. 2003 (1997) included a section stating that up to a total of \$300,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the renovation of Bute Gym. The bill also authorized an animal research facility at NDSU and a renovation to the Ed James Wing of the medical school building at UND. 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).

<sup>5</sup>House Bill No. 1022 (1999) authorized an animal research facility at NDSU, renovation of Pine Cottage at the Youth Correctional Center, and the 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 NDSU 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 million.

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 million.

<sup>6</sup>In addition to the \$3 million appropriated from bond proceeds for the UND 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.

<sup>7</sup>House Bill No. 1022 (1999) included a section stating that up to a total of \$3 million from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the \$3 million, \$1.5 million is to be provided for the project before construction may begin, and the remaining \$1.5 million is to be paid in 10 annual payments of \$150,000. Because \$1.5 million 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 \$1.5 million by the end of the 2009-11 biennium.

Senate Bill No. 2023 (2001) included a section stating that \$2.299 million 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 2 annual payments being \$315,000 and each of the remaining 8 annual payments being \$208,625. Minot State University will have paid \$1,881,750 by the end of the 2009-11 biennium with \$417,250 remaining.

<sup>8</sup>Senate Bill No. 2023 (2001) included a section stating that \$2.302 million (Job Service North Dakota) and \$1.755 million (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.

<sup>9</sup>House Bill No. 1023 (2003) appropriated \$4,237,755 of special funds for the issuance of bonds for projects at the State Department of Health and the Department of Corrections and Rehabilitation. Of 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 also provided \$250,000 during the 2005-07 biennium to assist in the retirement of the bonds.

<sup>10</sup>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.

<sup>11</sup>Senate 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) began 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.

<sup>12</sup>North Dakota Century Code Section 54-17.2-23 provided that 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The 1993 Legislative Assembly repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 percent to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 1995 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 1997 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 11 percent of a 1 percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 2001 Legislative Assembly clarified the statute to provide that the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session.

**SALES TAX LIMITATION - BOND PAYMENTS**

The following table shows the projected fund portion of the bond payments for the 2009-11 through the 2017-19 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 February 2009 revenue forecast for the 2009-11 biennium and the February 2011 revenue forecast with a 4 percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

<b>Biennium</b>	<b>Total Payments</b>	<b>Other Funds</b>	<b>General Fund</b>	<b>10 Percent of Equivalent of 1 Percent</b>	<b>Estimated Excess General Fund Resources Available for Bond Payments</b>
2009-11	\$18,760,249*	\$1,724,096	\$17,036,153	\$28,034,880	\$10,998,727
2011-13	\$18,917,989*	\$1,892,716	\$17,025,273	\$34,236,400	\$17,211,127
2013-15	\$17,618,445*	\$1,318,534	\$16,299,911	\$35,605,856	\$19,305,945
2015-17	\$14,977,509*	\$1,123,359	\$13,854,150	\$37,030,090	\$23,175,940
2017-19	\$12,940,016*	\$1,167,158	\$11,772,858	\$38,511,294	\$26,738,436

\*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 2003 Series A bond issuances were paid off during the 2007-09 biennium, and the 1998 Series B bond issuance will be paid off during the 2009-11 biennium. The 2002 Series A was refunded in late 2010. During the 2013-15 biennium, the 2002 Series C bond issue will be paid off. During the 2015-17 biennium, the 2002 Series D bond issue will be paid off. During the 2017-19 biennium, the 2006 Series A bond issue will be paid off.



## **SECTION J - STATE EMPLOYEES**

OVERVIEW	J-1
ANALYSIS OF FTE CHANGES	J-3
NUMBER OF STATE EMPLOYEES - HISTORY	J-8
ANALYSIS OF STATE EMPLOYEE SALARY INCREASES	J-10
ANALYSIS OF ELECTED OFFICIALS' SALARIES	J-13
COST OF SALARY AND HEALTH INSURANCE INCREASES HISTORY	J-14

# STATE EMPLOYEES - OVERVIEW

## SALARY INCREASE

The Legislative Assembly provided funding in each agency's appropriation bill and included provisions in Senate Bill No. 2015 for state employee salary increases equal to an average of 3 percent of salaries effective July 1, 2011, and 3 percent effective July 1, 2012. Salary increases for nonclassified state employees 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 provided that state classified employees' compensation adjustments be based on guidelines developed by the Office of Management and Budget (OMB). The Legislative Assembly provided that OMB establish the external competitiveness target for the classified state employee compensation system based on the funding provided for classified state employee compensation. The Office of Management and Budget must develop guidelines for use by state agencies for providing compensation adjustments for classified state employees in the 2011-13 biennium in accordance with the compensation philosophy statement and compensation initiatives included in House Bill No. 1031 (2011) and the external competitiveness target as determined by OMB.

## COMPENSATION PHILOSOPHY STATEMENT

The Legislative Assembly approved House Bill No. 1031 which creates a new section to North Dakota Century Code Chapter 54-44.3 providing for a compensation philosophy statement.

The compensation philosophy statement provides that the compensation program for classified state employees be designed to recruit, retain, and motivate a quality workforce for the purpose of providing efficient and effective services to the citizens of North Dakota. The compensation program is to include a competitive employee compensation package, be based on principles of fairness and equity, and include a consistent compensation policy which allows for multiple pay structures to address varying occupational specialties. The program must set the external competitiveness target for salary range midpoints at a competitive level of relevant labor markets, defined as the labor markets from which the state attracts employees in similar positions and the labor markets to which the state loses employees in similar positions. The compensation program must include a process for providing compensation adjustments that considers a combination of factors, including achievement of performance objectives or results, competency determinations, recognition of changes in job content, and acquisition and application of advanced skills or knowledge.

## RETIREMENT CONTRIBUTIONS

The Legislative Assembly did not change the executive recommendation for an increase in contributions to the retirement system of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, it is recommended that employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent.

## EQUITY ADJUSTMENTS

The 2011 Legislative Assembly provided compensation equity adjustments for selected agencies of \$1,251,832. Of the \$1,251,832, \$651,832 is from the general fund and \$600,000 is from special funds as follows:

- Attorney General's office--\$125,000 from the general fund--salary increases available upon certification completion for personnel advancement.
- Industrial Commission--\$502,832 from the general fund--salary equity increases primarily for geologists and petroleum engineers.
- State Treasurer--\$24,000 from the general fund--salary increases for employee reclassifications.
- Department of Transportation--\$600,000 from special funds--optional market salary adjustments primarily for heavy equipment operators and highway maintenance personnel.

## HIGHER EDUCATION

The Legislative Assembly authorized, in Section 13 of House Bill No. 1003, the State Board of Higher Education to adjust 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 OMB prior to the submission of the 2013-15 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 provided to the North Dakota University System. The 2011-13 legislative appropriation for the University System includes funding for parity to provide for inflationary costs, including the general fund share of 3 percent annual salary increases and health insurance premium increases.

## ELECTED AND APPOINTED OFFICIALS

The Legislative Assembly provided funding for elected and appointed officials' salary increases equal to 3 percent of salaries effective July 1, 2011,

and 3 percent effective July 1, 2012. Specific language regarding the salary increases is included in Senate Bill No. 2015, and the statutory changes necessary are included in the respective elected officials' appropriation bills.

### JUDICIAL BRANCH

The Legislative Assembly approved a 3 percent salary increase effective July 1, 2011, and a 3 percent salary increase effective July 1, 2012, for Supreme Court justices and district court judges. 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 3 percent of salaries effective July 1, 2011, and 3 percent of salaries effective July 1, 2012. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

### HEALTH INSURANCE

The Legislative Assembly continued to provide funding for the cost of health insurance premiums for state employees. The appropriations provide \$886.62 per month for employee health insurance (an increase of \$60.96, or 7.4 percent, compared to the 2009-11 premium of \$825.66). 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
2009-11	\$826
2011-13	\$887

### EMPLOYEE ASSISTANCE PROGRAM

The Legislative Assembly approved an increase in the monthly rate for the employee assistance program of \$.12 from the 2009-11 rate of \$1.42 per month to \$1.54 per month.

### TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes for the 2011-13 biennium:

	General Fund	Special Funds	Total
Salary increase - 3% July 2011 and 3% July 2012	\$23,920,117	\$20,892,142	\$44,812,259
Employee assistance program increase	14,680	12,172	26,852
Health insurance premium increase	7,179,809	5,995,847	13,175,656
State share of the retirement contribution increase 1%, excluding higher education	4,845,355	4,218,195	9,063,550
Equity adjustment for selected agencies to address salary equity issues	651,832	600,000	1,251,832
<b>Total</b>	<b>\$36,611,793</b>	<b>\$31,718,356</b>	<b>\$68,330,149</b>

### FULL-TIME EQUIVALENT POSITIONS

The legislative appropriations for the 2011-13 biennium include total funding for 11,234.67 FTE positions, 59.03 FTE positions more than the 2009-11 authorized level and 22.40 FTE positions less 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 <sup>1</sup>	(859.45) <sup>1</sup>	(7.1%)
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 <sup>2</sup>	(874.74) <sup>2</sup>	(7.5%)
2005-07	10,632.10	(154.33)	(1.4%)
2007-09	10,964.76	332.66	3.1%
2009-11	11,175.64	210.88	1.9%
2011-13	11,234.67	59.03	0.5%

<sup>1</sup>Reflects the sale of the University of North Dakota Rehabilitation Hospital (a reduction of 286.2 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).

<sup>2</sup>The FTE count for higher education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

**ANALYSIS OF FTE POSITIONS AUTHORIZED BY THE 2011 LEGISLATIVE ASSEMBLY FOR THE 2011-13 BIENNIUM**

<u>Comparison to 2009-11</u>				<u>Comparison to Executive Recommendation</u>			
<b>2009-11 FTE Positions</b>	<b>2011-13 FTE Positions</b>	<b>Increase (Decrease)</b>	<b>Agency/FTE Increase (Decrease)</b>	<b>Executive Recommendation 2011-13 FTE Positions</b>	<b>2011-13 FTE Positions</b>	<b>Increase (Decrease)</b>	
<b>GENERAL GOVERNMENT</b>							
18.00	18.00	0.00	<b>101 - Governor's office</b>	18.00	18.00	0.00	
28.00	28.00	0.00	<b>108 - Secretary of State</b>	28.00	28.00	0.00	
132.50	131.50	(1.00)	<b>110 - Office of Management and Budget</b>	131.50	131.50	0.00	
328.20	326.30	(1.90)	<b>112 - Information Technology Department</b>	328.20	326.30	(1.90)	
51.80	50.80	(1.00)	<b>117 - State Auditor</b>	50.80	50.80	0.00	
7.00	7.00	0.00	<b>120 - State Treasurer</b>	7.00	7.00	0.00	
202.50	204.00 <sup>1</sup>	1.50	<b>125 - Attorney General</b>	202.50	204.00	1.50	
133.00	134.00	1.00	<b>127 - Tax Department</b>	133.00	134.00	1.00	
5.00	5.00	0.00	<b>140 - Office of Administrative Hearings</b>	5.00	5.00	0.00	
34.00	34.00	0.00	<b>160 - Legislative Council</b>	34.00	34.00	0.00	
342.00	344.00	2.00	<b>180 - Judicial branch</b>	346.00	344.00	(2.00)	
30.00	30.00	0.00	<b>188 - Commission on Legal Counsel for Indigents</b>	30.00	30.00	0.00	
17.00	18.00	1.00	<b>190 - Retirement and Investment Office</b>	18.00	18.00	0.00	
33.00	33.00	0.00	<b>192 - Public Employees Retirement System</b>	33.00	33.00	0.00	
<u>1,362.00</u>	<u>1,363.60</u>	<u>1.60</u>	<b>TOTAL GENERAL GOVERNMENT</b>	<u>1,365.00</u>	<u>1,363.60</u>	<u>(1.40)</u>	
<b>OTHER EDUCATION</b>							
99.75	99.75	0.00	<b>201 - Department of Public Instruction</b>	99.75	99.75	0.00	
21.75	24.75	3.00	<b>226 - Land Department</b>	24.75	24.75	0.00	
29.75	29.75	0.00	<b>250 - State Library</b>	29.75	29.75	0.00	
43.94	43.94	0.00	<b>252 - School for the Deaf</b>	43.94	43.94	0.00	
29.50	29.50	0.00	<b>253 - North Dakota Vision Services - School for the Blind</b>	29.50	29.50	0.00	

<u>Comparison to 2009-11</u>			<u>Comparison to Executive Recommendation</u>			
<b>2009-11 FTE Positions</b>	<b>2011-13 FTE Positions</b>	<b>Increase (Decrease)</b>	<b>Agency/FTE Increase (Decrease)</b>	<b>Executive Recommendation 2011-13 FTE Positions</b>	<b>2011-13 FTE Positions</b>	<b>Increase (Decrease)</b>
28.50	27.50	(1.00)	<b>270 - State Board for Career and Technical Education</b>	28.50	27.50	(1.00)
<u>253.19</u>	<u>255.19</u>	<u>2.00</u>	<b>TOTAL OTHER EDUCATION</b>	<u>256.19</u>	<u>255.19</u>	<u>(1.00)</u>
			<b>HEALTH AND WELFARE</b>			
343.50	344.00	0.50	<b>301 - State Department of Health</b>	343.50	344.00	0.50
4.00	5.00	1.00	<b>305 - Tobacco Prevention and Control Executive Committee</b>	4.00	5.00	1.00
120.72	120.72	0.00	<b>313 - Veterans' Home</b>	120.72	120.72	0.00
4.00	4.00	0.00	<b>316 - Indian Affairs Commission</b>	4.00	4.00	0.00
7.00	7.00	0.00	<b>321 - Department of Veterans' Affairs</b>	7.00	7.00	0.00
472.60	483.60	11.00	<b>325 - Department of Human Services (excluding State Hospital and Developmental Center)</b>	490.60	483.60	(7.00)
441.29	400.76	(40.53)	- Department of Human Services - Developmental Center	400.76	400.76	0.00
466.51	467.51	1.00	- Department of Human Services - State Hospital	467.51	467.51	0.00
836.48	837.48	1.00	- Department of Human Services - Human service centers	837.48	837.48	0.00
28.50	28.50	0.00	<b>360 - Protection and Advocacy Project</b>	28.50	28.50	0.00
284.05	261.76	(22.29)	<b>380 - Job Service North Dakota</b>	261.76	261.76	0.00
<u>3,008.65</u>	<u>2,960.33</u>	<u>(48.32)</u>	<b>TOTAL HEALTH AND WELFARE</b>	<u>2,965.83</u>	<u>2,960.33</u>	<u>(5.50)</u>
			<b>REGULATORY</b>			
45.50	45.50	0.00	<b>401 - Insurance Department</b>	50.50	45.50	(5.00)
61.06 <sup>2</sup>	74.06	13.00	<b>405 - Industrial Commission</b>	73.06	74.06	1.00
12.00	12.00	0.00	<b>406 - Labor Commissioner</b>	12.00	12.00	0.00
43.00	43.00	0.00	<b>408 - Public Service Commission</b>	43.00	43.00	0.00
6.00	6.00	0.00	<b>412 - Aeronautics Commission</b>	6.00	6.00	0.00
29.00	29.00	0.00	<b>413 - Department of Financial Institutions</b>	29.00	29.00	0.00
9.00	9.00	0.00	<b>414 - Securities Department</b>	9.00	9.00	0.00
176.50	176.50	0.00	<b>471 - Bank of North Dakota</b>	176.50	176.50	0.00
46.00	46.00	0.00	<b>473 - Housing Finance Agency</b>	46.00	46.00	0.00
131.00	131.00	0.00	<b>475 - Mill and Elevator Association</b>	135.00	131.00	(4.00)

<b>Comparison to 2009-11</b>			<b>Comparison to Executive Recommendation</b>			
<b>2009-11 FTE Positions</b>	<b>2011-13 FTE Positions</b>	<b>Increase (Decrease)</b>	<b>Agency/FTE Increase (Decrease)</b>	<b>Executive Recommendation 2011-13 FTE Positions</b>	<b>2011-13 FTE Positions</b>	<b>Increase (Decrease)</b>
247.14	247.14	0.00	<b>485 - Workforce Safety and Insurance</b>	247.14	247.14	0.00
<u>806.20</u>	<u>819.20</u>	<u>13.00</u>	<b>TOTAL REGULATORY</b>	<u>827.20</u>	<u>819.20</u>	<u>(8.00)</u>
			<b>PUBLIC SAFETY</b>			
194.00	194.00	0.00	<b>504 - Highway Patrol</b>	197.00	194.00	(3.00)
735.29	794.29	59.00	<b>530 - Department of Corrections and Rehabilitation</b>	802.29	794.29	(8.00)
232.00	242.00	10.00	<b>540 - Adjutant General</b>	242.00	242.00	0.00
<u>1,161.29</u>	<u>1,230.29</u>	<u>69.00</u>	<b>TOTAL PUBLIC SAFETY</b>	<u>1,241.29</u>	<u>1,230.29</u>	<u>(11.00)</u>
			<b>AGRICULTURE AND ECONOMIC DEVELOPMENT</b>			
68.00	68.25	0.25	<b>601 - Department of Commerce</b>	70.25	68.25	(2.00)
74.50 <sup>3</sup>	77.00	2.50	<b>602 - Agriculture Department</b>	74.50	77.00	2.50
30.00	30.00	0.00	<b>616 - State Seed Department</b>	30.00	30.00	0.00
52.30 <sup>4</sup>	52.30	0.00	<b>627 - Upper Great Plains Transportation Institute</b>	52.30	52.30	0.00
95.49 <sup>4</sup>	97.49	2.00	<b>628 - Branch research centers</b>	95.49	97.49	2.00
255.75 <sup>4</sup>	256.75	1.00	<b>630 - North Dakota State University Extension Service</b>	255.75	256.75	1.00
11.00 <sup>4</sup>	11.00	0.00	<b>638 - Northern Crops Institute</b>	11.00	11.00	0.00
329.26 <sup>4</sup>	333.26	4.00	<b>640 - Main Research Center</b>	329.26	333.26	4.00
3.00 <sup>4</sup>	3.00	0.00	<b>649 - Agronomy Seed Farm</b>	3.00	3.00	0.00
2.00	2.00	0.00	<b>670 - Racing Commission</b>	2.00	2.00	0.00
<u>921.30</u>	<u>931.05</u>	<u>9.75</u>	<b>TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT</b>	<u>923.55</u>	<u>931.05</u>	<u>7.50</u>
			<b>NATURAL RESOURCES AND HIGHWAYS</b>			
62.00	63.00	1.00	<b>701 - State Historical Society</b>	63.00	63.00	0.00
5.00	5.00	0.00	<b>709 - Council on the Arts</b>	5.00	5.00	0.00
157.00	157.00	0.00	<b>720 - Game and Fish Department</b>	157.00	157.00	0.00
53.00	54.00	1.00	<b>750 - Parks and Recreation Department</b>	54.00	54.00	0.00

<u>Comparison to 2009-11</u>				<u>Comparison to Executive Recommendation</u>		
<b>2009-11 FTE Positions</b>	<b>2011-13 FTE Positions</b>	<b>Increase (Decrease)</b>	<b>Agency/FTE Increase (Decrease)</b>	<b>Executive Recommendation 2011-13 FTE Positions</b>	<b>2011-13 FTE Positions</b>	<b>Increase (Decrease)</b>
86.00	87.00	1.00	<b>770 - State Water Commission</b>	87.00	87.00	0.00
1,054.50	1,063.50	9.00	<b>801 - Department of Transportation</b>	1,066.50	1,063.50	(3.00)
<u>1,417.50</u>	<u>1,429.50</u>	<u>12.00</u>	<b>TOTAL NATURAL RESOURCES AND HIGHWAYS</b>	<u>1,432.50</u>	<u>1,429.50</u>	<u>(3.00)</u>
<b>SUMMARY TOTALS</b>						
1,362.00	1,363.60	1.60	General Government	1,365.00	1,363.60	(1.40)
253.19	255.19	2.00	Other Education	256.19	255.19	(1.00)
3,008.65	2,960.33	(48.32)	Health and Welfare	2,965.83	2,960.33	(5.50)
806.20	819.20	13.00	Regulatory	827.20	819.20	(8.00)
1,161.29	1,230.29	69.00	Public Safety	1,241.29	1,230.29	(11.00)
921.30	931.05	9.75	Agriculture and Economic Development	923.55	931.05	7.50
1,417.50	1,429.50	12.00	Natural Resources and Highways	1,432.50	1,429.50	(3.00)
<u>8,930.13</u>	<u>8,989.16</u>	<u>59.03</u>	<b>TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)</b>	<u>9,011.56</u>	<u>8,989.16</u>	<u>(22.40)</u>
<b>HIGHER EDUCATION</b>						
23.30 <sup>5</sup>	23.30	0.00	<b>215 - North Dakota University System office</b>	23.30	23.30	0.00
111.51 <sup>5</sup>	111.51	0.00	<b>227 - Bismarck State College</b>	111.51	111.51	0.00
37.50 <sup>5</sup>	37.50	0.00	<b>228 - Lake Region State College</b>	37.50	37.50	0.00
43.42 <sup>5</sup>	43.42	0.00	<b>229 - Williston State College</b>	43.42	43.42	0.00
651.91 <sup>5</sup>	651.91	0.00	<b>230 - University of North Dakota</b>	651.91	651.91	0.00
137.43 <sup>5</sup>	137.43	0.00	<b>232 - University of North Dakota School of Medicine and Health Sciences</b>	137.43	137.43	0.00
584.88 <sup>5</sup>	584.88	0.00	<b>235 - North Dakota State University</b>	584.88	584.88	0.00
164.87 <sup>5</sup>	164.87	0.00	<b>238 - State College of Science</b>	164.87	164.87	0.00
92.96 <sup>5</sup>	92.96	0.00	<b>239 - Dickinson State University</b>	92.96	92.96	0.00
58.72 <sup>5</sup>	58.72	0.00	<b>240 - Mayville State University</b>	58.72	58.72	0.00
187.83 <sup>5</sup>	187.83	0.00	<b>241 - Minot State University</b>	187.83	187.83	0.00
90.37 <sup>5</sup>	90.37	0.00	<b>242 - Valley City State University</b>	90.37	90.37	0.00
34.81 <sup>5</sup>	34.81	0.00	<b>243 - Dakota College at Bottineau</b>	34.81	34.81	0.00
26.00 <sup>5</sup>	26.00	0.00	<b>244 - Forest Service</b>	26.00	26.00	0.00
<u>2,245.51</u>	<u>2,245.51</u>	<u>0.00</u>	<b>TOTAL HIGHER EDUCATION</b>	<u>2,245.51</u>	<u>2,245.51</u>	<u>0.00</u>
<u>11,175.64</u>	<u>11,234.67</u>	<u>59.03</u>	<b>TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)</b>	<u>11,257.07</u>	<u>11,234.67</u>	<u>(22.40)</u>

<sup>1</sup> House Bill No. 1269 (2011) appropriates \$585,859 of funding from the federal NICS Improvement Act to the Attorney General for 1.5 FTE positions to administer the provisions of the Act. The FTE positions must be terminated when grant funding is no longer available.

<sup>2</sup> The 2009-11 FTE positions for the Industrial Commission do not include 2 FTE positions that the agency hired, subject to Emergency Commission approval during the 2009-11 biennium, that were funded with funding from the lands and minerals trust fund due to the average drilling rig count exceeding 100 active rigs. The Industrial Commission received funding from the general fund for those positions for the 2011-13 biennium.

<sup>3</sup> The 2009-11 FTE positions for the Agriculture Commissioner include 1 FTE meat inspection position that the agency was authorized to hire subject to Emergency Commission approval. The department has not filled the position, but the position is included in the department's 2011-13 biennium budget as an existing position

<sup>4</sup> The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 8 of Senate Bill No. 2020 (2009):

	<b>2009-11 Legislative Authorization</b>	<b>Adjusted FTE Level</b>	<b>Variance</b>
Upper Great Plains Transportation Institute	53.95	52.30	(1.65)
Branch research centers	97.26	95.49	(1.77)
North Dakota State University Extension Service	268.63	255.75	(12.88)
Northern Crops Institute	11.20	11.00	(0.20)
Main Research Center	352.39	329.26	(23.13)
Agronomy Seed Farm	3.00	3.00	0.00
Total	<u>786.43</u>	<u>746.80</u>	<u>(39.63)</u>

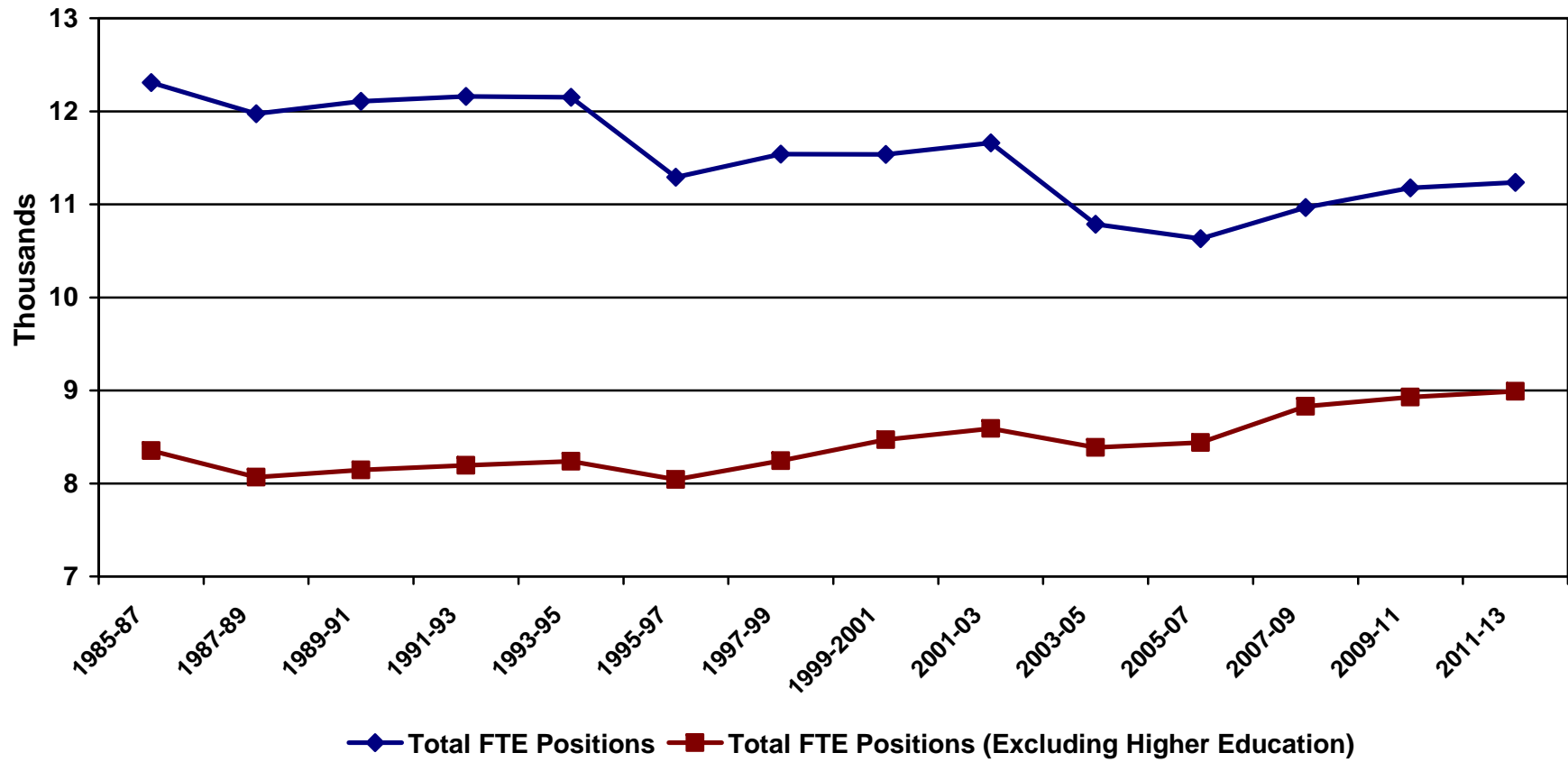
<sup>5</sup> The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 20 of Senate Bill No. 2003 (2009) to the level supported by the general fund:

	<b>2009-11 Legislative Authorization</b>	<b>Adjusted FTE Level</b>	<b>Variance</b>
North Dakota University System office	21.30	23.30	2.00
Bismarck State College	110.93	111.51	0.58
Lake Region State College	32.97	37.50	4.53
Williston State College	41.10	43.42	2.32
University of North Dakota	625.28	651.91	26.63
University of North Dakota School of Medicine and Health Sciences	144.92	137.43	(7.49)
North Dakota State University	515.76	584.88	69.12
State College of Science	157.24	164.87	7.63
Dickinson State University	91.10	92.96	1.86
Mayville State University	55.39	58.72	3.33
Minot State University	189.82	187.83	(1.99)
Valley City State University	86.86	90.37	3.51
Dakota College at Bottineau	31.75	34.81	3.06
Forest Service	27.00	26.00	(1.00)
Total	<u>2,131.42</u>	<u>2,245.51</u>	<u>114.09</u>



## NUMBER OF STATE EMPLOYEES - HISTORY

The following is a summary of the number of authorized state FTE employee positions for the 1985-87 through 2011-13 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 <sup>1</sup>	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 <sup>2</sup>	1,404.00	12,149.98	8,237.07
1995-97	1,004.42	313.38	3,249.13 <sup>3</sup>	3,103.11 <sup>4</sup>	665.50 <sup>4</sup>	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 <sup>5</sup>	308.19	3,068.64 <sup>6</sup>	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 <sup>7</sup>	245.60	2,400.38 <sup>8</sup>	2,852.80	767.37	995.18 <sup>7</sup>	878.65	1,379.75	10,786.43 <sup>9</sup>	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	2,993.75	783.51	1,136.29	939.93	1,407.00	10,964.76	8,828.17
2009-11	1,362.00	253.19	2,245.51	3,008.65	806.20	1,161.29	921.30	1,417.50	11,175.64	8,930.13
2011-13	1,363.60	255.19	2,245.51	2,960.33	819.20	1,230.29	931.05	1,429.50	11,234.67	8,989.16

<sup>1</sup>Reflects a phaseout of FTE positions at San Haven (258.47 FTE positions reduction) and a reduction of 46 FTE positions at the Grafton State School.

<sup>2</sup>Excludes 14.1 authorized FTE positions for commodity groups because 1993 House Bill No. 1203 provided statutory continuing appropriations for these agencies to spend funds they collect without a specific legislative appropriation.

<sup>3</sup>The state colleges and universities changed the formula for counting FTE teacher positions based on the number of months worked during the year. Those who worked 12 months were reduced from 1.2 FTE positions to 1 FTE position, and those who worked 9 months were reduced from 1 FTE position to .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.

<sup>4</sup>Job Service North Dakota and its 420.5 FTE positions were switched from **Regulatory** to **Health and Welfare**.

<sup>5</sup>The judicial branch added 129.5 FTE positions with the clerk of court unification.

<sup>6</sup>Reflects elimination of 203.3 FTE positions associated with local funds at the University of North Dakota School of Medicine and Health Sciences.

<sup>7</sup>Reflects 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.

<sup>8</sup>The FTE count for higher education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

<sup>9</sup>House Bill No. 1505 (2003) provided that on November 1, 2003, 24 FTE positions relating to information services, including electronic mail, file and print server administration, database 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 the University of North Dakota and North Dakota State University; 9.5% higher education faculty at other four-year universities; 7.3% higher education faculty at two-year colleges; 9.1% faculty at the medical school; administrative, professional, and classified employees at the institutions of higher education received increases averaging between 8.7% and 9.7%; 7.1% for all other state employees	4.8%
1990	7% higher education faculty at four-year universities, 5% higher education faculty at two-year colleges, 0% all other state employees	5.4%
1991	4% with a minimum of \$50 per month	4.2%
1992	\$40 per month	3.0%
1993	\$60 per month	3.0%
1994	3% (to the extent available from agency savings)	2.6%
1995	2%	2.8%
1996	3% (includes 1% for salary inequity correction and merit increases)	2.9%
1997	3% (includes 1.5% for salary inequity correction and merit increases)	2.3%
1998	3% (includes 1.5% for salary inequity correction and merit increases; in addition, the North Dakota 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%

Year	General Salary Increase Provided	Annual Inflation*
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%
2001 <sup>1</sup>	3% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.8%
2002 <sup>1</sup>	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 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 <sup>2</sup>	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)	2.9%
2008 <sup>2</sup>	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)	3.8%
2009 <sup>3</sup>	5% with a minimum of \$100 per month (salary increases are to be based on merit and equity and are not to be given across the board)	(0.3%)
2010 <sup>3</sup>	5% with a minimum of \$100 per month (salary increases are to be based on merit and equity and are not to be given across the board)	1.6% (projected)
2011 <sup>4</sup>	3% (Salary increases for nonclassified employees are to be based on merit and equity and are not to be given across the board. Salary increases for classified employees are to be based on guidelines developed by the Office of Management and Budget (OMB).)	2.1% (projected)
2012 <sup>4</sup>	3% (Salary increases for nonclassified employees are to be based on merit and equity and are not to be given across the board. Salary increases for classified employees are to be based on guidelines developed by OMB.)	2.0% (projected)

\*Percentage change, consumer price index annual rate, Economy.com

<sup>1</sup>In 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.

<sup>2</sup>In 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 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.

<sup>3</sup>In addition, the 2009 Legislative Assembly provided an appropriation of \$15,984,000, of which \$9 million is from the general fund, to OMB to address salary equity issues. House Bill No. 1015 provides for a statewide equity pool to be used for market equity compensation adjustments for classified and nonclassified state employees of executive branch agencies, institutions, and departments, excluding entities under the control of the State Board of Higher Education. The market equity increases are to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan must give priority to employees who have been employed by the state for the greatest length of time and are furthest below their salary range midpoint. The Office of Management and Budget, in developing the plan, is to consider employee pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming.

The 2009-11 legislative appropriation for the 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.

<sup>4</sup>In addition, the 2011 Legislative Assembly provided additional salary equity-related funding for the following agencies:

- Attorney General's office - \$125,000 from the general fund - Salary increases available upon certification completion for personnel advancement.
- Industrial Commission - \$502,832 from the general fund - Salary equity increases primarily for geologists and petroleum engineers.
- State Treasurer - \$24,000 from the general fund - Salary increases for employee reclassifications.
- Department of Transportation - \$600,000 from special funds - Optional market salary adjustments primarily for heavy equipment operators and highway maintenance personnel.

The 2011-13 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 3 percent per year salary increases and health insurance premium increases.

The 2011 Legislative Assembly provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, employees would pay 1 percent of the increased contribution and the state would pay the remaining 1 percent.

## ANALYSIS OF ELECTED OFFICIALS' SALARIES

The Legislative Assembly authorized 2011-13 biennium salary increases of 3 percent effective July 1, 2011, and 3 percent effective July 1, 2012, for elected officials. Judges and justices were provided a 3 percent increase effective July 1, 2011, and a 3 percent increase effective July 1, 2012. 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 2009 Legislative Assembly and by the 2011 Legislative Assembly.

State Official	Statutory Annual Salary Authorized by 2009 Legislative Assembly		Statutory Annual Salary Authorized by 2011 Legislative Assembly	
	Effective July 1, 2009	Effective July 1, 2010	Effective July 1, 2011	Effective July 1, 2012
Governor	\$105,034	\$110,285	\$113,594	\$117,001
Lieutenant Governor	\$81,538	\$85,615	\$88,183	\$90,829
Secretary of State	\$83,550	\$87,728	\$90,360	\$93,071
Attorney General	\$91,719	\$96,304 <sup>1</sup>	\$134,135	\$138,159
Superintendent of Public Instruction	\$95,116	\$99,872	\$102,868	\$105,954
Tax Commissioner	\$90,678	\$95,212	\$98,068	\$101,010
Insurance Commissioner	\$83,550	\$87,728	\$90,360	\$93,071
Public Service Commissioners (3)	\$85,830	\$90,122	\$92,826	\$95,611
Agriculture Commissioner	\$85,830	\$90,122	\$92,826	\$95,610
State Auditor	\$83,550	\$87,728	\$90,360	\$93,071
State Treasurer	\$78,900	\$82,845	\$85,330	\$87,890

<sup>1</sup>The salary of the Attorney General is \$96,304 through December 31, 2010 and \$113,266 through June 30, 2011.

The judicial branch appropriation contains the funding needed to provide salary increases of 3 percent for the first year of the biennium and 3 percent for the second year of the biennium for judges and justices.

For each judge or justice, the following schedule shows the current salary and the salary approved by the 2009 and 2011 Legislative Assemblies:

	Statutory Annual Salary Authorized by 2009 Legislative Assembly		Statutory Annual Salary Authorized by 2011 Legislative Assembly	
	Effective July 1, 2009	Effective July 1, 2010	Effective July 1, 2011	Effective July 1, 2013
Supreme Court Chief Justice	\$127,589	\$133,968	\$137,987	\$142,127
Other Supreme Court justices	\$124,027	\$130,228	\$134,135	\$138,159
District court presiding judges	\$116,930	\$122,777	\$126,460	\$130,254
Other district court judges	\$113,648	\$119,330	\$122,910	\$126,597

## 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 1999-2001 through 2011-13 bienniums:

<b>STATE EMPLOYEE SALARY INCREASES</b>				
Biennium	Percentage Increase	General Fund	Special Funds	Total
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
2009-11	5% with a \$100 per month minimum on July 1, 2009, and 5% with a \$100 per month minimum on July 1, 2010	\$36,821,006	\$31,667,339	\$68,488,345
2011-13	3% on July 1, 2011, and 3% on July 1, 2012	\$23,920,117	\$20,892,142	\$44,812,259

<b>STATE EMPLOYEE HEALTH INSURANCE INCREASES</b>						
Biennium	Monthly Premium	Increase From Previous Biennium	Percentage Increase	General Fund	Special Funds	Total
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
2009-11	\$826	\$168	25.5%	\$15,889,790	\$20,215,824	\$36,105,614
2011-13	\$887	\$61	7.4%	\$7,179,809	\$5,995,847	\$13,175,656

## INFORMATION TECHNOLOGY PROJECTS FOR THE 2011-13 BIENNIUM<sup>1</sup>

Agency or Institution	Project	2011-13 Executive Budget Recommendation			2011-13 Legislative Appropriations		
		General Fund	Other Funds	Total	General Fund	Other Funds	Total
108 - Secretary of State	Database and processing platform migration project	\$3,500,000		\$3,500,000	\$3,500,000		\$3,500,000
112 - Information Technology Department	Statewide Longitudinal Data System Initiative	\$3,227,623		\$3,227,623	\$3,227,623		\$3,227,623
125 - Attorney General	Criminal history repository replacement	\$36,300	\$450,000	\$486,300	\$36,300	\$450,000	\$486,300
127 - Tax Commissioner	GenTax software version update	\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
201 - Department of Public Instruction	State automated reporting system application rewrite and maintenance	\$384,000		\$384,000	\$384,000		\$384,000
325 - Department of Human Services	Eligibility system replacement project planning				\$25,000	\$225,000	\$250,000
380 - Job Service North Dakota	Unemployment insurance modernization project		\$12,400,000	\$12,400,000		\$12,400,000	\$12,400,000
	Workforce Data Quality Initiative		1,036,000	1,036,000		1,036,000	1,036,000
	<b>Total - Job Service North Dakota</b>		<b>\$13,436,000</b>	<b>\$13,436,000</b>		<b>\$13,436,000</b>	<b>\$13,436,000</b>
401 - Insurance Commissioner	American health benefit exchange project planning as mandated by the Patient Protection and Affordable Care Act of 2010					\$1,000,000 <sup>2</sup>	\$1,000,000 <sup>2</sup>
471 - Bank of North Dakota	Loan servicing for Department of Education direct student loans		\$2,220,000	\$2,220,000		\$2,220,000	\$2,220,000
485 - Workforce Safety and Insurance	Data warehousing project		\$2,000,000	\$2,000,000		\$2,000,000	\$2,000,000
	Information technology transformation project (funding in addition to the original legislative appropriation for the project of \$14 million)		3,000,000	3,000,000		3,000,000	3,000,000
	Web portal		1,500,000	1,500,000		1,500,000	1,500,000
	<b>Total - Workforce Safety and Insurance</b>		<b>\$6,500,000</b>	<b>\$6,500,000</b>		<b>\$6,500,000</b>	<b>\$6,500,000</b>
540 - Adjutant General	Dispatch console replacement system	\$1,100,000		\$1,100,000	\$1,100,000		\$1,100,000
	Statewide baseline map - Phase 2	400,000	\$500,000	900,000	400,000	\$500,000	900,000
	<b>Total - Adjutant General</b>	<b>\$1,500,000</b>	<b>\$500,000</b>	<b>\$2,000,000</b>	<b>\$1,500,000</b>	<b>\$500,000</b>	<b>\$2,000,000</b>
801 - Department of Transportation	Driver's license redesign		\$500,000	\$500,000		\$500,000	\$500,000
	Road construction estimating program rewrite		537,680	537,680		537,680	537,680
	<b>Total - Department of Transportation</b>		<b>\$1,037,680</b>	<b>\$1,037,680</b>		<b>\$1,037,680</b>	<b>\$1,037,680</b>
<b>Total</b>		<b>\$9,647,923</b>	<b>\$24,143,680</b>	<b>\$33,791,603</b>	<b>\$9,672,923</b>	<b>\$25,368,680</b>	<b>\$35,041,603</b>

<sup>1</sup>North Dakota Century Code Section 54-59-02.1 requires the State Information Technology Advisory Committee to prioritize major executive branch computer software projects. The committee met on September 20, 2010, and prioritized information technology projects for the 2011-13 biennium with a total cost over \$250,000 by funding source. The following is a summary of the prioritization, including information as to whether the project is included in the 2011-13 executive budget recommendation and funded by the 2011 Legislative Assembly:



<b>General Fund Projects</b>				
	<b>Project</b>	<b>Agency</b>	<b>Included in Executive Budget Recommendation</b>	<b>Funding Provided by 2011 Legislative Assembly</b>
1	Eligibility determination systems replacement	Department of Human Services	No	No
2	Dispatch console replacement system	Adjutant General	Yes	Yes
3	Commercial vehicle information exchange window	Highway Patrol	No	No
4	Statewide Longitudinal Data System Initiative	Information Technology Department	Yes	Yes
5	Automated routing application	Highway Patrol	No	No
6	Statewide baseline map - Phase 2	Adjutant General	Yes	Yes

<b>Special Funds Projects</b>				
	<b>Project</b>	<b>Agency</b>	<b>Included in Executive Budget Recommendation</b>	<b>Funding Provided by 2011 Legislative Assembly</b>
1	Criminal history repository replacement	Attorney General	Yes	Yes
2	Driver's license redesign	Department of Transportation	Yes	Yes
3	Loan servicing for Department of Education direct student loans	Bank of North Dakota	Yes	Yes
4	Road construction estimating program rewrite	Department of Transportation	Yes	Yes
5	Billing system	Information Technology Department	No	No

<b>Federal Funds Projects</b>				
	<b>Project</b>	<b>Agency</b>	<b>Included in Executive Budget Recommendation</b>	<b>Funding Provided by 2011 Legislative Assembly</b>
1	Vocational rehabilitation information technology system replacement	Department of Human Services	No	No
2	Workforce Data Quality Initiative	Job Service North Dakota	Yes	Yes

<sup>2</sup>House Bill No. 1126 (2011) appropriates \$1 million of federal funds to the Insurance Commissioner for project planning relating to the implementation of an American health benefit exchange.

## SECTION L - TRUST FUND ANALYSES

BEGINNING FARMER REVOLVING LOAN FUND	L-1
BONDING FUND	L-3
BUDGET STABILIZATION FUND	L-4
CAPITOL BUILDING FUND	L-5
CENTERS OF EXCELLENCE FUND	L-6
CENTERS OF RESEARCH EXCELLENCE FUND	L-8
COAL DEVELOPMENT TRUST FUND	L-10
COMMON SCHOOLS TRUST FUND	L-11
COMMUNITY HEALTH TRUST FUND	L-14
ELECTRONIC HEALTH INFORMATION EXCHANGE FUND	L-19
ENVIRONMENT AND RANGELAND PROTECTION FUND	L-21
FIRE AND TORNADO FUND	L-24
FOUNDATION AID STABILIZATION FUND	L-25
HEALTH CARE TRUST FUND	L-26
HEALTH INFORMATION TECHNOLOGY LOAN FUND	L-28
HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND	L-29
LANDS AND MINERALS TRUST FUND	L-31
LEGACY FUND	L-33
LIGNITE RESEARCH FUND	L-34

PERMANENT OIL TAX TRUST FUND	L-36
PROPERTY TAX RELIEF SUSTAINABILITY FUND	L-38
RESOURCES TRUST FUND	L-39
RISK MANAGEMENT FUND	L-41
SENIOR CITIZEN SERVICES AND PROGRAMS FUND	L-42
STATE AID DISTRIBUTION FUND	L-44
STATE DISASTER RELIEF FUND	L-46
STRATEGIC INVESTMENT AND IMPROVEMENTS FUND	L-48
STUDENT LOAN TRUST FUND	L-50
TOBACCO PREVENTION AND CONTROL TRUST FUND	L-52
TOBACCO SETTLEMENT TRUST FUND	L-54
TUITION TRUST FUND	L-57
VETERANS' POSTWAR TRUST FUND	L-59
WATER DEVELOPMENT TRUST FUND	L-61

## ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning cash balance		\$4,368,929		\$79,429
Add estimated revenues				
Loan principal payments	\$4,800,000		\$5,000,000	
Loan interest payments	700,000		600,000	
Investment interest	15,000		12,000	
General fund appropriation			1,400,000	
Total estimated revenues		5,515,000		7,012,000
Total available		\$9,883,929		\$7,091,429
Less estimated expenditures and transfers				
New chattel loans	\$5,900,000		\$0 <sup>1</sup>	
Buydown interest disbursed	3,700,000		3,500,000	
Public Service Commission for the rail rate complaint case (2009 HB 1008)	0 <sup>2</sup>		900,000 <sup>2</sup>	
ENVEST program (2007 HB 1135)	0 <sup>3</sup>		965,489 <sup>3</sup>	
Transfer to renewable energy program (2007 HB 1515)	110,000			
Administrative fees	87,000		90,000	
Audit fees	7,500		8,000	
Total estimated expenditures and transfers		9,804,500		5,463,489
Estimated ending cash balance		\$79,429 <sup>4</sup>		\$1,627,940 <sup>5</sup>

<sup>1</sup>Beginning July 1, 2011, the chattel loans will be funded by the Bank of North Dakota. The cash position of the beginning farmer revolving loan fund is not sufficient to sustain chattel growth.

<sup>2</sup>Public Service Commission - House Bill No. 1008 (2005) appropriated \$945,000 of which \$800,000 was from the beginning farmer revolving loan fund, to the Public Service Commission for part of the cost of filing a "simplified" rail rate complaint case with the Surface Transportation Board. Senate Bill No. 2008 (2007) and House Bill No. 1008 (2009) authorized the Public Service Commission to continue the \$800,000 appropriation for the rail rate complaint case into the 2007-09 and 2009-11 bienniums, respectfully. A rail rate complaint case was not filed during the 2005-07 or 2007-09 bienniums, and no cases are anticipated to be filed during the 2009-11 biennium. Senate Bill No. 2008 (2011) provides an appropriation of \$900,000 from the beginning farmer revolving loan to the Public Service Commission for the rail rate complaint case for the 2011-13 biennium.

<sup>3</sup>ENVEST 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. Funding of \$34,511 was committed in the 2007-09 biennium with no commitments anticipated in the 2009-11 biennium leaving \$965,489 available for the 2011-13 biennium.

<sup>4</sup>In addition to the cash balance as of June 30, 2011, the beginning farmer revolving loan fund is estimated to have net loans outstanding of \$9.5 million.

<sup>5</sup>In addition to the cash balance as of June 30, 2013, the beginning farmer revolving loan fund is estimated to have net loans outstanding of \$10 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. Senate Bill No. 2081 (2011) extended the maximum term of a real estate loan from 25 years to 30 years. The maximum term of a farm equipment or livestock loan is seven years.

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 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$2,515,053		\$2,829,535
Add revenues				
Investment income	\$330,000		\$400,000	
State bonding fund claims collections	100,000		57,000	
Total revenues		430,000		457,000
Total available		\$2,945,053		\$3,286,535
Less expenditures and transfers				
Insurance Department administration (2009 HB 1010; 2011 SB 2010)	\$41,518		\$45,113	
Investment management expense	9,000		10,000	
State bonding fund claim losses - Net of subrogated and dismissed claims	50,000		125,000	
Claims-related expenditures	15,000		20,000	
Total expenditures and transfers		115,518		200,113
Ending balance		\$2,829,535		\$3,086,422

**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 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
	Beginning balance		\$324,936,548	
Add estimated revenues				
Transfer from general fund	\$61,414,562 <sup>1</sup>		\$0	
Investment income	0 <sup>2</sup>		0 <sup>2</sup>	
Total estimated revenues		61,414,562		0
Total available		\$386,351,110		\$386,351,110
Less estimated expenditures and transfers				
None				
Total estimated expenditures and transfers		0 <sup>3</sup>		0 <sup>3</sup>
Estimated ending balance		\$386,351,110		\$386,351,110

<sup>1</sup>North Dakota Century Code Chapter 54-27.2, as amended by the 2011 Legislative Assembly in House Bill No. 1451, provides that any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund except that, beginning July 1, 2011, the balance in the budget stabilization fund may not exceed 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown is based on the current estimate of a 2009-11 biennium ending general fund balance of \$721,646,087 which allows for a transfer of \$61,414,562. The current 2011-13 biennium general fund appropriations total \$4,066,853,792; therefore, the maximum balance in the fund is limited to \$386,351,110.

<sup>2</sup>Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under Section 54-27.2-01.

<sup>3</sup>No transfers from the budget stabilization fund are anticipated.

**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 provides that any money in the fund in excess of 9.5 percent of the general fund budget as approved by the most recently adjourned Legislative Assembly must be deposited in the state general fund. The 2011 Legislative Assembly approved House Bill No. 1451 which decreased, effective July 1, 2011, the maximum balance allowed in the fund from 10 percent to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.
- 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 2009-11 AND 2011-13 BIENNIUMS<sup>1</sup>

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$1,333,302		\$3,318,380
Add revenues				
Investment income	\$52,877		\$38,298	
Rentals, royalties, and bonuses	2,107,845		727,665	
Total revenues		2,160,722		765,963
Total available		\$3,494,024		\$4,084,343
Less expenditures and transfers				
Administrative expenses	\$45,441		\$54,984	
Income payments to counties	5,203 <sup>2</sup>		6,295 <sup>2</sup>	
Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 49-10-02 <sup>3</sup> )	100,000		100,000	
Capitol Grounds Planning Commission operating expenses (2009 HB 1015; 2011 SB 2015)	25,000		25,000	
Office of Management and Budget Capitol building projects (2011 SB 2015)			2,600,000 <sup>4</sup>	
Total expenditures and transfers		175,644		2,786,279
Ending balance		\$3,318,380		\$1,298,064

<sup>1</sup>The analysis reflects the legislative appropriations for the 2009-11 and 2011-13 bienniums and does not include the land owned by the fund.

<sup>2</sup>The 1999 Legislative Assembly approved 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.

<sup>3</sup>Section 49-10-02 provides a continuing appropriation to the Capitol Grounds Planning Commission to expend up to \$100,000 per biennium of income and interest of the Capitol building fund. The amount that may be spent may not exceed 50 percent of the unencumbered balance of the fund on the first day of the biennium.

<sup>4</sup>Funding of \$2.6 million from the Capitol building fund was appropriated by the 2011 Legislative Assembly for the following projects:

- Legislative wing brass and wood restoration (\$1,000,000).
- Capitol Café and hallway remodel (\$700,000).
- Capitol building south entrance remodeling (\$900,000).



**ANALYSIS OF THE CENTERS OF EXCELLENCE FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$17,468,500
Add revenues				
Transfer from the general fund	\$15,000,000 <sup>1,2</sup>			
Contingent transfer from the general fund	5,000,000 <sup>3</sup>			
Transfer from the general fund	4,450,000 <sup>4</sup>			
Transfer from the permanent oil tax trust fund	6,620,541 <sup>5</sup>			
Investment income	86,702		45,000	
Total revenues		31,157,243		45,000
Total available		\$31,157,243		\$17,513,500
Less expenditures and transfers				
Legal fees - Attorney General's office	\$2,752 <sup>6</sup>		\$2,752 <sup>7</sup>	
Centers of excellence grants funding distributions	13,627,991		14,529,832	
Economic impact studies	33,000 <sup>6</sup>		33,000 <sup>7</sup>	
Centers of Excellence Summit	15,000 <sup>6,8</sup>		15,000 <sup>7</sup>	
Other administrative expenses	10,000 <sup>6</sup>		10,000 <sup>7</sup>	
Total expenditures and transfers		13,688,743		14,590,584
Estimated ending balance		\$17,468,500 <sup>9</sup>		\$2,922,916 <sup>9</sup>

<sup>1</sup>The 2009 Legislative Assembly appropriated \$15 million from the general fund for transfer to the centers of excellence fund for providing funding to centers of excellence for the 2009-11 biennium.

<sup>2</sup>Of the funds appropriated by the 2009 Legislative Assembly for centers of excellence, Section 23 of 2009 Senate Bill No. 2018 requires \$10 million be made available for centers of excellence enhancement grants during the biennium beginning July 1, 2009, and ending June 30, 2011. Through February 2011, the Centers of Excellence Commission has awarded \$9.4 million of the \$10 million appropriated for centers of excellence enhancement grants to the following projects:

University of North Dakota	
Center of Excellence for Unmanned Aircraft Systems Research, Education, and Training	\$2,754,000
Grand Forks Air Force Base realignment business transition	200,000
North Dakota Unmanned Aircraft Systems Airspace Initiative	100,000
Unmanned aircraft systems software and curriculum development	600,000
Certificate Programs for Full Motion Video and Activity Based Intelligence Analysis	746,000
North Dakota State University	
Research 1 expansion	4,000,000
Materials and Nanotechnology Center	1,000,000
Total	\$9,400,000

The remaining balance available for centers of excellence enhancement grants during the 2009-11 biennium is expected to be fully awarded by the end of the biennium.

<sup>3</sup>The Legislative Assembly provided a contingent general fund appropriation of \$5 million for transfer to the centers of excellence fund for providing additional centers of excellence funding for the 2009-11 biennium. The Office of Management and Budget (OMB) was authorized to transfer this funding only if actual general fund revenues for the period July 1, 2009, through December 1, 2009, exceed estimated general fund revenues for that period by at least \$5 million, as determined by OMB, based on the legislative estimates made at the close of the 2009 legislative session. The conditions were met and the transfer was made.

<sup>4</sup>The 2009 Legislative Assembly in House Bill No. 1015 provided \$4.45 million from the general fund for transfer to the centers of excellence fund for 2007-09 centers of excellence grants awarded but not distributed.

<sup>5</sup>The 2009 Legislative Assembly in Section 27 of Senate Bill No. 2018 authorized the Department of Commerce to continue any unspent funds appropriated for the centers of excellence program for the 2007-09 biennium to the 2009-11 biennium. The Office of Management and Budget was to transfer any unexpended funds from these appropriations to the centers of excellence fund at the end of the 2007-09 biennium. Pursuant to this directive, OMB transferred \$6,620,541--the amount remaining from the \$15 million appropriation for the 2007-09 biennium--from the permanent oil tax trust fund to the centers of excellence fund.

<sup>6</sup>North Dakota Century Code Section 15-69-05(6) limits funds used for administrative expenses to 2.5 percent of the funds appropriated for the program for that biennium. The 2009 Legislative Assembly appropriated a total of \$20 million for the program for the 2009-11 biennium which limited administrative expenses to \$500,000 for the 2009-11 biennium.

<sup>7</sup>Section 15-69-05(6), as amended by the 2011 Legislative Assembly in Senate Bill No. 2057, provides that the Department of Commerce may use funds available within the centers of excellence fund to pay for the department's administrative expenses.

<sup>8</sup>The Centers of Excellence Summit was a forum held in Fargo on May 27, 2010. Section 15-69-05(6) authorizes the commission to spend a portion of its administrative costs for centers of excellence forums.

<sup>9</sup>The 2009-11 biennium estimated ending balance includes \$17,199,379 that is expected to be obligated for centers of excellence proposals approved in the 2009-11 biennium and previous bienniums. From the 2009-11 appropriation, \$285,000 is anticipated to be unawarded for centers of excellence grants. The entire 2011-13 estimated ending balance is expected to be obligated for centers of excellence proposals approved in the 2009-11 biennium and previous bienniums.

#### **FUND HISTORY**

Section 15-69-06 (2009 Senate Bill No. 2018) establishes a centers of excellence fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the centers of excellence program. Interest earned on money in the fund is retained in the fund. The 2011 Legislative Assembly did not appropriate new funding to the centers of excellence fund for the 2011-13 biennium. Estimated expenditures for the 2011-13 biennium relate to centers of excellence awarded in prior bienniums. Pursuant to provisions of Senate Bill No. 2057 (2011), the centers of excellence fund will be repealed on August 1, 2023.

## ANALYSIS OF THE CENTERS OF RESEARCH EXCELLENCE FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$0
Add revenues				
Transfer from the general fund			\$12,000,000 <sup>1</sup>	
Investment income			0	
Total revenues		0		12,000,000
Total available		\$0		\$12,000,000
Less expenditures and transfers				
Limited deployment-cooperative airspace project grant				
University of North Dakota			\$2,700,000 <sup>2</sup>	
North Dakota State University			1,300,000 <sup>2</sup>	
Centers of research excellence grants				
University of North Dakota			1,000,000 <sup>3,4</sup>	
North Dakota State University			4,000,000 <sup>3</sup>	
Base realignment grants				
University of North Dakota			3,000,000 <sup>4</sup>	
Total expenditures and transfers		0		12,000,000
Estimated ending balance		\$0		\$0

<sup>1</sup>The 2011 Legislative Assembly appropriated \$12 million from the general fund for transfer to the centers of research excellence fund for providing funding for a limited deployment-cooperative airspace project grant, centers of research excellence grants, and base realignment grants for the 2011-13 biennium.

<sup>2</sup>The Department of Commerce may use \$4 million of the funds transferred to the centers of research excellence fund for grants to the North Dakota University System's research institutions for the purpose of leveraging private and federal funding to advance state opportunities associated with a limited deployment-cooperative airspace project in the state during the 2011-13 biennium. Up to \$2.7 million may be awarded to the University of North Dakota and up to \$1.3 million to North Dakota State University. The Department of Commerce is to develop application criteria, review submitted applications, and recommend applications for approval to the Centers of Excellence Commission. Any uncommitted funds available as of July 1, 2012, may be used by the Centers of Excellence Commission for the centers of research excellence program. Any available funds are limited to not more than one-half to one research university or nonprofit foundation related to that research university.

<sup>3</sup>The Department of Commerce may use \$8 million of the funds transferred to the centers of research excellence fund for centers of research excellence grants as established in 2011 Senate Bill No. 2057. The Centers of Excellence Commission may not award centers of research excellence grants of more than \$4 million to one research university or nonprofit foundation related to that research university. The centers of research excellence program established by the 2011 Legislative Assembly replaces the centers of excellence program with the following modifications:

- Grant award determinations are made by the Centers of Excellence Commission and do not require Budget Section or Emergency Commission approval.
- Tourism was removed from the definition of an "industry cluster."
- Under centers of research excellence application and eligibility requirements, the requirement that research universities limit applications to two per round of centers funding is removed as well as the requirement relating to consideration of a center's ability to become financially self-sustaining from the award determination process.

- Under centers of research excellence postaward monitoring, an audit is required on all funds distributed to the centers after the second full fiscal year and after all funds distributed to the centers have been expended and for all other years during the postaward monitoring the centers may contract with an independent accountant for an agreed-upon procedures engagement. This was changed from the requirement of annual audits until the completion of the commission's postaward monitoring, which lasted for no fewer than 6 years and no more than 10 years following center designation.
- The centers of research excellence program is considered an ongoing program of the Department of Commerce (the centers of excellence program had an established expiration date).

<sup>4</sup>Of the \$4 million available to the University of North Dakota through the centers of research excellence program, \$3 million is to be used for base realignment grants. The department may award base realignment grants to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission, a grant of up to \$200,000 to the Grand Forks Housing Authority for a planning initiative, or grants for infrastructure and economic development projects or programs to accommodate growth in proximity to or at the Grand Forks Air Force Base. Any funds not committed within the first 18 months of the biennium may be used by the Centers of Excellence Commission for the centers of research excellence program.

#### **FUND HISTORY**

Section 12 of 2011 Senate Bill No. 2057 establishes a centers of research excellence fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the centers of research excellence program. Interest earned on money in the fund is retained in the fund.

**ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$155,172		\$5,746
Add revenues				
Investment income	\$1,075,097		\$496,350	
School construction loan income	1,428,847		1,544,400	
Total revenues		2,503,944		2,040,750
Total available		\$2,659,116		\$2,046,496
Less expenditures and transfers				
Investment expense	\$82,554		\$71,964	
Administrative expenses	15,644		18,929	
Transfer to the general fund	2,555,172		1,950,000	
Total expenditures and transfers		2,653,370 <sup>1</sup>		2,040,893 <sup>1</sup>
Ending balance		\$5,746		\$5,603

<sup>1</sup>The 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 Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of December 31, 2010, the total value of permanent fund assets was \$62.7 million, of which \$29.1 million was school construction loans receivable, \$4.6 million was coal impact loans receivable, and \$29 million was either invested or was a receivable of investment or other earnings.

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 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.

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 \$50 million.

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 COMMON SCHOOLS TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

### ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2011-13 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Minerals Values)	Distributions	Interest, Dividends, and Surface and Mineral Rental Income (Net of Expenses)	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	\$400,689,879	\$23,200,000	\$24,965,697	13.57%
	1999	\$444,823,559	\$23,200,000	\$24,644,625	7.50%
1999-2001	2000	\$467,059,293	\$23,775,000	\$25,650,676	11.05%
	2001	\$521,509,978	\$23,775,000	\$27,382,227	2.03%
2001-03	2002	\$533,360,593	\$28,896,500	\$26,548,262	(1.34%)
	2003	\$522,905,814	\$28,896,500	\$26,620,380	4.57%
2003-05	2004	\$547,047,877	\$30,000,000	\$24,849,254	12.60%
	2005	\$614,738,548	\$30,000,000	\$26,137,010	8.58%
2005-07	2006	\$686,273,875	\$31,100,000	\$27,118,113	7.51%
	2007	\$761,901,287	\$31,100,000	\$31,378,257	12.82%
2007-09	2008	\$887,092,909	\$33,400,000	\$36,497,403	(4.22%)
	2009	\$908,928,685	\$33,400,000	\$36,184,299	(13.75%)
2009-11	2010	\$846,314,086	\$38,589,000	\$37,894,140	14.48%
	2011	\$1,221,501,801 <sup>1</sup>	\$38,589,000	\$44,000,000 (estimate)	12.00% (estimate)
2011-13	2012	<sup>2</sup>	\$46,257,000	<sup>2</sup>	<sup>2</sup>
	2013	<sup>2</sup>	\$46,257,000	<sup>2</sup>	<sup>2</sup>

<sup>1</sup>The increase in assets during fiscal year 2010 included income from mineral royalties and lease bonuses of \$249 million and oil extraction tax allocations of \$28 million.

<sup>2</sup>Article IX - Section 2 of the Constitution of North Dakota was amended in November 2006 through voter approval of measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions from the common schools trust fund are now based on a percentage of the five-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts.

### MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND Select Constitutional Provisions

#### Article IX - Section 1

This section provides that the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. In 2006 measure No. 1 approved by voters removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

**Article IX - Section 5**

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

**Article X - Section 24**

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of measure No. 1 (Senate Concurrent Resolution No. 4011 (1993)). The section has not been changed since enactment.

**Select North Dakota Century Code Provisions**

**Section 47-30.1-23**

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

**Section 54-27-25**

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. Forty-five percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund must be transferred to the common schools trust fund and become a part of the principal of the fund.

To date, \$134,425,636 of tobacco settlement money received by the state has been transferred to the common schools trust fund. The following is a summary of transfers to the common schools trust fund from the tobacco settlement trust fund:

1999-2001	\$23,805,353 (actual)
2001-03	\$23,998,745 (actual)
2003-05	\$20,977,123 (actual)
2005-07	\$19,722,653 (actual)
2007-09	\$27,672,929 (actual)
2009-11	\$18,248,834 (actual)
2011-13	\$20,624,034 (estimate)
2013-17 (\$20,741,314 per biennium)	\$41,482,628 (estimate)
2017-25 (\$23,626,724 per biennium)	\$94,506,896 (estimate)

**DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND**  
**Select Constitutional Provisions**

**Article IX - Section 1**

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

## **Article IX - Section 2**

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the five-year average value of the trust assets, excluding the value of land and minerals. This section was amended in November 2006 through voter approval of measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 and 2011-13 bienniums are based on the distribution formula.
- All fines for violation of state laws. (This money is not added to the trust fund but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.
- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

### **Select North Dakota Century Code Provisions**

#### **Section 15-01-02**

This section provides that the Board of University and School Lands has full control of:

- The selection, appraisal, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

### **INVESTMENT OF THE COMMON SCHOOLS TRUST FUND**

Section 15-03-04 provides that the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.



**ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$1,299,379		\$0
Add estimated revenues and general fund transfers				
Transfers to date from the tobacco settlement trust fund	\$4,055,296 <sup>1</sup>		\$4,583,118	
Projected remaining transfers from the tobacco settlement trust fund				
Refund of physician loan repayment expenditure from prior biennium	22,500			
Refund of Governor's Prevention and Advisory Council expenditure from prior biennium	6,474			
Contingent general fund transfer	884,256 <sup>2</sup>			
Total estimated revenues		4,968,526 <sup>3</sup>		4,583,118 <sup>3</sup>
Total available		\$6,267,905		\$4,583,118
Less estimated expenditures and transfers				
State Department of Health (2009 SB 2004, 2009 SB 2227; 2011 HB 1004)				
Tobacco prevention and control	\$2,302,098 <sup>4</sup>		\$3,510,496 <sup>4</sup>	
Dentists' loan program	448,448 <sup>5</sup>		260,000 <sup>5</sup>	
Tobacco Quitline	1,069,000 <sup>6</sup>			
Tobacco cessation coordinator and operating expenses	139,397 <sup>7</sup>			
Physician and medical loan repayment program	105,000 <sup>8</sup>		75,000 <sup>8</sup>	
Veterinarian loan repayment program	242,776 <sup>9</sup>		310,000 <sup>9</sup>	
Women's Way program	304,332 <sup>10</sup>		400,500 <sup>10</sup>	
Stroke registry and prevention program	472,700 <sup>11</sup>			
Colorectal cancer screening initiative, including carryover authority pursuant to Section 9 of 2009 SB 2004	338,233 <sup>12</sup>			
Emergency medical services grants	300,000 <sup>13</sup>			
Dental grant program	10,000 <sup>14</sup>		10,000 <sup>14</sup>	
Department of Human Services				
Breast and cervical cancer assistance (2009 HB 1012)	535,921 <sup>15</sup>			
Total estimated expenditures and transfers		6,267,905		4,565,996
Estimated ending balance		\$0		\$17,122

<sup>1</sup>As of April 2011, transfers totaling \$4,055,296 have been made from the tobacco settlement trust fund for the 2009-11 biennium. Total transfers of \$29,872,364 have been made from the tobacco settlement trust fund to the community health trust fund.

<sup>2</sup>Contingent general fund transfer - Section 4 of Senate Bill No. 2004 (2009) provided for a general fund transfer of up to \$2,405,371 to the community health trust fund if money in the community health trust fund is not sufficient to provide for legislative appropriations for the biennium beginning July 1, 2009, and ending June 30, 2011. Due to anticipated expenditures being lower than appropriated and the 2009-11 biennium beginning balance being more than projected, the department anticipates general fund transfers necessary to meet anticipated expenditures will total \$884,256.

<sup>3</sup>Revenues - Interest earned on the community health trust fund is deposited in the state general fund.

In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota 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.

Initiated measure No. 3 will result in the following estimated allocation of the revised estimated collections for tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	70.3 million	24.5 million	20.6 million	20.6 million	4.6 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
<b>Total</b>	<b>\$567.3 million</b>	<b>\$117.3 million</b>	<b>\$202.5 million</b>	<b>\$202.5 million</b>	<b>\$45.0 million</b>

<sup>4</sup>North Dakota Century Code 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 an emphasis on preventing or reducing tobacco usage. The 2009 Legislative Assembly appropriated \$2.3 million to the State Department of Health for tobacco prevention and control programs. The 2011-13 executive budget recommended and the 2011 Legislative Assembly approved \$3,510,496 from the community health trust fund to the State Department of Health for tobacco prevention and control programs.

<sup>5</sup>The dentists' loan repayment program, which is administered by the Health Council, was established in Senate Bill No. 2276 (2001) (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 repayment program. The 2009 Legislative Assembly appropriated \$483,448 from the community health trust fund for the dentists' loan repayment program. The 2011-13 executive budget recommended, and the 2011 Legislative Assembly approved, \$440,000, of which \$180,000 is from the general fund and \$260,000 is from the community health trust fund, for the dentists' loan repayment program, \$43,448 less than the 2009-11 biennium. 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

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2005-07 biennium (4)	Fargo Community Health Center Bismarck (serving special populations) Mott Minot
2007-09 biennium (6)	Park River Bismarck Grand Forks Cando/Devils Lake Rugby Wishek
2009-11 biennium (6)	Bismarck Fargo Jamestown Larimore Valley City Williston

In addition, the 2009 Legislative Assembly provided in Senate Bill No. 2358 an appropriation of \$180,000 from the general fund for a loan repayment program for dentists in public health and nonprofit dental clinics. The bill created a new section to Chapter 43-28.1 and provides that if funds are appropriated, the Health Council is to select up to three dentists who provide or will provide dental services for three years in a public health clinic or nonprofit dental clinic that uses a sliding fee schedule to bill patients for loan repayment grants. The grant award is \$60,000 per recipient and is paid over a two-year period. The department has accepted three dentists--one each from Bismarck, Fargo, and Grand Forks--into the program during the 2009-11 biennium. The department anticipates the entire \$180,000 general fund appropriation will be expended. The 2011-13 executive budget did not include and the 2011 Legislative Assembly did not add funding for a loan repayment program for dentists in public health and nonprofit dental clinics.

<sup>6</sup>The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the quitline to provide nicotine replacement therapy and cessation counseling. The 2009 Legislative Assembly appropriated \$1,069,000 to fund the quitline for the 2009-11 biennium. The 2011-13 executive budget did not include and the 2011 Legislative Assembly did not approve direct funding for the quitline but included \$3,510,496 from the community health trust fund for tobacco prevention and control programs.

<sup>7</sup>The 2007 Legislative Assembly authorized 1 FTE tobacco prevention coordinator position and related funding for salaries and wages (\$117,101) and operating expenses (\$22,296) for the position. The 2009 Legislative Assembly appropriated \$139,397 for the tobacco prevention coordinator position. The 2011-13 executive budget did not include and the 2011 Legislative Assembly did not approve direct funding for the tobacco prevention coordinator position but included \$3,510,496 from the community health trust fund for tobacco prevention and control programs.

<sup>8</sup>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 qualifying mid-level practitioners to receive loan repayments totaling up to \$30,000 over two years. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and mid-level practitioners. The 2009 Legislative Assembly appropriated \$75,000 from the general fund and \$272,500 from the community health trust fund for the program, including \$67,500 provided in Senate Bill No. 2227 which removed the limit on the number of recipients and increased the limit on the maximum loan repayment from \$10,000 to \$30,000 for the medical personnel loan repayment program relating to mid-level practitioners. The 2011-13 executive budget recommended and the 2011 Legislative Assembly approved \$420,000, of which \$345,000 is from the general fund and \$75,000 is from the community health trust fund, for the medical personnel loan repayment program, \$72,500 more than the 2009-11 biennium. Physicians and mid-level practitioners accepted into the program per biennium include:

Biennium (Number of Physicians Accepted Into Program)	Communities Served
2007-09 biennium (4)	Dickinson (2) Devils Lake Wishek

<b>Biennium (Number of Physicians Accepted Into Program)</b>	<b>Communities Served</b>
2009-11 biennium (5 to date)	Dickinson (2) Jamestown Wahpeton Williston

<b>Biennium (Number of Mid-Level Practitioners Accepted Into Program)</b>	<b>Communities Served</b>
2007-09 biennium (3)	Grafton Turtle Lake/McClusky Williston/Bowman
2009-11 biennium (2 to date)	Oakes (2)

<sup>9</sup>The 2009 Legislative Assembly appropriated \$350,000 from the community health trust fund for the veterinarian loan repayment program, of this amount, \$242,776 is estimated to be used. The 2011-13 executive budget recommended and the 2011 Legislative Assembly approved \$445,000, of which \$135,000 is from the general fund and \$310,000 is from the community health trust fund, for the veterinarian loan repayment program, \$95,000 more than the 2009-11 biennium. In addition, Senate Bill No. 2341 (2011) removes the limit on the number of veterinarians that may be selected and provides if funding is available the Health Council may use the funding to increase the number of applicants selected.

<sup>10</sup>The 2009 Legislative Assembly provided \$404,332, of which \$304,332 is from the community health trust fund and \$100,000 is from the general fund, for the Women's Way program. The 2011-13 executive budget recommended \$400,500 from the general fund for Women's Way program maintenance, \$3,832 less than the 2009-11 biennium. The 2011 Legislative Assembly changed the source of funding for Women's Way to provide \$400,500 from the community health trust fund.

<sup>11</sup>The 2009 Legislative Assembly appropriated \$472,700 from the community health trust fund for a stroke registry and prevention program. The 2011-13 executive budget recommended \$473,324, of which \$250,700 is from the general fund and \$222,624 is from the community health trust fund, for a state stroke registry, \$624 more than the 2009-11 biennium. The 2011 Legislative Assembly changed the source of funding for the stroke registry and prevention program to provide a total of \$473,324 from the general fund.

<sup>12</sup>The 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. The 2009 Legislative Assembly provided in Section 9 of Senate Bill No. 2004 that any unexpended funds from the 2007-09 appropriation may be expended during the 2009-11 biennium and appropriated an additional \$300,000 from the community health trust fund for grants to continue the current program and to provide a colorectal cancer screening pilot initiative for low-income underinsured and uninsured men and women aged 50 to 64 living in counties with a population exceeding 15,000, including \$34,225 for the department to contract for program management, data management, and outreach oversight. Unexpended funds from the 2007-09 biennium appropriation totaled \$38,233, and the department anticipates spending these carryover funds in addition to the \$300,000 appropriated for the 2009-11 biennium. The 2011-13 executive budget recommended and the 2011 Legislative Assembly approved \$477,600 from the general fund for a colorectal cancer screening initiative.

<sup>13</sup>The 2009 Legislative Assembly appropriated \$300,000 from the community health trust fund for emergency medical services training grants. The 2011-13 executive budget recommended \$300,000 from the general fund for emergency medical services training grants. The 2011 Legislative Assembly removed \$523,900 from the general fund added in the executive budget to replace reduced federal funding available through the Department of Transportation for services provided to ambulances and for the statewide trauma program and replaced the funding with \$499,800, including \$75,000 from the general fund, a \$300,000 transfer from emergency medical services training grants funded from the general fund, and \$124,800 from the Department of Transportation.

<sup>14</sup>Senate Bill No. 2152 (2007) provided 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 located 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. The 2009 Legislative

Assembly appropriated \$10,000 from the community health trust fund for the dental grant program. To date in the 2009-11 biennium, the State Department of Health has provided funding to one dentist in Larimore and anticipates the entire \$10,000 appropriation will be expended. The 2011-13 executive budget recommended and the 2011 Legislative Assembly approved \$30,000, of which \$20,000 is from the general fund and \$10,000 is from the community health trust fund, for the dental grant program, \$20,000 more than the 2009-11 biennium.

<sup>15</sup>The 2009 Legislative Assembly appropriated \$790,015 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. The department anticipates spending \$535,921 of the funds appropriated for the 2009-11 biennium. The 2011-13 executive budget provided and the 2011 Legislative Assembly approved \$790,015 from the general fund to the Department of Human Services for breast and cervical cancer assistance for the 2011-13 biennium.

#### **FUND HISTORY**

Section 54-27-25 created by House Bill No. 1475 (1999) established the community health trust fund. 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 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.

In the November 2008 general election, voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and 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. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement relating to strategic contribution payments, which began in 2008 and continues through 2017, will be deposited beginning in 2009 into the newly created tobacco prevention and control trust fund. The measure also provides that 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. Future tobacco settlement payments will be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25, as amended by the measure.

## ANALYSIS OF THE ELECTRONIC HEALTH INFORMATION EXCHANGE FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
	Beginning balance		\$0	
Add estimated revenues				
Transfer from the Bank of North Dakota	\$500,000 <sup>1</sup>		\$7,500,000 <sup>1</sup>	
Grant from the Office of the National Coordinator for Health Information Technology	5,343,733 <sup>2</sup>			
Funds from health care providers for participating in the health information exchange			5,596,266 <sup>3</sup>	
Total estimated revenues		5,843,733		13,096,266
Total available		\$5,843,733		\$18,696,266
Less estimated expenditures and transfers				
Implementing a statewide health information technology and exchange network	\$243,733		\$18,696,266	
Total estimated expenditures and transfers		243,733		18,696,266
Estimated ending balance		\$5,600,000		\$0

<sup>1</sup>Section 8 of Senate Bill No. 2332 (2009) provides that the Industrial Commission transfer, during the 2009-11 biennium, as requested by the Health Information Technology Office director, up to \$8 million from the current earnings and the accumulated undivided profits of the Bank to the health information technology loan fund to meet any required match for federal funds or to the electronic health information exchange fund to meet any required match for federal funds or as directed, a portion to both funds to meet any required match for federal funds. The Health Information Technology Office director is to request fund transfers from the Bank only as necessary to comply with federal requirements and to meet cashflow needs of the funds.

Section 6 of House Bill No. 1021 (2011) amends Section 8 of Senate Bill No. 2332 (2009) to provide that the Industrial Commission transfer during the 2009-11 or 2011-13 biennium up to \$8 million from the current earnings and the accumulated undivided profits of the Bank to the health information technology loan fund or to the electronic health information exchange fund to meet any required match for federal funds or for ongoing operating expenditures of the health information exchange.

The Health Information Technology Office director requested a transfer of \$500,000 from the Bank to the electronic health information exchange fund in December 2010. The director has not requested a transfer to the health information technology loan fund.

<sup>2</sup>In March 2010 the Information Technology Department was awarded a four-year grant totaling \$5,343,733 from the Office of the National Coordinator for Health Information Technology for implementing a statewide health information technology and exchange network. Of the \$5,343,733, \$534,373 is for planning, \$2,926,974 is for intrastate implementation, and \$1,882,386 is for interstate implementation. Matching requirements for the grants are:

Year 1 (March 2010-September 2010)	\$0 of state funds for each federal dollar
Year 2 (October 2010-September 2011)	\$1 of state funds for each \$10 of federal dollars
Year 3 (October 2011-September 2012)	\$1 of state funds for each \$7 of federal dollars
Year 4 (October 2012-September 2013)	\$1 of state funds for each \$3 of federal dollars

<sup>3</sup>The legislative appropriation for the Information Technology Department for the 2011-13 biennium anticipates the collection of \$5,596,266 from health care providers for participating in the health information exchange.

### FUND HISTORY

North Dakota Century Code Section 54-59-27 (Senate Bill No. 2332 (2009)) establishes an electronic health information exchange fund. The fund consists of the money deposited in the fund from federal or other sources or money transferred into the fund as directed by the Legislative Assembly. The Health Information Technology Office is to administer the fund. The money in the fund is to be used to facilitate and expand the electronic health information exchange. Money in the fund may be used, subject to legislative appropriations, to provide services directly for grants and for costs of administration of the fund.

An application for a grant must be made to the Health Information Technology Office. The Health Information Technology Office is to determine the applicant's eligibility based upon criteria established by the Health Information Technology Office director, in collaboration with the Health Information Technology Advisory Committee.

**ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$1,358,407		\$1,186,698
Add estimated revenues				
Pesticide registration fees	\$3,960,000 <sup>1</sup>		\$3,885,000 <sup>1</sup>	
Weed seed-free forage (2009 HB 1270, 2009 HB 1009; 2011 SB 2009)	10,000 <sup>2</sup>		48,922 <sup>2</sup>	
Anhydrous ammonia storage facility inspection fees (2011 HB 1321)			101,178 <sup>3</sup>	
Fertilizer distribution registration and inspection fees (2011 SB 2009)			785,000 <sup>4</sup>	
Total estimated revenues		3,970,000		4,820,100
Total available		\$5,328,407		\$6,006,798
Less estimated expenditures and transfers				
Agriculture Commissioner				
Noxious weed control (2009 HB 1009; 2011 SB 2009)	\$1,854,106		\$2,003,582	
Pesticide disposal project (Safe Send) (2009 HB 1009; 2011 SB 2009)	605,699		591,732	
Pesticide programs (2009 HB 1009; 2011 SB 2009)	908,976		1,212,401	
Agriculture in the Classroom program (2009 HB 1009; 2011 SB 2009)	110,000		110,000	
Farmer's market	29,500		29,500	
Endangered species (2009 HB 1009; 2011 SB 2009)	212,196		161,572	
Livestock pollution prevention (2009 HB 1009; 2011 SB 2009)	50,000		50,000	
Weed seed-free forage (2009 HB 1270, 2009 HB 1009; 2011 SB 2009)	48,922 <sup>2</sup>		48,922 <sup>2</sup>	
Anhydrous ammonia inspection duties (2011 HB 1321; 2011 SB 2009)			450,328 <sup>3</sup>	
Dairy Coalition grant (2011 SB 2009)			250,000 <sup>5</sup>	
Rent expense (2011 SB 2009)			100,000 <sup>5</sup>	
Research analyst FTE position operating expenses (2011 SB 2009)			20,000 <sup>5</sup>	
Crop Protection Product Harmonization and Registration Board <sup>6</sup>				
Crop protection product registration, labeling, and grants (2009 HB 1009; 2011 SB 2009)	50,000		75,000	
Minor use pesticide registration (Section 5 of 2011 SB 2009)	0		200,000	
State Department of Health				
Ground water testing (2009 SB 2004; 2011 HB 1004)	222,310		222,310	
North Dakota Stockmen's Association environmental services program (2009 SB 2004; 2011 HB 1004)	50,000		50,000	
Total estimated expenditures and transfers		4,141,709		5,575,347
Estimated ending balance		\$1,186,698		\$431,451

<sup>1</sup>The 1999 Legislative Assembly approved Senate Bill No. 2009, which included a provision increasing the biennial pesticide registration fee by \$50, from \$300 to \$350, only for the 1999-2001 biennium. The \$350 pesticide registration fee was extended for the 2001-03 biennium (House Bill No. 1009 (2001)), the 2003-05 biennium (Senate Bill No. 2319 (2003)), and the 2005-07 biennium (House Bill No. 1009 (2005)). The \$350 pesticide registration fee was continued, without an expiration date, by Senate Bill No. 2323 (2007). The 2009 Legislative Assembly approved House Bill No. 1009, which deposits all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund.



<sup>2</sup>House Bill No. 1270 (2009) allows the Agriculture Commissioner to certify forage acreage as being free of certain weeds and weed seed. The appropriation provided to the department for the program is the amount that is anticipated to be received from fees charged for certifications.

<sup>3</sup>House Bill No. 1321 (2011) repeals North Dakota Century Code Section 19-20.2-08.1 that deposits certain inspection fees in the anhydrous ammonia storage facility inspection fund. The bill provides that the fee collections, which are estimated to be \$101,178 during the 2011-13 biennium, are to be deposited in the environment and rangeland protection fund and anhydrous ammonia inspection storage facility inspection duties are to be transferred from the Insurance Commissioner to the Agriculture Commissioner. Senate Bill No. 2009 (2011) appropriates \$450,328 from the environment and rangeland protection fund to the Agriculture Commissioner for anhydrous ammonia storage facility inspection duties.

<sup>4</sup>Senate Bill No. 2009 (2011) amends Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 to deposit fertilizer distribution registration, licensing, and inspection fees in the environment and rangeland protection fund rather than the general fund. The estimated fee collections for the 2011-13 biennium are \$785,000. House Bill No. 1321 (2011) also amends Section 19-20.1-06 to deposit a portion of fertilizer distribution inspection fees in the environment and rangeland protection fund rather than the general fund. The fees collected under this section include \$478,208 of the total estimated 2011-13 fee collections of \$785,000.

<sup>5</sup>Senate Bill No. 2009 (2011) changes the funding source for the Dairy Coalition grant and a portion of rent expense from the general fund to the environment and rangeland protection fund. The bill also provides funding from the environment and rangeland protection fund for the operating expenses associated with 1 new FTE research analyst position.

<sup>6</sup>Section 4-35-30, as created by House Bill Nos. 1009 and 1328 (2001), created the Crop Protection Product Harmonization and Registration Board. The duties of the board consist of:

- Identifying and prioritizing crop protection product labeling needs.
- Exploring the extent of authority given to North Dakota under the federal Insecticide, Fungicide, and Rodenticide Act.
- Identifying the data necessary to enable registration of a use to occur in a timely manner.
- Determining what research, if any, is necessary to fulfill data requirements for responsibilities of the board.
- Requesting the Agriculture Commissioner to pursue specific research funding options from public and private sources.
- Requesting the Agricultural Experiment Station to pursue specific research to coordinate registration efforts.
- Pursuing any opportunities to make more crop protection product options available to agricultural producers in this state through any means the board determines advisable.
- Administering 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 Management 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 Management (nonvoting).
- The director of the Agricultural Experiment Station (nonvoting).

### **FUND HISTORY**

Section 19-18-02.1, created by Senate Bill No. 2451 (1991), establishes the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. During the 2007-09 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Pursuant to provisions of House Bill No. 1009 (2009), beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund.

**ANALYSIS OF THE FIRE AND TORNADO FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$21,504,828		\$24,080,536
Add estimated revenues				
Premium collections	\$9,682,269		\$6,600,000	
Investment income	7,100,000		10,000,000	
Boiler inspection fees	385,000		370,000	
Loss claims and insurance recoveries	139,184		100,000	
Anhydrous ammonia storage facility inspection fund (2009 HB 1010)	100,000		0	
Total estimated revenues		17,406,453		17,070,000
Total available		\$38,911,281		\$41,150,536
Less estimated expenditures and transfers				
Loss claims payments	\$7,100,000		\$12,000,000	
Claims-related payments	5,524,478		5,513,660	
Insurance Department administration and anhydrous ammonia inspection costs	1,726,267		1,400,000	
State Fire Marshal program (2009 HB 1003; 2011 SB 2003)	310,000		310,000	
North Dakota Firefighters Association grant (2009 HB 1010; 2011 SB 2010)	170,000		170,000	
Total estimated expenditures and transfers		14,830,745		19,393,660
Estimated ending balance		\$24,080,536		\$21,756,876

**FUND HISTORY**

The state fire and tornado fund originated in 1919. The fund is maintained to insure the various political subdivisions and state industries against loss to public buildings and permanent fixtures. North Dakota Century Code Section 26.1-22-14 requires that if the fire and tornado fund balance is less than \$12 million, the Insurance Commissioner must increase assessments on policies.

**ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$65,750,547		\$136,046,745
Add estimated revenues				
Oil extraction tax allocations	\$70,296,198 <sup>1</sup>		\$99,906,177 <sup>1</sup>	
Total available		\$70,296,198		\$99,906,177
Less estimated expenditures and transfers				
Transfer to foundation aid program		\$0 <sup>2</sup>		\$0 <sup>2</sup>
Estimated ending balance		\$136,046,745		\$235,952,922

<sup>1</sup>Estimated revenues - Based on actual oil extraction tax collections transferred to the fund through April 2011 and estimated allocations for the remainder of the 2009-11 biennium and the 2011-13 biennium per the February 2011 revenue forecast.

<sup>2</sup>Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. No foundation aid reductions as a result of a revenue shortfall are currently anticipated in the 2009-11 biennium or the 2011-13 biennium.

**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, 2009, through March 31, 2011, \$447,981 of interest from the foundation aid stabilization fund has been allocated to the general fund.

**ANALYSIS OF THE HEALTH CARE TRUST FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$3,484,946		\$438,644
Add estimated revenues				
Investment earnings	\$28,944		\$7,498	
Loan repayments - Principal and interest	1,099,260		1,107,884	
Total estimated revenues		1,128,204		1,115,382
Total available		\$4,613,150		\$1,554,026
Less estimated expenditures and transfers				
State Department of Health quick response unit pilot project (2009 SB 2004)	\$50,000 <sup>1</sup>			
Department of Human Services nursing facilities (medical assistance program) (2009 HB 1012)	4,124,506			
Department of Human Services remodeling of a nursing facility to assisted living and basic care grant (2009 HB 1327)	0 <sup>2</sup>			
Department of Human Services increased payments to basic care and long-term care facilities (2011 HB 1325)			\$546,786 <sup>3</sup>	
Department of Human Services one-time grant to a government nursing facility that participated in the intergovernmental transfer payment program (\$200,000) and to a hospital in a city which also has a government nursing facility that participated in the intergovernmental transfer payment program (2011 SB 2012)			400,000	
State Department of Health one-time costs to establish a nurse aide registry (2011 HB 1041)			155,000	
Total estimated expenditures and transfers		4,174,506		1,101,786 <sup>4</sup>
Estimated ending balance		\$438,644		\$452,240

<sup>1</sup>The 2009 Legislative Assembly appropriated \$125,000 from the health care trust fund for the State Department of Health quick response unit pilot project for the 2009-11 biennium. The department anticipates spending \$50,000 of the \$125,000 appropriation for the 2009-11 biennium.

<sup>2</sup>House Bill No. 1327 (2009) provides a \$200,000 appropriation from the health care trust fund to the Department of Human Services for providing a grant to a nursing facility for costs associated with remodeling the facility to meet the requirements of an assisted living facility and a basic care facility. The facility receiving the grants is to use \$50,000 of the grant to conduct a rent subsidy pilot project for at least four assisted living residents. The Department of Human Services entered a contract with Golden Manor, Inc., Steele, for the grant. Golden Manor, Inc., remodeled its facility and is operating a basic care facility, but Golden Manor, Inc., decided it was not feasible to operate an assisted living facility. Because the contract required Golden Manor, Inc., to operate both an assisted living facility and basic care facility, the contract was terminated, and the appropriation of \$200,000 will be unexpended.

<sup>3</sup>House Bill No. 1325 (2011) provides a special funds appropriation of \$1,225,979, of which \$546,786 is from the health care trust fund and \$679,193 is from federal funds, to the Department of Human Services for increased payments to basic care and long-term care facilities due to establishment of a bed layaway program.

<sup>4</sup>Section 6 of 2011 House Bill No. 1041 amends North Dakota Century Code Section 50-30-02 to provide that money in the health care trust fund may not be included in draft appropriation acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry as provided for in this section.

### **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 HEALTH INFORMATION TECHNOLOGY LOAN FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Transfer from the Bank of North Dakota	\$0 <sup>1</sup>		\$0 <sup>1,2</sup>	
Total estimated revenues		0		0
Total available		\$0		\$0
Less estimated expenditures and transfers				
Loans to health care providers and other purposes	\$0		\$0	
Total estimated expenditures and transfers		0		0
Estimated ending balance		\$0		\$0

<sup>1</sup>Section 8 of Senate Bill No. 2332 (2009) provides that the Industrial Commission transfer, during the 2009-11 biennium, as requested by the Health Information Technology Office director, up to \$8 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the health information technology loan fund to meet any required match for federal funds or to the electronic health information exchange fund to meet any required match for federal funds or as directed, a portion to both funds to meet any required match for federal funds. The Health Information Technology Office director is to request fund transfers from the Bank only as necessary to comply with federal requirements and to meet cashflow needs of the funds.

Section 6 of House Bill No. 1021 (2011) amends Section 8 of Senate Bill No. 2332 (2009) to provide that the Industrial Commission transfer during the 2009-11 or 2011-13 biennium, up to \$8 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the health information technology loan fund or to the electronic health information exchange fund to meet any required match for federal funds or for ongoing operating expenditures of the health information exchange.

The Health Information Technology Office director requested a transfer of \$500,000 from the Bank of North Dakota to the electronic health information exchange fund in December 2010. The director has not requested a transfer to the health information technology loan fund.

<sup>2</sup>Section 4 of House Bill No. 1021 (2011) provides that the Industrial Commission transfer up to \$5 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or the health information technology loan fund in the 2011-13 biennium. The Health Information Technology Office director is to request transfers from the Bank only as necessary to meet cashflow needs of the funds and only upon certification by the director of a demonstrated need for health information technology planning loans. This schedule reflects no transfer from the Bank to the health information technology loan fund because the Health Information Technology Office director anticipates requesting the transfer of \$5 million from the Bank to the health information technology planning loan fund.

### FUND HISTORY

North Dakota Century Code Section 6-09-42 (Senate Bill No. 2332 (2009)) establishes a health information technology loan fund at the Bank of North Dakota for providing loans to health care providers to purchase and upgrade electronic health record technology, train personnel in its use, improve security of information technology exchange, and for other purposes as established by the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee. This fund is a revolving loan fund. All money transferred into the fund, interest upon money in the fund, and collections of interest and principal on loans made from the fund are appropriated for disbursement. Annually, the Bank may deduct a service fee for administering the revolving loan fund.

An application for a loan must be made to the Health Information Technology Office. The Health Information Technology Office director, in collaboration with the Health Information Technology Advisory Committee, may approve the application of a qualified applicant that meets the criteria established by the Health Information Technology Office director. The Health Information Technology Office is to forward approved applications to the Bank. Upon approval of the application by the Bank, the Bank is to make the loan from the revolving fund. A loan made under this fund must be repayable over a period that may not exceed 10 years.

## ANALYSIS OF THE HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$366,641
Add estimated revenues				
Transfer from the Bank of North Dakota current earnings and accumulated undivided profits	\$5,000,000 <sup>1</sup>		\$5,000,000 <sup>2</sup>	
Loan repayments from health care entities	198,308		1,580,369	
Interest income	20,313		147,218	
Total estimated revenues		5,218,621		6,727,587
Total available		\$5,218,621		\$7,094,228
Less estimated expenditures and transfers				
Loans to health care entities	\$4,841,824 <sup>3</sup>		\$7,000,000	
Service fees	10,156 <sup>4</sup>		73,609 <sup>4</sup>	
Total estimated expenditures and transfers		4,851,980		7,073,609
Estimated ending balance		\$366,641		\$20,619

<sup>1</sup>Section 9 of Senate Bill No. 2332 (2009) provides that if the actual general fund revenues for the period July 1, 2009, through September 30, 2009, exceed estimated general fund revenues for that period by at least \$22.5 million, as determined by the Office of Management and Budget (OMB), based on the legislative estimates made at the close of the 2009 legislative session and upon certification by the Health Information Technology Office director to the director of OMB of a demonstrated need for health information technology planning loans, the Industrial Commission transfer up to \$5 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund. The Health Information Technology Office director is to request fund transfers from the Bank only as necessary to comply with federal requirements and to meet cashflow needs of the funds. The conditions have been met and the Health Information Technology Office director requested the \$5 million be transferred into the fund.

<sup>2</sup>Section 4 of House Bill No. 1021 (2011) provides that the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or the health information technology loan fund in the 2011-13 biennium. The Health Information Technology Office director is to request transfers from the Bank only as necessary to meet cashflow needs of the funds and only upon certification by the director of a demonstrated need for health information technology planning loans. This schedule reflects a transfer of \$5 million from the Bank to the health information technology planning loan fund as anticipated to be requested by the Health Information Technology Office director.

<sup>3</sup>The Health Information Technology Advisory Committee has approved the following loan applications:

St. Andrew's Health Center (Bottineau)	\$361,149
Cooperstown Medical Center	200,000 <sup>1</sup>
Wishek Hospital	361,149
Towner County Medical Center (Cando)	694,911
Presentation Medical Center (Rolla)	300,701
West River Health Services (Hettinger)	722,350
Ashley Medical Center	586,880
Tioga Medical Center	501,203
St. Luke's Community Hospital and Clinics (Crosby)	541,776
Midgarden Family Clinic (Park River)	101,590
7-Day Clinic Walk-in Express Care (Fargo)	50,000



Linton Hospital	420,115
Total	\$4,841,824

<sup>1</sup>The advisory committee originally approved a loan of \$358,176 for the Cooperstown Medical Center. Before the loan was finalized, Cooperstown Medical Center changed its request to a \$200,000 loan.

<sup>4</sup>The Bank is authorized to deduct a service fee for administering the fund.

#### FUND HISTORY

North Dakota Century Code Section 6-09-43 (Senate Bill No. 2332 (2009)) establishes a health information technology planning loan fund at the Bank for providing low-interest loans to health care entities to assist those entities in improving health information technology infrastructure. This fund is a revolving loan fund. All money transferred into the fund, interest upon money in the fund, and collections of interest and principal on loans made from the fund are appropriated for disbursement. Annually, the Bank may deduct a service fee for administering the revolving loan fund.

An application for a loan must be made to the Health Information Technology Office. The Health Information Technology Office director, in collaboration with the Health Information Technology Advisory Committee, may approve the application of a qualified applicant that meets the criteria established by the Health Information Technology Office director. The Health Information Technology Office is to forward approved applications to the Bank. Upon approval of the application by the Bank, the Bank is to make the loan from the revolving loan fund.

**ANALYSIS OF THE LANDS AND MINERALS TRUST FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium <sup>1</sup>	
Beginning balance		\$32,586,643		\$0
Add estimated revenues				
Production royalties	\$41,802,122			
Mineral leases	704,742			
Oil and gas bonuses	181,552,266			
Investment earnings	1,863,500			
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020, 1985 SB 2249)	464,174			
Total estimated revenues		226,386,804		0
Total available		\$258,973,447		\$0
Less estimated expenditures and transfers				
Payments to common schools trust fund - Developmentally disabled loan fund Nos. 2 and 3 (2005 SB 2013 - Continuing appropriation)	\$697,344 <sup>1</sup>			
Industrial Commission - Oil and Gas Division contingency (2009 SB 2014)	314,242 <sup>2</sup>			
Transfer to the general fund (2009 SB 2013)	35,000,000			
Office of Management and Budget (OMB) - Heritage Center expansion (2007 SB 2341)	499,835 <sup>3</sup>			
Administrative costs/other fees	830,476			
Transfer to the strategic investment and improvements fund (2011 HB 1451)	221,631,550 <sup>4</sup>			
Total estimated expenditures and transfers		\$258,973,447		0
Estimated ending balance		\$0		\$0

<sup>1</sup>Payments to common schools trust fund - North Dakota Century Code 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.

<sup>2</sup>Industrial Commission - Department of Mineral Resources contingency - Senate Bill No. 2014 (2009) provides a \$515,207 contingency appropriation from the lands and minerals trust fund. If funds are required due to the average drilling rig count exceeding 100 active rigs for each month in any consecutive three-month period, the Oil and Gas Division may spend \$319,041 of these funds and hire up to 2 FTE positions, upon Emergency Commission approval. If funds are required due to receipt of an application for solution mining of potash or uranium, the Geological Survey Division may spend \$196,166 of these funds and hire up to 1 FTE position, upon Emergency Commission approval. In June 2010 the Emergency Commission approved a request from the Industrial Commission to hire 2 FTE positions and expend \$221,500 for salaries (\$156,000) and operating expenses (\$65,000). In September 2010 the Emergency Commission approved additional funding of \$97,541 for operating expenses. The division anticipates spending \$314,342 for the 2009-11 biennium.

<sup>3</sup>Office of Management and Budget - Senate Bill No. 2341 (2007) provided a contingent appropriation of \$1.5 million from the lands and minerals trust fund to OMB for the Heritage Center expansion project. The appropriation was only available when the State Historical Society certified to OMB that \$1.5 million of other funds had been received or pledged for the project. The State Historical Society certified to OMB in May 2007 that \$1.5 million of other funds had been received or pledged for the project. The Office of Management and Budget spent \$1,000,164 of the \$1.5 million for the Heritage Center expansion project during the 2007-09 biennium and anticipates spending the remainder of \$499,835 on the project during the 2009-11 biennium.

<sup>4</sup>House Bill No. 1451 (2011) provides that the lands and minerals trust fund be renamed to the strategic investment and improvements fund and that as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund.

#### **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 Section 15-08.1-08. The principal and interest of the trust fund may be used only for purposes approved by the Legislative Assembly. House Bill No. 1451 (2011) provides that the lands and minerals trust fund be renamed to the strategic investment and improvements fund and that as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund.

## ANALYSIS OF THE LEGACY FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Thirty percent of oil and gas gross production and extraction tax collections			\$612,468,299 <sup>1</sup>	
Excess revenues from strategic investment and improvement fund			0 <sup>2</sup>	
Investment earnings			6,090,000	
Total estimated revenues		0		618,558,299
Total available		\$0		\$618,558,299
Total estimated expenditures and transfers				0 <sup>3</sup>
Estimated ending balance		\$0		\$618,558,299

<sup>1</sup>Estimated revenues - The February 2011 revised revenue forecast for the 2011-13 biennium projects oil and gas gross production tax and oil extraction tax revenues to total \$2,041,560,997 for the 2011-13 biennium. Thirty percent of the projected revenues is \$612,468,299.

<sup>2</sup>House Bill No. 1451 (2011) provides that if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund.

<sup>3</sup>The principal and earnings of the legacy fund may not be spent until after June 30, 2017.

### FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 26, of the Constitution of North Dakota--to provide that 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

## ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
		\$		\$
Beginning balance		\$14,187,178		\$9,858,358
Add revenues				
Separate two-cent coal severance tax	\$1,165,000		\$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)	3,275,000		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)	1,310,000		1,350,000	
Investment income on Dakota Gasification Company ammonia plant and Red Trail	600,180		2,855,000	
Five percent of the general fund share of coal conversion tax (2007 HB 1093)	2,250,000		2,500,000	
Revenue bonds/short-term loan	0 <sup>1</sup>		0 <sup>1</sup>	
Interest income and return of funds	71,000		80,000	
Total revenues		8,671,180		11,360,000
Total available		\$22,858,358		\$21,218,358
Less expenditures and transfers <sup>2,3</sup>				
Administration	\$750,000		\$850,000	
Lignite feasibility studies (nonmatching grants)	1,000,000		700,000	
Small research grants	1,300,000		1,200,000	
Lignite marketing	1,076,000		1,500,000	
Lignite litigation	416,621 <sup>4</sup>		300,000 <sup>4</sup>	
Demonstration projects	8,457,379		15,421,300	
Total expenditures and transfers		13,000,000 <sup>5</sup>		19,971,300
Ending balance		\$9,858,358		\$1,247,058

<sup>1</sup>Pursuant to North Dakota Century Code Section 54-17.5-04, the Industrial Commission may issue revenue bonds or borrow short-term funds from the Bank of North Dakota.

<sup>2</sup>The 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 research project can receive more than 37.5 percent of available funds.

<sup>3</sup>The Industrial Commission has waived the fund allocation policy and has committed \$22 million through the 2011-13 biennium, with \$1,360,750 to be spent during the 2003-05 biennium, \$2,243,391 during the 2005-07 biennium, \$2.2 million during the 2007-09 biennium, \$4,125,000 during the 2009-11 biennium, and \$12,070,859 during the 2011-13 biennium, for the Lignite Vision 21 Project. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. (These amounts are net of funds expended and then subsequently returned when projects did not proceed.)

<sup>4</sup>Lignite 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. Activities associated with the litigation have been initiated with \$83,379 spent during the 2007-09 biennium and \$416,621 anticipated to be spent during the 2009-11 biennium. If the entire \$416,621 is utilized during the 2009-11 biennium, it is anticipated that 2011-13 litigation expenditures may exceed \$300,000 and be paid from a portion of the program's nonmatching dollars.

<sup>5</sup>The 2009 Legislative Assembly appropriated \$19,971,300 for lignite research grants; however, the Industrial Commission anticipates spending \$13 million for lignite research grants during the 2009-11 biennium. The Industrial Commission has continuing appropriation authority for all money deposited in the lignite research fund pursuant to Section 57-61-01.6.

#### **FUND HISTORY**

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 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$489,727,017		\$0 <sup>3</sup>
Add estimated revenues				
Oil and gas production and extraction tax collections based on current law	\$907,220,239 <sup>1</sup>			
Total estimated revenues		907,220,239		
Total available		\$1,396,947,256		
Less estimated expenditures and transfers				
Transfer to the general fund (2009 HB 1015)	\$140,000,000			
Transfer to centers of excellence fund (2009 SB 2018)	6,620,541 <sup>2</sup>			
Higher education (2009 SB 2003)	12,691,145			
Grant assistance payments to tribally controlled community colleges (2009 HB 1394)	700,000			
Dickinson Research Center (2009 SB 2020)	925,000			
Department of Human Services - Medicaid management information system replacement project carryover authority	1,130,027			
Property tax relief - Transfer to general fund (2009 SB 2199)	295,000,000			
Property tax relief - Transfer to property tax relief sustainability fund (2009 SB 2199)	295,000,000			
Property tax relief (deficiency appropriation) (2011 SB 2023)	4,233,000			
Water project grants (2009 HB 1305)	2,526,445			
Prairie Public Broadcasting (2009 HB 1015)	1,008,100			
Transfer to state disaster relief fund (2011 SB 2369)	22,000,000			
Total estimated expenditures and transfers		781,834,258		
Estimated ending balance		\$615,112,998 <sup>3</sup>		\$0

<sup>1</sup>Estimated collections reflect actual collections of \$637,339,147 through February 2011 and February 2011 revised revenue projections of \$269,881,092 for the remainder of the biennium. The February 2011 revised revenue forecast for the 2009-11 biennium projects state oil and gas gross production and oil extraction tax revenues to exceed \$71 million by \$907.2 million; therefore, \$907.2 million is projected to be transferred to the permanent oil tax trust fund during the biennium.

<sup>2</sup>Section 27 of 2009 Senate Bill No. 2018 allows the Department of Commerce to continue any unspent funds appropriated for the centers of excellence program for the 2007-09 biennium to the 2009-11 biennium. The Office of Management and Budget is to transfer any unexpended funds from the appropriations to the centers of excellence fund at the end of the 2007-09 biennium. Pursuant to this directive, the Office of Management and Budget transferred \$6,620,541, the amount remaining from the \$15 million appropriation for the 2007-09 biennium, from the permanent oil tax trust fund to the centers of excellence fund.

<sup>3</sup>House Bill No. 1451 repeals the permanent oil tax trust fund at the end of the 2009-11 biennium and transfers the balance estimated at \$615.1 million to the general fund. The bill also provides for the deposit of the state share of oil tax revenues received each biennium as follows:

- The first \$200 million in the general fund;
- The next \$341,790,000 in the property tax relief sustainability fund;
- The next \$100 million in the general fund;
- The next \$100 million into a new strategic investment and improvements fund (formerly the lands and minerals trust fund);
- The next \$22 million in the state disaster relief fund; and
- Any additional revenues in the strategic investment and improvements fund.

### **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. The 2011 Legislative Assembly with the passage of House Bill No. 1451 repeals the permanent oil tax trust fund at the end of the 2009-11 biennium and transfers the balance to the general fund.



**ANALYSIS OF THE PROPERTY TAX RELIEF SUSTAINABILITY FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
	Beginning balance		\$0	
Add estimated revenues				
Transfer from the permanent oil tax trust fund (Section 11 of 2009 SB 2199)	\$295,000,000			
Transfer from permanent oil tax trust fund (Section 2 of 2011 SB 2023)	4,233,000			
Allocation of oil and gas tax revenues (Section 9 of 2011 HB 1451)			\$341,790,000	
Total estimated revenues		299,233,000		341,790,000
Total available		\$299,233,000		\$636,790,000
Less estimated expenditures and transfers				
Supplemental appropriation for mill levy reduction grants to school districts (Section 1 of 2011 SB 2023)	\$4,233,000			
Transfer to general fund (Section 14 of 2011 HB 1047)			295,000,000	
Total estimated expenditures and transfers		4,233,000		295,000,000
Estimated ending balance		<u>\$295,000,000</u>		<u>\$341,790,000</u>

**FUND HISTORY**

North Dakota Century Code Section 57-64-05 (2009 Senate Bill No. 2199) establishes a property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 (2011 House Bill No. 1451) provides for an allocation of the state's share of oil and gas tax revenues of \$341,790,000 each biennium to the property tax relief sustainability fund after an allocation of \$200 million to the general fund.

## ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$87,378,167		\$139,092,168
Add estimated revenues				
Oil extraction tax collections	\$140,592,397		\$199,812,353	
Repayments and reimbursements	3,504,000		3,509,000	
Investment earnings/miscellaneous income	2,217,604		1,101,820	
Total estimated revenues		146,314,001 <sup>1</sup>		204,423,173
Total available		\$233,692,168		\$343,515,341
Less estimated expenditures and transfers				
State Water Commission - Grants, projects, and project administration (2009 HB 1020; 2011 SB 2020)	\$94,258,000		\$308,131,899	
State Water Commission - Beaver Bay embankment feasibility study (2009 SB 2305)	342,000			
State Water Commission - Western Area Water Supply Authority zero interest loan (2011 SB 2020)			25,000,000	
Bank of North Dakota - Western Area Water Supply Authority 5 percent interest loan (2011 HB 1206)			10,000,000	
Total estimated expenditures and transfers		94,600,000 <sup>2</sup>		343,131,899 <sup>3</sup>
Estimated ending balance		\$139,092,168		\$383,442

<sup>1</sup>Estimated revenues - 2009-11 - The estimated revenues for the 2009-11 biennium reflect actual revenues through April 2011 and estimated revenues for the remainder of the biennium based on the February 2011 revenue forecast. The current estimate of revenues for the biennium is \$93,520,660 more than the estimate of \$52,793,341 made at the close of the 2009 legislative session. The increase is attributable to the following changes:

Increase in oil extraction tax collections	\$90,808,056
Increase in repayments and reimbursements	1,495,000
Increase in investment income	1,217,604
Net increase from revenue amount previously estimated for 2009-11	\$93,520,660

<sup>2</sup>Sections 1 and 5 of House Bill No. 1020 (2009) appropriated \$188.4 million, or any additional amounts that become available, from the resources trust fund for defraying the expenses of the State Water Commission for the 2009-11 biennium. In addition, Senate Bill No. 2305 (2009) appropriated \$342,000 from the resources trust fund to the State Water Commission for conducting a Beaver Bay embankment feasibility study. The State Water Commission estimates 2009-11 expenditures from the resources trust fund will total approximately \$94.6 million.

<sup>3</sup>Sections 1 and 4 of Senate Bill No. 2020 (2011) appropriate \$332.4 million, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2011-13 biennium. The Legislative Assembly added 1 FTE Water Development Division director position funded from the resources trust fund and appropriated an additional \$500,000 from the resources trust fund for a remote metering device reimbursement program. The sections relating to the remote metering of water permits were vetoed by Governor Jack Dalrymple. The Legislative Assembly provided the State Water Commission must receive Budget Section approval prior to the expenditure of any funds in excess of funding appropriated to the commission for water and atmospheric resources. In addition, the 2011 Legislative Assembly provided, in House Bill No. 1206, the State Water Commission make available, from funding appropriated from the resources trust fund for projects, \$25 million for a zero interest loan to the Western Area Water Supply Authority. House Bill No. 1206 also appropriated \$10 million from the resources trust fund for a 5 percent loan to the Western Area Water Supply Authority.

## 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, as amended by Senate Bill No. 2129 (2011), 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.
- Thirty percent to the legacy fund.
- Thirty percent to be allocated to the state's general fund, with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in House Bill No. 1451 (2011).

**ANALYSIS OF THE RISK MANAGEMENT FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$4,150,592		\$2,758,826
Add estimated revenues				
Premiums	\$2,444,966 <sup>1</sup>		\$3,450,021 <sup>2</sup>	
Total estimated revenues		2,444,966		3,450,021
Total available		\$6,595,558		\$6,208,847
Less estimated expenditures and transfers				
Administration	\$1,332,470		\$1,437,289	
Claims-related expenses	10,300		10,300	
Claims and litigation	2,493,962		3,401,000	
Total estimated expenditures and transfers		3,836,732		4,848,589
Estimated ending balance		\$2,758,826		\$1,360,258

<sup>1</sup>In response to an actuarial review completed in 2008 by Aon Risk Services, the Risk Management Division is assessing a total of \$2,649,997 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2009-11 biennium. Assessments are subject to a risk management discount program for agencies that adopt proactive loss control practices, with a maximum available discount of 15 percent. The amount shown for premiums reflects fiscal year 2010 discounts of \$102,393 and estimated fiscal year 2011 discounts of \$102,638.

<sup>2</sup>In response to an actuarial review completed in April 2010 by Aon Risk Services, the Risk Management Division is estimated to assess a total of \$3,750,021 in risk management premiums to state agencies, boards, and commissions and the University System for the 2011-13 biennium. Assessments are subject to a risk management discount program for agencies that adopt proactive loss control practices, with a maximum available discount of 15 percent. The amount shown for premiums reflects estimated fiscal year 2012 discounts of \$150,000 and estimated fiscal year 2013 discounts of \$150,000.

**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 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Allocation from sales, use, and motor vehicle excise tax collections	\$2,710,599 <sup>1</sup>		\$3,300,000 <sup>1,4</sup>	
Total estimated revenues		2,710,599		3,300,000
Total available		\$2,710,599		\$3,300,000
Less estimated expenditures and transfers				
State Treasurer - County senior citizen matching grants	\$2,682,853 <sup>2</sup>		\$3,300,000 <sup>2,4</sup>	
Transfer to the general fund	27,746 <sup>3</sup>			
Total estimated expenditures and transfers		2,710,599		3,300,000
Estimated ending balance		\$0		\$0

<sup>1</sup>The allocation from sales, use, and motor vehicle excise tax collections is shown below:

Fiscal Year	Allocation From Sales, Use, and Motor Vehicle Excise Tax Collections	Percentage Increase (Decrease) From Previous Year
2006	\$995,253 (actual)	N/A
2007	\$1,072,665 (actual)	7.8%
2008	\$1,163,721 (actual)	8.5%
2009	\$1,243,493 (actual)	6.9%
2010	\$1,310,947 (actual)	5.4%
2011	\$1,399,652 (actual)	6.8%
2012	\$1,650,000 (estimate)	17.9%
2013	\$1,650,000 (estimate)	0.0%

<sup>2</sup>The county senior citizen matching grants are shown below:

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
2006	\$989,415 (actual)	N/A
2007	\$1,078,503 (actual)	9.0%
2008	\$1,153,293 (actual)	6.9%
2009	\$1,225,933 (actual)	6.3%
2010	\$1,298,462 (actual)	5.9%
2011	\$1,384,391 (actual)	6.6%
2012	\$1,650,000 (estimate)	19.2%
2013	\$1,650,000 (estimate)	0.0%

<sup>3</sup>Any funds remaining at the end of each biennium are transferred to the general fund.

<sup>4</sup>Senate Bill No. 2242 (2011) increases the amount of state general fund revenue to be allocated to the senior citizen services and programs fund from two-thirds of one mill levied statewide to three-fourths of one mill levied statewide effective for taxable years beginning after December 31, 2010. The bill also increases the amount of grants provided to counties that have approved a mill levy for senior citizen services and programs fund from two-thirds of the amount levied in the county for senior citizen programs to three-fourths of the amount levied in the county for senior citizen programs, limited to one mill.

#### **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. Current statutory provisions provide that 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 Legislative Assembly, in 2011 Senate Bill No. 2242, amended statutory provisions to increase the amount of collections to be allocated to the fund from two-thirds of one mill levied statewide to three-fourths of one mill levied statewide effective for taxable years beginning after December 31, 2010. 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. Current statutory provisions provide that 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, in 2011 Senate Bill No. 2242, amended statutory provisions to increase the amount of grants provided to counties from two-thirds of the amount levied for senior citizen programs to three-fourths of the amount levied 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 in the 2005-07 biennium any remaining money in the fund at the end of the biennium was allocated to those counties that were 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 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on four-tenths of 1 percent)	\$120,325,118		\$136,627,710	
Other adjustments resulting from 2011 legislative action				
HB 1334 - Sales tax exemption for dues and fees of certain nonprofit clubs and organizations			(2,800)	
SB 1391 - Compliance with Streamlined Sales Tax Agreement			1,635	
HB 1424 - Sales tax exemption for agrichemical cleaners and markers and expansion of retail compensation allowance	(2,200)		(148,560)	
SB 2171 - Sales tax exemption for telecommunications infrastructure			(308,783)	
SB 2172 - Sales tax exemption for gross receipts from coin-operated amusement machines			(28,000)	
Total adjustments		120,322,918		136,141,202
Total available		\$120,322,918		\$136,141,202
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$64,613,407		\$73,107,825	
City share (46.3 percent)	55,709,511		63,033,377	
Total estimated expenditures and transfers		120,322,918		136,141,202
Estimated ending balance		\$0		\$0

**NOTE:** The amounts shown reflect the 2009-11 revised revenue forecast (February 2011) and the 2011-13 revenue forecast as approved by the 2011 Legislative Assembly.

**FUND HISTORY**

North Dakota Century Code 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 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:

<b>Population Category Through June 30, 2011</b>			
<b>Counties</b>	<b>Percentage</b>	<b>Cities (Based on Population)</b>	<b>Percentage</b>
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%
<b>Total</b>	<b>100.00%</b>		<b>100.0%</b>

Senate Bill No. 2253 (2011), which becomes effective July 1, 2011, revises the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill does not change the total distribution percentages to cities and counties which remain at 53.7 percent to counties and 46.3 to cities. The allocation formula for specific counties and cities is:

<b>Population Category Effective July 1, 2011</b>		
<b>Counties</b>	<b>Percentage</b>	<b>Cities</b>
17 counties with the largest population (allocated equally)	20.48%	Based upon the proportion each city's population bears to total population.
17 counties with the largest population (allocated based on population)	43.52%	
Remaining counties (allocated equally)	14.40%	
Remaining counties (allocated based on population)	21.60%	
<b>Total</b>	<b>100.00%</b>	



**ANALYSIS OF THE STATE DISASTER RELIEF FUND  
FOR THE 2007-09, 2009-11, AND 2011-13 BIENNIUMS**

	2007-09 Biennium		2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$37,623,216		\$36,351,938
Add revenues						
Transfer from the general fund	\$43,000,000 <sup>1</sup>					
Transfer from the permanent oil tax trust fund (2011 SB 2369)			\$22,000,000 <sup>2</sup>			
Interest income			180,726		\$250,000	
Federal funds - Volunteer hours adjustment			596,623			
Local share federal-to-federal mission assignments			13,229			
National Guard reimbursements			134,932			
Total revenues		43,000,000		22,925,510		250,000
Total available		\$43,000,000		\$60,548,726		\$36,601,938
Less estimated expenditures						
Emergency snow removal grants (2009 SB 2012, 2011 SB 2369)	\$5,376,784 <sup>3</sup>		\$9,000,000 <sup>4</sup>			
Disaster costs relating to disasters occurring prior to 2009			800,834 <sup>5</sup>		\$860,000 <sup>6,7</sup>	
Disaster costs relating to 2009 flooding			5,266,228 <sup>5</sup>		6,890,597 <sup>6,7</sup>	
Disaster costs relating to the January 2010 winter snowstorm			1,506,693 <sup>5</sup>		267,371 <sup>6,7</sup>	
Disaster costs relating to 2010 flooding			3,122,119 <sup>5</sup>		1,607,139 <sup>6,7</sup>	
Disaster costs relating to the April 2010 ice storm			2,847,775 <sup>5</sup>		942,198 <sup>6,7</sup>	
Disaster costs relating to the April 2011 blizzard			16,871 <sup>5</sup>			
Disaster costs relating to 2011 flooding			1,636,268 <sup>5</sup>		6,396,250 <sup>8</sup>	
Disaster costs relating to flooding in incorporated cities (2011 SB 2369)					3,200,000 <sup>8</sup>	
Disaster response coordination contract (2011 SB 2016)					400,000 <sup>9</sup>	
State disasters and flood mitigation efforts (2011 SB 2016, 2011 SB 2369)					13,178,749 <sup>7,8</sup>	
Total estimated expenditures and transfers		5,376,784		24,196,788		33,742,304
Estimated ending balance		\$37,623,216		\$36,351,938		\$2,859,634

**NOTE:** The amounts shown on this schedule reflect updated expenditure estimates by disaster provided by the Adjutant General as of May 2011.

<sup>1</sup>Section 5 of 2009 Senate Bill No. 2012 provided that the Office of Management and Budget transfer \$43 million from the general fund to the state disaster relief fund during the 2007-09 biennium.

<sup>2</sup>Senate Bill No. 2369 (2011) provides for a \$22 million transfer from the permanent oil tax trust fund to the state disaster relief fund and authorizes the Adjutant General to use this funding for costs associated with state disasters and flood mitigation efforts.

<sup>3</sup>Section 6 of 2009 Senate Bill No. 2012 authorized up to \$20 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships in accordance with Section 7 of Senate Bill No. 2012. Section 7 of Senate Bill No. 2012 provided that a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 50 percent of the costs incurred by the county, township, or city for the period January 2009 through March 2009 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed these grants prior to June 30, 2009.

<sup>4</sup>Section 2 of 2011 Senate Bill No. 2369 authorized up to \$9 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships. Section 2 of Senate Bill No. 2369 provided that a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services must distribute these grants prior to June 30, 2011, and report to the budget section regarding the grants awarded under this section. Any unspent funds may be used for purposes as provided for in Section 4 of Senate Bill No. 2369.

<sup>5</sup>Section 6 of 2009 Senate Bill No. 2012 authorized up to \$23 million from the state disaster relief fund to be used for paying costs relating to the 2009 flood disaster, snow removal damage to roads, and other disasters in accordance with Section 8 of Senate Bill No. 2012. Section 8 of Senate Bill No. 2012 provides that a political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 may apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding.

<sup>6</sup>Section 1 of 2011 Senate Bill No. 2016 includes spending authority of \$7.8 million from the state disaster relief fund for expenses related to the 2009 flood disaster (\$3,369,258) and other unclosed state disasters (\$4,473,046) in the 2011-13 biennium.

<sup>7</sup>Section 5 of 2011 Senate Bill No. 2016 appropriates \$3.5 million from the state disaster relief fund to the Adjutant General for the purpose of providing the required state share of funding for defraying the expenses associated with presidential-declared disasters pursuant to North Dakota Century Code Section 37-17.1-27.

<sup>8</sup>Section 4 of 2011 Senate Bill No. 2369 appropriates \$22 million from the state disaster relief fund for flood-related costs for the remainder of the 2009-11 biennium and for the 2011-13 biennium. Subject to Emergency Commission and Budget Section approval, the Adjutant General may use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state.

<sup>9</sup>In 2011 Senate Bill No. 2016, the Legislative Assembly provided authority to the Department of Emergency Services to utilize funding from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters.

#### **FUND HISTORY**

Section 37-17.1-27 (Section 4 of 2009 Senate Bill No. 2012) establishes a state disaster relief fund. In 2011 Senate Bill No. 2369, the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidential-declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. Any interest or other fund earnings must be deposited in the fund.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND  
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

	2009-11 Biennium		2011-13 Biennium <sup>1</sup>	
Beginning balance		\$0		\$221,631,550 <sup>1</sup>
Add estimated revenues				
Production royalties			\$71,832,000	
Mineral leases			694,412	
Oil and gas bonuses			36,150,000 <sup>2</sup>	
Investment earnings			2,708,045	
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249, 2011 SB 2121)			0 <sup>3</sup>	
Oil and gas tax collections			36,481,039 <sup>4</sup>	
Total estimated revenues		0		147,865,496
Total available		\$0		\$369,497,046
Less estimated expenditures and transfers				
Payments to common schools trust fund - Developmentally disabled loan fund Nos. 2 and 3 (2005 SB 2013 - Continuing appropriation, 2011 SB 2121)			\$0 <sup>3</sup>	
Transfer to the general fund (2011 SB 2015)			305,000,000	
Administrative costs/other fees			800,000	
Total estimated expenditures and transfers		\$0		305,800,000
Estimated ending balance		\$0		\$63,697,046
Restricted fund income				
Reserve relating to potential title disputes			\$56,664,169 <sup>5</sup>	
Bank of North Dakota - Maintain guarantee reserve fund balance (2011 SB 2306)			6,250,000 <sup>6</sup>	
Ending balance - Undesignated		\$0		\$782,877

<sup>1</sup>House Bill No. 1451 (2011) provides that the lands and minerals trust fund be renamed to the strategic investment and improvements fund and that as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. The bill states that it is the intent of the Legislative Assembly that the fund be used for one-time expenditures relating to improving state infrastructure or initiatives to improve the efficiency and effectiveness of state government.

<sup>2</sup>The Land Department estimates \$5 million will be collected in oil and gas bonuses per lease sale, with eight lease sales per biennium. This estimate assumes some land currently leased will become available for lease sales as lease contracts expire during the 2011-13 biennium.

<sup>3</sup>Payments to common schools trust fund - North Dakota Century Code Section 15-08.1-09 provides an annual continuing appropriation from the strategic investment and improvements 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. Senate Bill No. 2121 (2011) provides that the Department of Human Services sell loans in the developmentally disabled facility revolving loan fund to the Bank of North Dakota with the proceeds to be deposited in the common schools trust fund. The bill, which becomes effective August 1, 2011, discontinues the repayment of developmentally disabled loan fund program Nos. 2 and 3 which are currently paid from the strategic investment and improvements fund to the common schools trust fund.

<sup>4</sup>House Bill No. 1451 (2011) creates a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

1. The first \$200 million is deposited in the general fund;
2. The next \$341,790,000 is deposited in the property tax relief sustainability fund;
3. The next \$100 million is deposited in the general fund;
4. The next \$100 million is deposited in the strategic investment and improvements fund;
5. The next \$22 million is deposited in the state disaster relief fund; and
6. Any additional revenues are deposited in the strategic investment and improvements fund.

The amount of oil and gas tax collections estimated to be deposited in the strategic investment and improvements fund for the 2011-13 biennium is \$36,481,039.

<sup>5</sup>These funds represent oil and gas bonuses received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Based on the outcome of legal settlements, these funds may need to be returned. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve pending the settlement of mineral ownership title disputes.

<sup>6</sup>Senate Bill No. 2306 provides that guarantees on fuel production facility loans administered by the Bank of North Dakota be increased by \$10.5 million to \$12.5 million and that the value of all fuel production facility loan guarantees is increased by \$15 million, from \$10 million to \$25 million. Money in the strategic investment and improvements fund is available to the Bank of North Dakota to maintain 25 percent of the guarantee reserve fund balance not to exceed a total of \$6.25 million. Any money transferred from the strategic investment and improvements fund to maintain the guarantee reserve fund is available to reimburse lenders for guaranteed loans in default.

#### **FUND HISTORY**

House Bill No. 1451 (2011) provides that the lands and minerals trust fund be renamed to the strategic investment and improvements fund and that as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. 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 strategic investment and improvements fund, pursuant to Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent that the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

If the unobligated balance in the fund at the end of any month exceeds \$300 million, 25 percent of any revenues received for deposit in the fund in the subsequent month must be deposited instead into the legacy fund. Unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

## ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium <sup>1</sup>		2011-13 Biennium <sup>1</sup>	
Beginning balance		\$19,272,800		\$17,469,341
Add estimated revenues				
Fund earnings (net)	\$25,000 <sup>2</sup>		\$25,000 <sup>2</sup>	
Total available		\$19,297,800		\$17,494,341
Less estimated expenditures and transfers				
Funding for veterinary medical education program	\$807,859 <sup>3</sup>		\$465,307 <sup>4</sup>	
Funding for the North Dakota University System information technology services	1,020,600 <sup>5</sup>		539,437 <sup>6</sup>	
Total estimated expenditures and transfers		1,828,459		1,004,744
Estimated ending balance		\$17,469,341 <sup>7</sup>		\$16,489,597 <sup>8</sup>

<sup>1</sup>This analysis reflects the estimated revenues, expenditures, and ending balance for the 1979 bond resolution only. The estimated June 30, 2011, ending balance for the 1996 bond resolution is \$28,240,000.

<sup>2</sup>The projected income for the 2009-11 and 2011-13 bienniums is based on interest rates as of December 1, 2010.

<sup>3</sup>The 2009 Legislative Assembly provided a \$990,970 appropriation from the student loan trust fund for continuing the Kansas State University veterinary medical education program. Of this amount, \$807,859 is estimated to be used.

<sup>4</sup>The 2011 Legislative Assembly provided \$465,307 of funding from the student loan trust fund for the Kansas State University veterinary medical education program. This represents a funding decrease of \$525,663 from the 2009-11 biennium program appropriation from the student loan trust fund. The 2011 Legislative Assembly provided a general fund increase of \$510,000 for the program to offset the reduced funding from the student loan trust fund.

<sup>5</sup>The 2009 Legislative Assembly provided a \$1,020,600 appropriation from the student loan trust fund to the University System information technology services pool for ConnectND positions within the University System. The positions were previously paid from Bank of North Dakota funding.

<sup>6</sup>The 2011 Legislative Assembly provided \$539,437 of funding from the student loan trust fund for the University System information technology services pool for ConnectND positions within the University System. This represents a funding decrease of \$481,163 from the 2009-11 biennium program appropriation from the student loan trust fund. The 2011 Legislative Assembly provided the information technology services pool with a general fund increase of \$590,000 to offset the reduced funding from the student loan trust fund.

<sup>7</sup>Based on current fund earnings estimates, \$1,986,570 of fund principal will be used during the 2009-11 biennium.

<sup>8</sup>Based on current fund earnings estimates and the 2011-13 legislative appropriations, \$979,744 of fund principal will be used during the 2011-13 biennium. The Industrial Commission estimates that sufficient funding will be available in the fund after the reduction of fund principal to fulfill required debt service payments.

### 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 continues to service those loans which the student loan trust fund holds.

The student loan trust fund 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 bond resolutions have matured, been redeemed or defeased and all expenses paid, and the resolutions closed, any remaining assets held under the bond resolutions would be transferred to the Industrial Commission for use at its discretion and as allowed by law. 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 PREVENTION AND CONTROL TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
	Beginning balance		\$14,107,486	
Add estimated revenues				
Tobacco settlement revenues collected to date	\$23,460,631 <sup>1</sup>		\$0	
Projected tobacco settlement revenues			24,548,786 <sup>2</sup>	
Investment income	105,000		213,616	
Total estimated revenues		23,565,631 <sup>3</sup>		24,762,402 <sup>3</sup>
Total available		\$37,673,117		\$49,553,519
Less estimated expenditures and transfers				
Tobacco Prevention and Control Executive Committee expenditures	\$12,882,000 <sup>4</sup>		\$12,922,614 <sup>4</sup>	
Total estimated expenditures and transfers		12,882,000		12,922,614
Estimated ending balance		\$24,791,117		\$36,630,905

<sup>1</sup>As of April 2011, the state has received tobacco settlement payments totaling \$64,013,595 for the 2009-11 biennium, of which \$40,552,964 was deposited in the tobacco settlement trust fund and \$23,460,631 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of \$336,322,280, including \$284,925,908 under subsection IX(c)(1) of the Master Settlement Agreement and \$51,396,372 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$336,322,280, \$298,723,637 has been deposited into the tobacco settlement trust fund and \$37,598,643 has been deposited into the tobacco prevention and control trust fund.

<sup>2</sup>Estimated payments for the 2011-13 biennium are based on the amount received in 2010.

<sup>3</sup>Initiated measure No. 3 approved in the November 2008 general election provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The 2009 Legislative Assembly in Section 39 of House Bill No. 1015 provided that any money deposited in the water development trust fund under North Dakota Century Code Section 54-27-25 may only be spent pursuant to legislative appropriation.

The measure will result in the following estimated allocation of the revised estimated collections of the tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	70.3 million	24.5 million	20.6 million	20.6 million	4.6 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
<b>Total</b>	<b>\$567.3 million</b>	<b>\$117.3 million</b>	<b>\$202.5 million</b>	<b>\$202.5 million</b>	<b>\$45.0 million</b>

<sup>4</sup>Section 35 of 2009 House Bill No. 1015 appropriated \$12,882,000 from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Executive Committee for the purpose of providing a level of funding that will meet the annual level recommended by the Centers for Disease Control and Prevention for North Dakota as published in its *Best Practices for Comprehensive Tobacco Control* for the 2009-11 biennium. The 2011 Legislative Assembly appropriated \$12,922,614 from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Executive Committee for the 2011-13 biennium.

### FUND HISTORY

The tobacco prevention and control trust fund was created as a result of voter approval of initiated measure No. 3 in the November 2008 general election. The measure added seven new sections to the North Dakota Century Code and amended Section 54-27-25 to establish the Tobacco Prevention and Control Advisory Committee and an executive committee, develop and fund a comprehensive statewide tobacco prevention and control plan, and create a tobacco prevention and control trust fund to receive tobacco settlement dollars to be administered by the executive committee. The measure provides for the advisory committee, appointed by the Governor, to develop the initial comprehensive plan and select an executive committee responsible for the implementation and administration of the comprehensive plan. The initiated measure became effective 30 days after the election (December 4, 2008).

Tobacco settlement payments received by the state under the Master Settlement Agreement are derived from two subsections of the Master Settlement Agreement. Subsection IX(c)(1) of the Master Settlement Agreement provides payments on April 15, 2000, and on April 15 of each year thereafter in perpetuity, while subsection IX(c)(2) of the Master Settlement Agreement provides for additional strategic contribution payments that began on April 15, 2008, and continue each April 15 thereafter through 2017. Section 54-27-25, created by 1999 House Bill No. 1475, did not distinguish between payments received under the separate subsections of the Master Settlement Agreement and provided for the deposit of all tobacco settlement money received by the state into the tobacco settlement trust fund. Money in the fund, including interest, is transferred within 30 days of 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.

The measure provides for a portion of tobacco settlement dollars received by the state to be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement will continue to be deposited in the tobacco settlement trust fund and allocated 10 percent to the community health trust fund (with 80 percent used for tobacco prevention and control), 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement will be deposited into the tobacco prevention and control trust fund. Interest earned on the balance in this fund will be deposited in the fund. The fund will be administered by the executive committee created by the measure for the purpose of creating and implementing the comprehensive plan.

The measure also provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The 2009 Legislative Assembly in Section 39 of House Bill No. 1015 provided that any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.



## ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Tobacco settlement revenues collected to date	\$40,552,964 <sup>1</sup>		\$0	
Projected tobacco settlement revenues	0		45,831,186	
Total estimated revenues		40,552,964 <sup>2</sup>		45,831,186 <sup>2</sup>
Total available		\$40,552,964 <sup>3,4</sup>		\$45,831,186 <sup>3,4</sup>
Less estimated expenditures and transfers				
Transfers to the community health trust fund	\$4,055,296		\$4,583,118	
Transfers to the common schools trust fund	18,248,834		20,624,034	
Transfers to the water development trust fund	18,248,834		20,624,034	
Total estimated expenditures and transfers		40,552,964		45,831,186
Estimated ending balance		\$0		\$0

<sup>1</sup>As of April 2011, the state has received tobacco settlement payments totaling \$64,013,595 for the 2009-11 biennium, of which \$40,552,964 was deposited in the tobacco settlement trust fund and \$23,460,631 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of \$336,322,280, including \$284,925,908 under subsection IX(c)(1) of the Master Settlement Agreement and \$51,396,372 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$336,322,280, \$298,723,637 has been deposited into the tobacco settlement trust fund and \$37,598,643 has been deposited into the tobacco prevention and control trust fund.

<sup>2</sup>Revenues - House Bill No. 1475 (1999) (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.

In the November 2008 general election, voters approved initiated measure No. 3 that amends Section 54-27-25 to provide that a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and 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. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continues through 2017, was deposited beginning in 2009 in the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729, which, because it was received prior to passage of the measure, was allocated pursuant to Section 54-27-25 prior to amendment. Remaining tobacco settlement trust fund revenues have been estimated based on the Office of Management and Budget revised estimated collections and the average of actual revenues received into the tobacco settlement trust fund in fiscal years 2009 and 2010 and do not include anticipated strategic contribution payments, which are deposited in the tobacco prevention and control trust fund.

<sup>3</sup>In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota 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 total original estimated tobacco settlement collections, including payments to be received under both subsection IX(c)(1) and subsection IX(c)(2) of the Master Settlement Agreement, and the total actual and estimated collections as revised by the Office of Management and Budget are:

Biennium	1999 Original Estimated Collections	Actual and 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	43,828,118
2007-09	82,231,080	75,633,409
2009-11	82,231,080	64,013,595
2011-13	82,231,080	70,379,972
2013-17 (\$82,231,080/\$73,687,266 per biennium)	164,462,160	147,374,532
2017-25 (\$58,591,490/\$52,503,832 per biennium)	234,365,960	210,015,328
<b>Total</b>	<b>\$866,801,136</b>	<b>\$764,092,111</b>

<sup>4</sup>Initiated measure No. 3, approved by voters in the November 2008 general election, will result in the following estimated allocation of the revised estimated collections of the tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	70.3 million	24.5 million	20.6 million	20.6 million	4.6 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
<b>Total</b>	<b>\$567.3 million</b>	<b>\$117.3 million</b>	<b>\$202.5 million</b>	<b>\$202.5 million</b>	<b>\$45.0 million</b>

### FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), 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.

In the November 2008 general election, voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in a new fund rather than the entire amount in the

tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and 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. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continue through 2017, began to be deposited in 2009 into the newly created tobacco prevention and control trust fund.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

## ANALYSIS OF THE STATE TUITION FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
	Beginning balance		\$1,149,701 <sup>1</sup>	
Add estimated revenues				
Fines for violation of state laws	\$9,081,058 <sup>2</sup>		\$9,124,000 <sup>2</sup>	
Transfers from the common schools trust fund	77,178,000		92,514,000	
Total estimated revenues		86,259,058		101,638,000
Total available		\$87,408,759		\$102,746,759
Less estimated expenditures and transfers				
State aid to schools	\$86,300,000		\$101,638,000	
Total estimated expenditures and transfers		86,300,000 <sup>1</sup>		101,638,000 <sup>1</sup>
Estimated ending balance		\$1,108,759 <sup>1</sup>		\$1,108,759 <sup>1</sup>

<sup>1</sup>Beginning/ending balance - North Dakota Century Code 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. Fine 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.

<sup>2</sup>Fines for violation of state laws - The amount of state tuition fund distributions from fine proceeds is shown below:

Fiscal Year	Revenue From Fines	Percentage Increase (Decrease) 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	\$4,590,395 (actual)	1.9%
2008	\$4,692,048 (actual)	2.2%
2009	\$4,452,118 (actual)	(5.1%)
2010	\$4,593,325 (actual)	3.2%
2011	\$4,487,733 (estimate)	(2.3%)
2012	\$4,562,000 (estimate)	1.7%
2013	\$4,562,000 (estimate)	0.0%

### FUND HISTORY

The state tuition fund originated in 1889 with enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Article IX, Section 2, of the Constitution of North Dakota, which provides that payments to the common schools trust fund 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.

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. Prior to the 2007-09 biennium, the Superintendent of Public Instruction apportioned the money in the state 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 includes the money in the state 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 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
Beginning balance		\$4,167,369		\$4,167,369
Add estimated revenues				
Investment income (loss)	\$211,292 <sup>1</sup>		\$200,000 <sup>1</sup>	
Sale of van	5,000			
Total estimated revenues		216,292		200,000
Total available		\$4,383,661		\$4,367,369
Less estimated expenditures and transfers				
Grants and related expenditures	\$208,212 <sup>2</sup>			
Administrative committee travel				
Veterans' Home activities				
Vehicles - Vans				
Veterans' transportation programs	4,130 <sup>2</sup>			
Other veterans' programs				
Appeals Committee	650 <sup>2</sup>			
Stand Down (outreach to homeless veterans)	3,300 <sup>2</sup>			
Total estimated expenditures and transfers		216,292		0 <sup>3</sup>
Estimated ending balance		<u>\$4,167,369</u>		<u>\$4,367,369</u>

<sup>1</sup>The State Treasurer estimates \$211,292 of investment income from the veterans' postwar trust fund will be available for the various programs supported by the fund during the 2009-11 biennium. The State Treasurer has not provided investment income estimates for the 2011-13 biennium, but anticipates the amounts will be similar to the 2009-11 biennium. Pursuant to House Bill No. 1468, approved by the 2011 Legislative Assembly, investment income earned during the 2011-13 biennium is not available for program expenditures until the 2013-15 biennium.

<sup>2</sup>Expenditures funded through May 31, 2011. The Administrative Committee on Veterans' Affairs receives and allocates funding on a quarterly basis, as it becomes available, to various programs.

<sup>3</sup>North Dakota Century Code Section 37-14-14 currently provides all income of the veterans' postwar trust fund is appropriated on a continuing basis to the Administrative Committee on Veterans' Affairs for programs that benefit veterans or their dependents. The 2011 Legislative Assembly, in House Bill No. 1468, amended Section 37-14-14 to provide that all income earned in a biennium is appropriated to the Administrative Committee on Veterans' Affairs on a continuing basis in the following biennium, and not in the biennium in which it is earned, for authorized programs. Therefore, the investment income earned by the fund during the 2011-13 biennium will not be available for programs until the 2013-15 biennium. The 2011 Legislative Assembly, in House Bill No. 1468, also provided \$210,000 from the general fund to the Department of Veterans' Affairs to be used in lieu of income generated from the veterans' postwar trust fund for the programs that benefit veterans or their dependents during the 2011-13 biennium and \$50,000 from the general fund to the Department of Veterans' Affairs for the purchase of vans to transport veterans or their dependents.

**NOTE:** Since the 1993-95 biennium, the principal balance of the fund has been identified as \$4,101,849. The fund balance of the veterans' postwar trust fund as of March 31, 2011, was \$4,265,934 and the market value of the fund was \$4,601,692.

## FUND HISTORY Established

The fund was created by Section 6 of Senate Bill No. 2271 (1981):

**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 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 included \$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 Constitution of North Dakota:

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.

### 2011 House Bill No. 1468

The 2011 Legislative Assembly, in House Bill No. 1468, amended Section 37-14-14 to provide that all income earned in a biennium is appropriated to the Administrative Committee on Veterans' Affairs on a continuing basis in the following biennium, and not in the biennium in which it is earned, for authorized programs.

## ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
	Beginning balance		\$21,010,583	
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	\$18,248,834 <sup>1</sup>		\$0	
Projected remaining transfers from tobacco settlement trust fund	0		20,624,034	
Total estimated revenues		18,248,834 <sup>2</sup>		20,624,034 <sup>2</sup>
Total available		\$39,259,417		\$45,833,390
Less estimated expenditures and transfers				
State Water Commission (2009 HB 1020; 2011 SB 2020)				
Water projects	\$0 <sup>3</sup>		\$20,307,984 <sup>4</sup>	
Bond payments	14,050,061 <sup>3</sup>		16,881,750 <sup>4</sup>	
Total estimated expenditures and transfers		14,050,061		37,189,734
Estimated ending balance		\$25,209,356		\$8,643,656

<sup>1</sup>For the 2009-11 biennium, transfers totaling \$18,248,834 have been made from the tobacco settlement trust fund as of April 2011. Total transfers of \$134,425,636 have been made from the tobacco settlement trust fund to the water development trust fund.

<sup>2</sup>Revenues - Interest earned on the water development trust fund is deposited in the state general fund.

In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota 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.

Initiated measure No. 3 will result in the following estimated allocation of the revised estimated collections for tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	70.3 million	24.5 million	20.6 million	20.6 million	4.6 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
<b>Total</b>	<b>\$567.3 million</b>	<b>\$117.3 million</b>	<b>\$202.5 million</b>	<b>\$202.5 million</b>	<b>\$45.0 million</b>



<sup>3</sup>The 2009 Legislative Assembly provided a total of \$30,843,001, or any additional amount that becomes available, from the water development trust fund for bond payments and water projects. Bond payments during the 2009-11 biennium total \$14,050,061. The State Water Commission does not anticipate expenditures for water projects from the water development trust fund during the 2009-11 biennium.

<sup>4</sup>Sections 1 and 4 of Senate Bill No. 2020 (2011) appropriate \$37,189,734, or any additional funding that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2011-13 biennium. However, the expenditure of any funds in excess of the funding appropriated in the water and atmospheric resources line item in Section 1 of Senate Bill No. 2020 requires Budget Section approval. Bond payments for the 2011-13 biennium are estimated to total \$16,881,750. The remaining balance of approximately \$20.3 million will be available for State Water Commission projects.

#### **FUND HISTORY**

North Dakota Century Code Section 54-27-25, created by House Bill No. 1475 (1999), 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.

In the November 2008 general election, voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and 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. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement relating to strategic contribution payments, which began in 2008 and continue through 2017, will, beginning in 2009, be deposited into the newly created tobacco prevention and control trust fund. The measure also provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the Tobacco Prevention and Control Executive Committee to adequately provide for the comprehensive plan. The 2009 Legislative Assembly in Section 39 of House Bill No. 1015 provided that any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

Section 61-02.1-04, created by Senate Bill No. 2188 (1999), 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.

## **SECTION M - HISTORICAL DATA**

HISTORY OF GENERAL FUND BUDGETS	M-1
COMPARISON OF APPROPRIATIONS TO PERSONAL INCOME	M-2
COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO LEGISLATIVE BUDGETS	M-4
STATE SCHOOL AID FUNDING HISTORY	M-14
AID TO POLITICAL SUBDIVISIONS	M-27

## GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers:

	Actual			Estimated	
	2003-05	2005-07	2007-09	2009-11	2011-13
Beginning balance	\$14,790,311	\$68,015,056	\$295,541,176	\$361,843,514	\$660,231,525
Revenues	1,739,132,961	2,162,706,208	2,520,712,137	2,538,189,089	2,849,611,225
Transfers to general fund	157,808,488	154,710,132	194,551,242	1,098,106,133	608,135,000
Federal fiscal relief funding	56,456,581 <sup>1</sup>				
Total available	\$1,968,188,341	\$2,385,431,396	\$3,010,804,555	\$3,998,138,736	\$4,117,977,750
Expenditures	(\$1,800,700,654)	(\$1,989,362,851)	(\$2,524,024,493)	(\$3,276,492,649)	(\$4,066,853,792)
Transfers to budget stabilization fund	(99,472,631)	(100,527,369)	(124,936,548)	(61,414,562)	
Total expenditures and transfers	(\$1,900,173,285)	(\$2,089,890,220)	(\$2,648,961,041)	(\$3,337,907,211)	(\$4,066,853,792)
Ending balance	\$68,015,056	\$295,541,176	\$361,843,514	\$660,231,525	\$51,123,958

<sup>1</sup>This amount relates to \$56,456,581 of federal fiscal relief funding received by the state, \$50,000,000 in direct payments and \$6,456,581 received as enhanced federal medical assistance percentage (FMAP) reimbursements relating to 2001-03 biennium expenditures which were not received until the 2003-05 biennium.

# MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2011-13 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2011-13 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 2011-13 biennium and the lowest percentage occurring in the 1973-75 biennium. Regarding all funds appropriations, the highest percentage occurred in the 2009-11 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 2011-13 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations <sup>1</sup>	Total Special Funds Appropriations <sup>1</sup>	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 <sup>2</sup>	4.38%	10.55%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,869,200,000 <sup>2</sup>	4.75%	11.51%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,840,000,000 <sup>3</sup>	4.67%	10.21%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$7,620,000,000 <sup>3</sup>	3.91%	8.58%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,700,000,000 <sup>3</sup>	5.75%	11.41%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,800,000,000 <sup>3</sup>	6.53%	12.96%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,900,000,000 <sup>3</sup>	6.24%	13.33%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$14,450,000,000 <sup>3</sup>	6.30%	14.64%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$16,600,000,000 <sup>3</sup>	6.13%	13.05%
1985-87	\$1,134,183,661 <sup>4</sup>	\$1,339,411,840	\$2,473,595,501	\$16,800,000,000 <sup>3</sup>	6.75%	14.72%
1987-89	\$1,058,708,224 <sup>5</sup>	\$1,440,445,277	\$2,499,153,501	\$16,900,000,000 <sup>8</sup>	6.26%	14.79%
1989-91	\$1,061,507,822 <sup>6</sup>	\$1,760,553,694 <sup>7</sup>	\$2,822,061,516	\$18,600,000,000 <sup>8</sup>	5.71%	15.17%
1991-93	\$1,202,891,103 <sup>9</sup>	\$2,028,208,088	\$3,231,099,191	\$20,900,000,000 <sup>8</sup>	5.76%	15.46%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$22,500,000,000 <sup>10</sup>	5.56%	15.18%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$26,462,000,000 <sup>11</sup>	5.11%	13.59%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$29,003,000,000 <sup>11</sup>	5.21%	13.78%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$31,879,000,000 <sup>11</sup>	5.07%	15.31%
2001-03	\$1,728,640,384 <sup>12</sup>	\$3,049,996,983	\$4,778,637,367	\$33,908,000,000 <sup>11</sup>	5.10%	14.10%
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$37,571,000,000 <sup>11</sup>	4.83%	13.60%
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$41,553,000,000 <sup>11</sup>	4.81%	13.92%
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$48,241,000,000 <sup>13</sup>	5.34%	13.73%
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$51,818,000,000 <sup>11</sup>	6.36%	17.25%
2011-13	\$4,066,853,792	\$5,857,627,587	\$9,924,481,379	\$57,966,000,000 <sup>11</sup>	7.02%	17.12%

<sup>1</sup> Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

<sup>2</sup> Source: *Personal Income and State Expenditures*, a report to the Legislative Council's Budget "B" Committee, June 11, 1975.

<sup>3</sup>Source: Chase Econometrics Associates, Inc., Regional Forecasting Service.

<sup>4</sup>In addition, changes made to general fund appropriations were (a) reductions of \$12,965,250 as a result of 1987 Legislative Assembly action; (b) a \$44,125,917 reduction as of May 1987 as a result of a 4 percent allotment reduction made by the Governor; and (c) an increase of \$4,388,862 for Emergency Commission action and 1983-85 carryover.

<sup>5</sup>In addition, changes made to general fund appropriations were reductions of \$3,175,000 required because of the cable television sales tax referral and \$21 million budget allotment mandated by the Governor in September 1988.

<sup>6</sup>This amount is adjusted for revisions made to general fund appropriations, including reductions of \$95,763,770 resulting from the December 1989 sales and individual income tax referrals, increases of \$5,967,192 relating to the use of the budget stabilization fund, and increases of \$22,395,712 resulting from an August 1990, 2 percent unallotment.

<sup>7</sup>This amount is adjusted for revisions made to special funds appropriations, including reductions of \$14,876,540 resulting from the December 1989 gas tax referral and a net reduction of \$1,003,977 resulting from higher education tuition increases and Department of Human Services estimated income adjustments.

<sup>8</sup>Estimated amount from Wharton Econometric Forecasting Associates (WEFA), Inc., Regional Forecasting Service.

<sup>9</sup>In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This did not become effective. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.

<sup>10</sup>Source: WEFA, Inc. - *Regional Economic Service - State Summary, Spring 1999*.

<sup>11</sup>Source: Economy.com, Inc. - Economic Service.

<sup>12</sup>The general fund appropriation amount for the 2001-03 biennium has been restated to reflect the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

<sup>13</sup>Source: United States Bureau of Economic Analysis.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS  
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 TROUGH 2011-13 BIENNIUMS<sup>1</sup>**

	General Fund Appropriations	Special Funds Appropriations	Total All Appropriations	General Fund Revenues <sup>2</sup>
<b>1967-69</b>				
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	\$145,638,671	\$205,351,205	\$350,989,876	\$165,249,822
<b>1969-71</b>				
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	\$183,686,131	\$261,745,459	\$445,431,590	\$203,092,623
<b>1971-73</b>				
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	\$226,255,732	\$267,845,499	\$494,101,231	\$243,609,348
<b>1973-75</b>				
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	\$274,685,237	\$352,959,590	\$627,644,827	\$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	23,135,698	3,168,074	26,303,772	
Legislative budget as restated	\$297,820,935	\$356,127,664	\$653,948,599	\$301,369,508
<b>1975-77</b>				
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	\$442,529,561	\$436,181,752	\$878,711,313	\$512,971,280

**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	<u>1,250,441</u>	<u>407,544</u>	<u>1,657,985</u>	
Legislative budget as restated	\$575,067,852	\$565,096,709	\$1,140,164,561	\$648,271,650

**1979-81**

Executive budget	\$646,401,970	\$710,607,537	\$1,357,009,507	\$694,467,657
Legislative increase (decrease)	<u>8,317,480</u>	<u>57,780,260</u>	<u>66,097,740</u>	<u>10,028,475</u>
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				<u>(1,250,441)</u>
Legislative budget	\$654,719,450	\$768,387,797	\$1,423,107,247	\$703,245,691
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	<u>25,697,704</u>	<u>3,953,973</u>	<u>29,651,677</u>	
Legislative budget as restated	\$680,417,154	\$772,341,770	\$1,452,758,924	\$703,245,691

**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	<u>6,653,000</u>	<u>27,775,132</u>	<u>34,428,132</u>	
Legislative budget as restated	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$1,026,732,695

**1983-85**

Executive budget	\$924,455,265 <sup>3</sup>	\$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>
<b>1985-87</b>				
Executive budget	\$1,188,601,469 <sup>4</sup>	\$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	
49 <sup>th</sup> 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> <sup>5</sup>	<u>\$1,339,411,840</u>	<u>\$2,473,595,501</u>	<u>\$1,082,017,122</u>
<b>1987-89</b>				
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> <sup>6</sup>	<u>\$1,440,445,277</u>	<u>\$2,499,153,501</u>	<u>\$1,063,002,213</u>
<b>1989-91</b>				
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	
2 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>
<b>1991-93</b>				
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 <sup>7</sup>	\$2,027,082,913	\$3,225,713,587 <sup>7</sup>	\$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>
<b>1993-95</b>				
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>
<b>1995-97</b>				
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	<u>\$1,346,944,260</u>	<u>\$2,241,919,894</u>	<u>\$3,588,864,154</u>	<u>\$1,358,160,002</u>

Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	<u>\$1,352,467,281</u>	<u>\$2,242,848,894</u>	<u>\$3,595,316,175</u>	<u>\$1,358,160,002</u>
<b>1997-99</b>				
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	\$1,489,240,087	\$2,485,367,317	\$3,974,607,404	\$1,500,096,023
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>
<b>1999-2001</b>				
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> <sup>8</sup>	<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>
<b>2001-03</b>				
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 <sup>9</sup>	\$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> <sup>10</sup>	<u>\$3,049,996,983</u>	<u>\$4,778,637,367</u> <sup>10</sup>	<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	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$1,813,914,070

**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	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$1,999,748,154

**2007-09**

Executive budget	\$2,468,326,339	\$3,864,876,095	\$6,333,202,434	\$2,502,682,419
Legislative increase (decrease)	<u>(6,352,383)</u>	<u>155,638,989</u>	<u>149,286,606</u>	<u>(27,052,284)</u>
Legislative budget	\$2,461,973,956	\$4,020,515,084	\$6,482,489,040	\$2,475,630,135
Add				
Deficiency appropriations provided by the 2009 Legislative Assembly	112,339,319	29,152,403	141,491,722	
Legislative budget as restated	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$2,475,630,135

**2009-11**

Executive budget	\$3,110,921,665	\$4,598,634,482	\$7,709,556,147	\$3,175,713,942
Legislative increase (decrease)	<u>148,443,816</u>	<u>1,000,274,902</u>	<u>1,148,718,718</u>	<u>103,180,918</u>
Legislative budget	\$3,259,365,481	\$5,598,909,384	\$8,858,274,865	\$3,278,894,860

Add				
Deficiency appropriations provided by the 2011 Legislative Assembly	37,230,168	43,433,000	80,663,168	
Legislative budget as restated	<u>\$3,296,595,649</u>	<u>\$5,642,342,384</u>	<u>\$8,938,938,033</u>	<u>\$3,278,894,860</u>

**2011-13**

Executive budget	\$3,295,569,541	\$5,998,005,832	\$9,293,575,373	\$3,351,306,217
Legislative increase (decrease)	<u>771,284,251</u>	<u>(140,378,245)</u>	<u>630,906,006</u>	<u>766,671,533</u>
Legislative budget	\$4,066,853,792	\$5,857,627,587	\$9,924,481,379	\$4,117,977,750

<sup>1</sup>This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

<sup>2</sup>The general fund revenues include estimated general fund balances at the beginning of a biennium which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

- The 1967 Legislative Assembly increased the sales tax from 2.25 percent to 3 percent.
- The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from 3 percent to 4 percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by \$4.7 million.
- The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by \$3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by \$3.3 million. In addition, revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.
- The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by \$14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by \$10 million. In addition, a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the state general fund.
- The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from 4 percent to 3 percent.
- The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by \$4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by \$7 million.
- The 1981 Legislative Assembly reduced estimated income tax collections by \$51.7 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 gross 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, \$8,200,000 million in coal conversion taxes, \$9,500,000 million in cigarette taxes, and \$4,200,000 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 gross 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.
- The 2009 Legislative Assembly increased general fund revenues by \$103.18 million due to providing a \$435 million transfer from the permanent oil tax trust fund to the general fund, providing individual and corporate income tax rate reductions of \$100 million, removing a \$60 million transfer from the Bank of North Dakota to the general fund, defeating the executive recommendation to increase the limit of oil revenues deposited in the general fund rather than the permanent oil tax trust fund by \$39 million, and depositing \$30.46 million of motor vehicle excise tax collections in the highway fund rather than the general fund.
- The 2011 Legislative Assembly increased general fund revenues by \$766.67 million due to providing a \$295 million transfer from the property tax relief sustainability fund, providing a \$305 million transfer from the strategic investment and improvements fund, increasing the amount of oil and gas tax revenues deposited in the general fund by \$229 million, transferring the permanent oil tax trust fund balance of \$615 million at the end of the 2009-11 biennium, removing a transfer of \$60 million from the Bank of North Dakota, removing a transfer of \$239 million from the lands and minerals trust fund, removing a transfer of \$232 million from the permanent oil tax trust fund, defeating the executive recommendation to deposit \$45.7 million of motor vehicle excise taxes in the highway tax distribution fund rather than the general fund, and providing individual and corporate income tax rate reductions of \$145 million.

<sup>3</sup>This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

<sup>4</sup>This 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.

<sup>5</sup>In 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 50<sup>th</sup> 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.

<sup>6</sup>Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by Governor Sinner because of an anticipated reduction in general fund revenues.

<sup>7</sup>In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to \$9.5 million from the general fund for rural development if 1991-93 revenues were more than the 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by Governor Sinner during the 1991-93 biennium of \$4,305,000.

<sup>8</sup>The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.

<sup>9</sup>The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

<sup>10</sup>In addition to an adjustment for deficiency appropriations, Governor John 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 2011-13 BIENNIUMS**

<b>Biennium</b>	<b>Department of Public Instruction Request</b>	<b>Executive Recommendation</b>	<b>Legislative Appropriation</b>	<b>Appropriated Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment</b>	<b>Appropriated Percentage Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment</b>
<b>1967-69</b>					
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%
<b>1969-71</b>					
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%
<b>1971-73</b>					
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%
<b>1973-75</b>					
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%
<b>1975-77</b>					
Total state school aid appropriation	\$156,600,000	\$156,600,000	\$153,378,805	\$35,178,805	29.8%
Less federal revenue sharing	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>(13,300,000)</u>	
General fund appropriation	<u>\$144,600,000</u>	<u>\$144,600,000</u>	<u>\$141,378,805</u>	<u>\$48,478,805</u>	52.2%
First-year per student payments	\$620	\$620	\$640	\$100	18.5%
Second-year per student payments	\$680	\$680	\$690	\$50	7.8%



**1977-79**

Total state school aid appropriation	\$187,000,000	\$185,000,000	\$186,752,000	\$33,373,195	21.8%
Less federal revenue sharing	<u>11,000,000</u>	<u>11,000,000</u>	<u>11,000,000</u>	<u>(1,000,000)</u>	
General fund appropriation	<u>\$176,000,000</u>	<u>\$174,000,000</u>	<u>\$175,752,000</u>	<u>\$34,373,195</u>	24.3%
First-year per student payments	\$765	\$765	\$775	\$85	12.3%
Second-year per student payments	\$840	\$840	\$850	\$75	9.7%

**1979-81**

State school aid					
Per student payments	\$255,943,625	\$243,074,830	\$256,252,000	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 <sup>1</sup>	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> <sup>1</sup>	<u>16,500,000</u>	
General fund appropriation	<u>\$222,773,625</u>	<u>\$196,504,830</u>	<u>\$192,594,000</u> <sup>2</sup>	<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> <sup>3</sup>	<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 <sup>4</sup>	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	\$1,569	\$1,569	\$1,425	\$455	46.9%
Second-year per student payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
Second-year tuition fund payments			Not specified	N/A	N/A
Total second-year payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
<b>1983-85</b>					
State school aid					
Per student payments	\$372,716,564	\$321,223,600	\$351,139,250	(\$34,822,158)	
Less: 20-mill deduct		38,000,000	38,000,000	3,028,000	
Net per student payments	\$372,716,564	\$283,223,600	\$313,139,250	(\$37,850,158)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 <sup>5</sup>	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
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) <sup>6</sup>	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 <sup>5</sup>	7,222,600	
General fund appropriation	<u>\$309,351,616</u>	<u>\$220,981,652</u>	<u>\$352,666,802</u> <sup>7</sup>	<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 <sup>8</sup>	N/A <sup>8</sup>	120 <sup>5</sup>	120	N/A
Total first-year payments	\$1,526 <sup>8</sup>	\$1,400 <sup>8</sup>	\$1,520	(\$71)	(4.5%)
Second-year per student payments	\$1,648	\$1,400	\$1,350	(\$50)	(3.6%)
Second-year tuition fund payments	N/A <sup>8</sup>	N/A <sup>8</sup>	170 <sup>5</sup>	50	41.7%
Total second-year payments	\$1,648 <sup>8</sup>	\$1,400 <sup>8</sup>	\$1,520	\$0	0.0%
<b>1985-87</b>					
State school aid					
Per student payments	\$392,518,482	\$378,745,728	\$369,727,725	\$18,588,475	
Less: 20-mill deduct	42,432,000	42,432,000	39,709,423	1,709,423	
Net per student payments	\$350,086,482	\$336,313,728	\$330,018,302	\$16,879,052	
Tuition fund distributions	47,895,000	47,895,000	47,895,000 <sup>9</sup>	10,795,000	
Transportation aid	41,511,724	41,511,724	40,068,810	541,258	
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 <sup>9</sup>	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<sup>10</sup></u>	<u>\$17,233,310</u>	4.9%
First-year per student payments	\$1,470	\$1,406	\$1,425 <sup>10</sup>	\$75	5.6%
First-year tuition fund payments	190	190	195 <sup>9</sup>	25	14.7%
Total first-year payments	\$1,660	\$1,596	\$1,620	\$100	6.6%
Second-year per student payments	\$1,544	\$1,502	\$1,455 <sup>10</sup>	\$30	2.1%
Second-year tuition fund payments	190	190	195 <sup>9</sup>		0.0%
Total second-year payments	\$1,734	\$1,692	\$1,650	\$30	1.9%
<b>1987-89</b>					
State school aid					
Per student payments	\$455,264,726	\$360,756,666	\$355,570,464	(\$14,157,261)	
Less: 20-mill deduct	39,204,350	39,204,350	39,070,442	(638,981)	
Net per student payments	\$416,060,376	\$321,552,316	\$316,500,022	(\$13,518,280)	
Tuition fund distributions	47,895,000	43,100,000	43,100,000 <sup>11</sup>	(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 <sup>11</sup>	(4,795,000)	
General fund appropriation	<u>\$456,129,186</u>	<u>\$361,621,126</u>	<u>\$354,609,408<sup>12</sup></u>	<u>(\$15,290,704)</u>	(4.1%)
First-year per student payments	\$1,729	\$1,413	\$1,400 <sup>12</sup>	(\$55)	(3.8%)
First-year tuition fund payments	195	177	177 <sup>11</sup>	(18)	(9.2%)
Total first-year payments	\$1,924	\$1,590	\$1,577	(\$73)	(4.4%)
Second-year per student payments	\$1,806	\$1,440	\$1,412 <sup>12</sup>	\$12	0.9%
Second-year tuition fund payments	195	177	177 <sup>11</sup>		0.0%
Total second-year payments	\$2,001	\$1,617	\$1,589	\$12	0.8%
<b>1989-91</b>					
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	\$380,814,881	\$325,175,549	\$337,561,515	\$21,061,493	
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	<u>40,700,000</u>	<u>40,700,000</u>	<u>48,200,000</u>	<u>5,100,000</u>	
General fund appropriation	<u>\$420,814,881</u>	<u>\$359,375,549</u>	<u>\$374,198,588</u> <sup>13</sup>	<u>\$19,589,180</u>	5.5%
First-year per student payments	\$1,850	\$1,641	\$1,525 <sup>13</sup>	\$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 <sup>13</sup>	\$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%
<b>1991-93</b>					
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		<u>42,131,994</u>	<u>42,076,240</u>	<u>868,615</u>	
Net per student payments	\$358,798,796	\$339,598,795	\$344,707,785	\$7,146,270	
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
Transportation aid	<u>36,274,714</u>	<u>36,274,714</u>	<u>36,306,549</u>	<u>(330,524)</u>	
Total state school aid appropriation	\$442,473,510	\$423,098,965	\$428,239,790	\$5,841,202	1.4%
Less					
Tuition fund distributions	<u>47,400,000</u>	<u>47,225,456</u>	<u>47,225,456</u>	<u>(974,544)</u>	
General fund appropriation	<u>\$395,073,510</u>	<u>\$375,873,509</u>	<u>\$381,014,334</u> <sup>14</sup>	<u>\$6,815,746</u>	1.8%
First-year per student payments	\$1,750	\$1,531	\$1,552 <sup>14</sup>	\$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 <sup>14</sup>	\$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%
<b>1993-95</b>					
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			<u>43,920,035</u>	<u>1,843,795</u>	
Net per student payments	\$383,577,488	\$368,841,336	\$360,919,892	\$16,212,107	
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> <sup>15</sup>	<u>\$396,519,892</u> <sup>16</sup>	<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	\$2,057	\$192	\$1,762	(\$44)	(2.4%)
Second-year per student payments	\$1,900	Not specified	\$1,636	\$66	4.2%
Second-year tuition fund payments	<u>197</u>	<u>\$192</u>	<u>192</u>		0.0%
Total second-year payments	\$2,097	\$192	\$1,828	\$66	3.7%
<b>1995-97</b>					
State school aid					
Per student payments	\$426,533,854	\$417,050,148	\$456,215,232	\$51,375,305	
Less: Mill deduct					
24 mills	46,010,284	46,010,284			
28 mills first year, 32 mills second year			59,709,197	15,789,162	
Net per student payments	\$380,523,570	\$371,039,864	\$396,506,035	\$35,586,143	
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid	<u>36,000,798</u>	<u>36,000,798</u>	<u>36,000,798</u>	<u>400,798</u>	
Total state school aid appropriation	\$462,541,368	\$453,057,662	\$478,523,833	\$35,986,941	8.1%
Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			880,000	880,000	
General fund appropriation	<u>\$416,524,368</u>	<u>\$407,040,662</u>	<u>\$431,626,833</u> <sup>18</sup>	<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> <sup>19</sup>	<u>190</u> <sup>19</sup>	<u>190</u> <sup>19</sup>	<u>(2)</u>	(1.0%)
Total first-year payments	\$1,873	\$1,842	\$1,947	\$119	6.5%
Second-year per student payments	\$1,734	\$1,668	\$1,862	\$105	6.0%
Second-year tuition fund payments	<u>211</u> <sup>19</sup>	<u>190</u> <sup>19</sup>	<u>190</u> <sup>19</sup>		0.0%
Total second-year payments	\$1,945	\$1,858	\$2,052	\$105	5.4%
<b>1997-99</b>					
State school aid					
Per student payments	\$519,317,404	\$483,650,506	\$501,586,540	\$45,371,308	
Less: Mill deduct					
36.05 mills first year, 39.91 mills second year	78,727,193				
32.42 mills first year, 33.34 mills second year		73,281,153			
32 mills			72,298,601	12,589,404	
Net per student payments	\$440,590,211	\$410,369,353	\$429,287,939	\$32,781,904	
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 <sup>20</sup>			
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> <sup>21</sup>	<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> <sup>22</sup>	<u>204</u> <sup>22</sup>	<u>204</u> <sup>22</sup>	<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> <sup>22</sup>	<u>204</u> <sup>22</sup>	<u>204</u> <sup>22</sup>		0.0%
Total second-year payments	\$2,346	\$2,139	\$2,236	\$78	3.6%
<b>1999-2001</b>					
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> <sup>23</sup>	<u>220</u> <sup>23</sup>	<u>220</u> <sup>23</sup>	<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> <sup>23</sup>	<u>220</u> <sup>23</sup>	<u>220</u> <sup>23</sup>		0.0%
Total second-year payments	\$2,605	\$2,441	\$2,450	\$85	3.6%
<b>2001-03</b>					
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 <sup>24</sup>	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%
<b>2003-05</b>					
State school aid					
Per student payments	\$605,477,848	\$534,667,340	\$555,800,961	\$33,536,420	
Less: Mill deduct <sup>25</sup>	<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 <sup>26</sup>	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%
<b>2005-07</b>					
State school aid					
Per student payments	\$628,674,605	\$599,665,519	\$607,953,450	\$52,152,489	
Less: Mill deduct <sup>27</sup>	<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 <sup>28</sup>	(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	\$3,231	\$3,077	\$3,116	\$158	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	\$3,424	\$3,177	\$3,230	\$114	3.7%
<b>2007-09<sup>29</sup></b>					
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 <sup>29</sup>	N/A <sup>29</sup>
General fund appropriation	<u>\$665,465,879</u>	<u>\$681,465,879</u>	<u>\$683,465,879</u>	N/A <sup>29</sup>	N/A <sup>29</sup>
First-year per student payments	Not specified	\$3,042	\$3,250	N/A <sup>29</sup>	N/A <sup>29</sup>
Second-year per student payments	Not specified	\$3,142	\$3,325	N/A <sup>29</sup>	N/A <sup>29</sup>
<b>2009-11</b>					
State school aid					
Per student formula payments	\$837,125,879	\$837,125,879	\$808,370,295	\$82,204,416	
Supplemental operations grants			16,795,584	16,795,584	
Supplemental one-time grants			85,644,337	85,644,337	
Mill levy reduction grants			299,444,264 <sup>30</sup>	299,444,264	
Transportation aid payments	<u>38,500,000</u>	<u>38,500,000</u>	<u>48,500,000</u> <sup>31</sup>	<u>15,000,000</u>	
Total state school aid appropriation	\$875,625,879	\$875,625,879	\$1,258,754,480	\$499,088,601	65.7%
Less					
Federal funds			85,644,337	85,644,337	N/A
Tuition fund distributions	85,500,000	85,500,000	86,300,000	10,100,000	13.3%
Property tax relief sustainability fund			<u>4,233,000</u>	<u>4,233,000</u>	N/A
General fund appropriation	<u>\$790,125,879</u>	<u>\$790,125,879</u>	<u>\$1,082,577,143</u>	<u>\$399,111,264</u>	58.4%
First-year per student payments	Not specified	\$3,420	\$3,200	(\$125)	(3.8%)
Second-year per student payments	Not specified	\$3,779	\$3,779	\$579	18.1%



**2011-13**

State school aid					
Per student formula payments	\$919,459,478 <sup>32</sup>	\$919,459,478 <sup>32</sup>	\$918,459,478 <sup>32</sup>	\$110,089,183	
Supplemental operations grants				(16,795,584)	
Supplemental one-time grants				(85,644,337)	
Federal education jobs fund program payments	21,242,838	21,242,838	21,242,838	21,242,838	
Rapid enrollment grants			5,000,000	5,000,000	
Mill levy reduction grants	341,790,000	341,790,000	341,790,000	42,345,736	
Transportation aid payments	<u>48,500,000</u>	<u>48,500,000</u>	<u>48,500,000</u>	<u>0</u>	
Total state school aid appropriation	\$1,330,992,316	\$1,330,992,316	\$1,334,992,316	\$76,237,836	6.1%
Less					
Federal funds	21,242,838	21,242,838	21,242,838	(64,401,499)	(75.2%)
Tuition fund distributions	101,638,000	101,638,000	101,638,000	15,338,000	17.8%
Property tax relief sustainability fund	341,790,000	341,790,000		(4,233,000)	(100.0%)
Oil and gas impact grant fund			<u>5,000,000</u>	<u>5,000,000</u>	N/A
General fund appropriation	<u>\$866,321,478</u>	<u>\$866,321,478</u>	<u>\$1,207,111,478</u>	<u>\$124,534,335</u>	11.5%
First-year per student payments	Not specified	\$3,879	\$3,910	\$131	3.5%
Second-year per student payments	Not specified	\$3,979	\$3,980	\$70	1.8%

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 \$7,000,000 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 George A. Sinner's budget recommendation. Governor Edward T. 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 1999-2001 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.
- 24 Teacher compensation payments - 2001-03 - Governor Schafer's executive recommendation did not include an appropriation for teacher compensation payments; however, Governor John Hoeven's 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 mills 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.
- 30 The executive recommendation included a continuing appropriation from the permanent oil tax trust fund for property tax relief by providing mill levy reduction grants totaling an estimated \$300 million for the 2009-11 biennium. The 2009 Legislative Assembly provided \$295 million from the general fund for mill levy reduction grants. The 2011 Legislative Assembly provided deficiency appropriations totaling \$4,444,264, of which \$211,264 is from the general fund and \$4,233,000 is from the property tax relief sustainability fund, for the 2009-11 biennium for mill levy reduction grants.

- 31 In addition to the \$43.5 million provided for transportation grants, the 2009 Legislative Assembly provided a \$5 million contingent appropriation from the general fund for supplemental transportation aid payments. If prior to April 30, 2011, the Office of Management and Budget determines the June 30, 2011, general fund balance will exceed \$30 million, the Department of Public Instruction is to provide the supplemental transportation aid payments according to the percentage of the total transportation formula amount each school district is entitled to receive. The February 2011 executive revenue forecast estimates the conditions will be met and the contingent supplemental funding will be made available.
- 32 In addition to the funding provided in the Department of Public Instruction appropriation, the 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to House Bill No. 1400 (2009).

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT  
ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 2001-03 THROUGH 2011-13 BIENNIUMS**

	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
<b>Assistance to political subdivisions (excluding school-related funding)</b>						
<b>General fund appropriations</b>						
Grants to public libraries	\$888,745	\$844,307	\$1,000,000	\$1,200,000	\$1,300,000	\$1,500,000
Library Vision 2014 grants					237,500	237,500
Homestead tax credit	4,540,813	4,000,000	4,500,000	8,104,000	7,313,000	8,792,788
Disabled veteran property tax credits					3,461,000	4,243,920
Aid to health districts	1,100,000	1,100,000	1,100,000	1,900,000	2,400,000	3,000,000
Weather-related transportation cost-sharing				52,400,000 <sup>11</sup>		
Local matching funds for federal disaster relief					250,000 <sup>16</sup>	
Emergency medical training grants to rural law enforcement					128,400	
Emergency medical services training				940,000	940,000	940,000
Emergency medical services operations						3,000,000
Regional public health network pilot project					275,000	
Public water system operator training						180,000
Funds to local public health units for immunization services					1,200,000 <sup>17</sup>	1,500,000 <sup>17</sup>
Grants to counties for portable personal computers for county veterans' service officers					20,000	20,000
Accreditation and emerging issues training for county veterans' service officers					20,000	30,000
Matching funds to counties and cities for senior citizen programs	2,132,945 <sup>1</sup>	2,382,945 <sup>1</sup>	720,000 <sup>1</sup>	1,000,000	1,091,200	1,174,668
Indian welfare assistance to counties	456,993 <sup>2</sup>	649,559	1,147,174	955,124	1,959,541	3,025,754
State administration of child support enforcement				7,490,245	2,315,025	<sup>19</sup>
Boys' and girls' clubwork	53,000	53,000	53,000	53,000	53,000	53,000
Soil conservation district grants	580,000	580,000	630,000	730,000	837,800	987,800
Noxious weed control	184,141	97,215	67,817	67,817	65,817	
Payments in lieu of taxes on carbon dioxide pipeline property	1,932,419	1,910,000	1,545,000	1,365,000	1,151,000	
Clerk of court	10,154,353	10,723,223	11,810,929	13,587,187	15,253,306	16,795,673
Grants to airports	550,000	522,500	550,187	550,000	550,000	550,000
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties					35,000,000	25,000,000
County and township roadway projects in areas affected by oil and gas development						142,000,000 <sup>20</sup>
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties						252,800
<b>Total general fund (excluding school-related funding)</b>	<b>\$22,573,409</b>	<b>\$22,862,749</b>	<b>\$23,124,107</b>	<b>\$90,342,373</b>	<b>\$75,821,589</b>	<b>\$213,283,903</b>
Percentage of total general fund appropriations	1.3% <sup>10</sup>	1.3%	1.2%	3.6%	2.3%	5.2%
<b>Special funds appropriations and revenue allocations</b>						
Grants for local water projects and a feasibility study					\$2,634,000 <sup>14</sup>	\$750,000 <sup>14</sup>
Noxious weed control	\$1,162,695	\$1,402,639	\$1,646,408	\$1,646,408	1,646,408	1,375,274
State aid distribution funds to cities and counties <sup>4</sup>	66,383,566	74,180,584	84,212,635	105,043,938	120,322,918	136,141,202
Public transportation services (public transportation fund) <sup>5</sup>	3,000,000	3,000,000	4,650,000	5,700,000	5,800,000	6,300,000
Insurance tax to fire departments						
Insurance tax distribution fund	5,200,000	5,200,000	6,200,000	6,200,000	6,200,000	6,200,000

	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Insurance tax to emergency medical services operations						
Insurance tax distribution fund				1,250,000	2,750,000	1,250,000
Gaming enforcement grants	629,000	617,000	617,000	617,000	510,000	510,000
Emergency medical services grants (community health trust fund)				300,000	300,000	
Community health grant program (community health trust fund)	4,700,000	4,700,000	4,700,000	4,700,000		
Tobacco education and cessation program grants (community health trust fund)	250,000	500,000	395,000	260,000	225,000	225,000
Tobacco education and cessation program grants (tobacco prevention and control trust fund)					7,653,965	8,822,511
Matching funds to counties and cities for senior citizen programs						
Senior citizen services and programs fund			2,067,918 <sup>12</sup>	2,407,214 <sup>12</sup>	2,710,599 <sup>12</sup>	3,300,000 <sup>12</sup>
Health care trust fund	250,000 <sup>1</sup>					
Energy development impact grants (oil and gas impact grant fund)	4,888,100	4,888,100	4,888,100	5,888,100	7,888,100	94,428,269 <sup>23</sup>
Grants to airports (Aeronautics Commission special funds collections)	1,820,000	1,962,500	2,447,126	2,950,000	5,280,000	5,080,000
Indian welfare assistance to counties (Department of Human Services' "retained" funds)	2,068,007 <sup>2</sup>	1,964,607	1,964,607	1,964,607	1,964,607	1,964,607
Motor vehicle fuel tax and registration fee allocations <sup>6</sup>	116,500,000	118,400,000	129,600,000	129,900,000	161,500,000	153,800,000
Telecommunications tax allocations	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000
Coal severance tax allocations <sup>7</sup>	14,685,000	15,800,000	15,400,000	15,341,000	15,285,438	15,750,000
Coal conversion tax allocations <sup>7</sup>	6,620,022	7,283,433	7,502,657	6,635,592	8,469,281	6,924,000
Oil and gas gross production tax allocations <sup>8</sup>	31,843,672	42,836,649	55,785,763	80,850,073	101,211,208	247,196,952
Financial institution tax allocations				20,000,000	23,750,000	21,220,280
Disaster relief funding					43,000,000 <sup>13</sup>	25,500,000 <sup>22</sup>
Emergency snow removal grants					9,000,000 <sup>21</sup>	
Cigarette tax allocations <sup>9</sup>	2,623,000	2,608,771	2,810,000	3,132,474	2,674,442	2,544,000
<b>Total special funds (excluding school-related funding)</b>	<u>\$279,423,062</u>	<u>\$302,144,283</u>	<u>\$341,687,214</u>	<u>\$411,586,406</u>	<u>\$547,575,966</u>	<u>\$756,082,095</u>
<b>Total major direct assistance to political subdivisions (excluding school-related funding)</b>	<u>\$301,996,471</u>	<u>\$325,007,032</u>	<u>\$364,811,321</u>	<u>\$501,928,779</u>	<u>\$623,397,555</u>	<u>\$969,365,998</u>
<b>School-related assistance to political subdivisions</b>						
<b>General fund appropriations - School-related funding</b>						
State school aid per student formula payments	\$473,971,648	\$489,379,990	\$484,053,759	\$649,965,879	\$636,425,958 <sup>18</sup>	\$816,821,478 <sup>24</sup>
Supplemental operations grants					16,795,584	
Supplemental one-time grants					85,644,337	
Mill levy reduction grants					295,211,264 <sup>26</sup>	341,790,000 <sup>26</sup>
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	922,822	512,822	578,590	800,000	604,750	604,750
Special education	49,898,695	49,898,695				
Revenue supplement payments to school districts	2,200,000	5,000,000	5,000,000			
Transportation aid payments to school districts			33,500,000	33,500,000	43,500,000 <sup>15</sup>	48,500,000
Contingent supplemental transportation aid payments to school districts					5,000,000 <sup>15</sup>	
Special education contracts			15,500,000	17,500,000	15,500,000	16,000,000
Average daily membership and declining enrollment payments						
Joint powers agreement incentives			1,000,000			
Vocational education	9,573,929	10,386,541	13,846,810	14,165,749	17,000,000	19,779,137

	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
School food services	1,080,000	1,080,000	1,080,000	1,080,000	1,380,000	1,380,000
Adult education	900,000	920,000	1,055,000	1,055,000	1,850,000	3,110,411
Adult education contingent appropriation						500,000 <sup>25</sup>
Alternative education program grants						300,000
Prekindergarten space grants						125,000
EduTech services, including school district antivirus licenses and PowerSchool funding	2,474,003	2,540,348	2,652,348	2,722,348	5,104,699	3,044,096
School district information technology network costs	4,920,824 <sup>3</sup>	3,382,023 <sup>3</sup>	3,395,550 <sup>3</sup>	3,413,972 <sup>3</sup>	5,568,970 <sup>3</sup>	4,798,992 <sup>3</sup>
<b>Total general fund - School-related funding</b>	<b>\$582,642,921</b>	<b>\$615,454,419</b>	<b>\$650,333,177</b>	<b>\$724,202,948</b>	<b>\$1,129,585,562</b>	<b>\$1,256,753,864</b>
Percentage of total general fund appropriations	33.4%	33.9%	32.5%	28.1%	34.8%	30.9%
<b>Special funds appropriations and revenue allocations - School-related funding</b>						
State tuition fund distributions	\$67,239,025	\$69,495,371	\$71,600,000	\$76,200,000	\$86,300,000	\$101,638,000
Grants for adult education programs (displaced homemaker fund)	240,000	240,000	240,000	240,000	250,000	250,000
Rapid enrollment grants (oil and gas impact grant fund)						5,000,000
Mill levy reduction grants to school districts (property tax relief sustainability fund)					4,233,000	
<b>Total special funds - School-related funding</b>	<b>\$67,479,025</b>	<b>\$69,735,371</b>	<b>\$71,840,000</b>	<b>\$76,440,000</b>	<b>\$90,783,000</b>	<b>\$106,888,000</b>
<b>Total major school-related assistance to political subdivisions</b>	<b>\$650,121,946</b>	<b>\$685,189,790</b>	<b>\$722,173,177</b>	<b>\$800,642,948</b>	<b>\$1,220,368,562</b>	<b>\$1,363,641,864</b>
<b>Total general fund assistance to political subdivisions</b>	<b>\$605,216,330</b>	<b>\$638,317,168</b>	<b>\$673,457,284</b>	<b>\$814,545,321</b>	<b>\$1,205,407,151</b>	<b>\$1,470,037,767</b>
<b>Total special funds assistance</b>	<b>\$346,902,087</b>	<b>\$371,879,654</b>	<b>\$413,527,214</b>	<b>\$488,026,406</b>	<b>\$638,358,966</b>	<b>\$862,970,095</b>
<b>Total major direct assistance to political subdivisions</b>	<b>\$952,118,417</b>	<b>\$1,010,196,822</b>	<b>\$1,086,984,498</b>	<b>\$1,302,571,727</b>	<b>\$1,843,766,117</b>	<b>\$2,333,007,862</b>

<sup>1</sup> Consists of \$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.

<sup>2</sup> 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 million, of which \$456,993 is from the general fund and \$2,068,007 is from "retained"

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> Prior to the 2009-11 biennium, \$3 of each motor vehicle registration fee was deposited in the public transportation fund. Beginning with the 2009-11 biennium, the \$3 fee is deposited in the highway tax distribution fund, and the public transportation fund receives 1.5 percent of distributions from the highway tax distribution fund. The 2011-13 amounts include a \$100,000 transfer from the general fund to the public transportation fund.

<sup>6</sup> Prior to the 2009-11 biennium, 37 percent of the funds in the highway tax distribution fund were allocated to counties and cities, and one cent per gallon of motor fuels taxes was deposited in the township highway aid fund. Beginning with the 2009-11 biennium, counties and cities receive 34.5 percent of distributions from the highway tax distribution fund, the one cent per gallon of motor fuels taxes originally deposited in the township highway aid fund is deposited in the highway tax distribution fund, and townships receive 2.7 percent of distributions from the highway tax distribution fund.

<sup>7</sup> 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.

<sup>8</sup> 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. Prior to the 2009-11 biennium, the total a county may receive is capped based on the population of the county. The 2009-11 amount 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 but is not restricted by the population of the county.

<sup>9</sup> 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.

- <sup>10</sup> Based on the 2001-03 general fund appropriation, excluding state agency allotments.
- <sup>11</sup> The 2009 Legislative Assembly provided in Senate Bill No. 2012 weather-related transportation cost-sharing funds to counties and cities (\$41.4 million), townships (\$10 million), and the public transportation fund (\$1 million).
- <sup>12</sup> 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, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The 2011 Legislative Assembly, in Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year.
- <sup>13</sup> The 2009 Legislative Assembly provided in Senate Bill No. 2012, \$43 million from the state disaster relief fund for emergency snow removal grants (\$20 million) and funding for the local match needed to receive federal disaster relief funding (\$23 million).
- <sup>14</sup> The 2009 Legislative Assembly provided in House Bill No. 1305, \$2.792 million from the permanent oil tax trust fund for grants to local water supply projects in Burke, Divide, Mountrail, and Williams Counties and in Senate Bill No. 2305, \$342,000 from the resources trust fund to conduct a Beaver Bay embankment feasibility study during the 2009-11 biennium. The projects will not be completed during the 2009–11 biennium; therefore, the 2011 Legislative Assembly authorized \$500,000 of the funding to continue during the 2011-13 biennium. In addition, the 2011 Legislative Assembly provided \$250,000 for flood-related water projects in the Nelson County Water Resource District.
- <sup>15</sup> In addition, the 2009 Legislative Assembly provided in Section 16 of House Bill No. 1013, a \$5 million contingent general fund appropriation for transportation aid payments to school districts. The appropriation is contingent on the June 30, 2011, estimated ending general fund balance exceeding the amount predicted by the Office of Management and Budget at the conclusion of the 2009 legislative session by more than \$30 million. The February 2011 legislative revenue forecast estimates the conditions will be met and the contingent supplemental funding will be made available.
- <sup>16</sup> The 2009 Legislative Assembly provided in Section 34 of House Bill No. 1015, \$250,000 from the general fund to provide grants to cities that experienced tornado damage in the summer of 2007 for the purpose of matching federal emergency relief funds.
- <sup>17</sup> The 2009 Legislative Assembly provided in Senate Bill No. 2333 a \$1.2 million contingent general fund appropriation for providing funds to local public health units for immunization services. The appropriation is contingent on total funds available to the state for immunization services under the American Recovery and Reinvestment Act of 2009. The State Department of Health reported the American Recovery and Reinvestment Act of 2009 funding could not be used for this purpose and the department would use the funding from the general fund. The 2011 Legislative Assembly provided in Senate Bill No. 2276 a \$1.5 million general fund appropriation for the purpose of funding a program through which the State Department of Health purchases vaccines through the federal vaccine
- <sup>18</sup> The 2009 Legislative Assembly reduced 2009-11 state school aid per student formula payments provided from the general fund by \$13.5 million, from \$649.9 million provided in the 2007-09 biennium to \$636.4 million for the 2009-11 biennium. In addition, the 2009 Legislative Assembly provided \$85.6 million of one-time federal funds made available to the state under the American Recovery and Reinvestment Act of 2009 and \$86.3 million of state tuition fund distributions for state school aid per student formula payments.
- <sup>19</sup> The Department of Human Services is unable to determine the amount of general fund support in the department's 2011-13 legislative appropriation for state administration of child support.
- <sup>20</sup> The 2011 Legislative Assembly provided for a transfer of \$142 million from the general fund to the highway fund for county and township roadway projects in areas affected by oil and gas development.
- <sup>21</sup> Senate Bill No. 2369 provided that the Adjutant General may use \$9 million from the state disaster relief fund for emergency snow removal grants to be awarded by June 30, 2011. Any unawarded amount of the \$9 million may be utilized in the 2011-13 biennium for disaster relief initiatives as outlined in Section 4 of Senate Bill No. 2369.
- <sup>22</sup> Section 4 of Senate Bill No. 2369 (2011) provides an appropriation of \$22 million from the permanent oil tax trust fund to the state disaster relief fund and provides authority for the Adjutant General to use the funding for disaster relief relating to 2011 spring flooding, flood disasters in incorporated cities, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state. Senate Bill No. 2016 (2011) provides authority to the Adjutant General to use up to \$3.5 million from the state disaster relief fund for the purpose of providing the required state share of funding for defraying the expenses associated with presidential-declared state disasters pursuant to North Dakota Century Code Section 37-17.1-27.
- <sup>23</sup> House Bill No. 1013 provides \$99,778,269 for energy infrastructure and impact grants from money deposited in the oil and gas impact grant fund. Of this amount, Senate Bill No. 2150 provides \$5 million to the Superintendent of Public Instruction for the purpose of providing a grant to any school district that can demonstrate rapid enrollment growth and Senate Bill No. 2325 provides \$350,000 to the Upper Great Plains Transportation Institute for a transportation study.
- <sup>24</sup> In addition, the 2011 Legislative Assembly provided \$101.638 million of state tuition fund distributions for state school aid per student formula payments and approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction carry over \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009–11 biennium to the 2011-13 biennium for state school aid per student payments. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to House Bill No. 1400 (2009). The 2011 Legislative Assembly also provided \$21.2 million of one-time federal education jobs funding made available to the state under federal H.R.1586 signed into law in August 2010 and \$5 million from the oil and gas impact grant fund for rapid enrollment grants.
- <sup>25</sup> The 2011 Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction reserve \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium and carry over the funding to the 2011-13 biennium for state school aid per student payments. The 2011 Legislative Assembly provided that after reserving the \$9 million for state school aid per student payments in the 2011-13 biennium, the next \$500,000 of 2009-11 excess state school aid funding be reserved for adult education learning center grants to be disbursed if federal funding for adult education received by the department is less than \$900,000 in any year of the 2011-13 biennium.
- <sup>26</sup> This is funding provided to school districts as mill levy reduction grants (property tax relief); however, school districts are required to lower property tax mill levies resulting in a reduction of property tax revenue equal to the amount of the mill levy reduction grants.