

63RD LEGISLATIVE ASSEMBLY

STATE BUDGET ACTIONS

FOR THE 2013-15 BIENNIUM

(Including Legislative Changes to the 2013-15 Executive Budget and Supplemental and Statistical Information Regarding the State Budget)



**LEGISLATIVE COUNCIL
STATE CAPITOL
BISMARCK, NORTH DAKOTA
JUNE 2013**

This report contains information on actions by the 2013 Legislative Assembly affecting the 2013-15 biennium state budget, including the 2013 Legislative Assembly's changes to the executive budget, for the July 1, 2013, through June 30, 2015, biennium (2013-15). The 2013-15 appropriations for state agencies and institutions are also compared to 2011-13 appropriations.

In preparing this analysis, the Legislative Council staff reviewed the executive budget, 2013 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.

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EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2013	\$1,472,798,236 ¹
Add estimated 2013-15 general fund revenues and transfers	5,476,833,046
Total resources available	\$6,949,631,282
Less 2013-15 general fund appropriations	6,862,587,354
Estimated general fund balance - June 30, 2015	\$87,043,928 ²

¹This amount reflects a transfer of \$181,060,585 from the June 30, 2013, general fund balance to the budget stabilization fund, \$60,314,701 of 2011-13 deficiency appropriations, and \$19,751,600 of estimated 2011-13 unspent general fund appropriation authority.

²In addition, the budget stabilization fund is projected to have a June 30, 2015, balance of \$583,545,799.

TOTAL APPROPRIATIONS SUMMARY

	2011-13 Legislative Appropriations	Increase (Decrease)	2013-15 Legislative Appropriations
General fund	\$4,297,001,161	\$2,565,586,193	\$6,862,587,354
Estimated income	6,387,287,420	494,387,536	6,881,674,956
Total all funds	\$10,684,288,581	\$3,059,973,729	\$13,744,262,310

2013-15 GENERAL FUND REVENUES

1. Provided for **general fund revenues** of \$6.9 billion, \$1,017,900,000, or 17.2 percent, more than the 2011-13 biennium revenues as included in the February 2013 legislative revenue forecast.
2. Anticipated state agency **general fund turnback** of \$19.8 million at the end of the 2011-13 biennium.
3. Provided for **tax relief/reduction** as follows:
 - a. Individual income tax rates were reduced by 19 percent resulting in reduced estimated individual income tax collections of \$200 million during the 2013-15 biennium.
 - b. Corporate income tax rates were reduced by 12 percent resulting in reduced estimated corporate income tax collections of \$50 million during the 2013-15 biennium.
 - c. The business privilege tax was repealed resulting in reduced general fund revenue of \$7.3 million during the 2013-15 biennium. Financial institutions will be required to file corporate income tax returns.
 - d. Gaming and excise taxes paid by charitable gaming organizations were reduced to 1 percent on the first \$1.5 million of gross proceeds and \$15,000 plus 2.25 percent of gross proceeds for organizations that exceed \$1.5 million, resulting in

reduced estimated gaming tax collections of \$3 million during the 2013-15 biennium.

4. Major areas of **revenue growth** (as compared to the revised revenue forecast for the 2011-13 biennium) include:
 - a. Sales and use taxes increasing by \$311.8 million, or 14.4 percent.
 - b. Motor vehicle excise tax collections increasing by \$64.2 million, or 24.8 percent.
 - c. Interest income collections increasing by \$18.5 million, or 130.6 percent.
5. Major areas of **revenue decline** (as compared to the revised revenue forecast for the 2011-13 biennium) include:
 - a. Individual income tax collections decreasing by \$85.3 million, or 9.7 percent (reflects income tax reductions noted above).
 - b. Corporate income tax collections decreasing by \$2.8 million, or .7 percent (reflects income tax reductions noted above). This amount is net of other changes to corporate income tax collections, including an increase of \$22.5 million due to financial institutions being required to file corporate income tax forms.
 - c. Repeal of the business privilege (financial institution) tax collections, decreasing general fund revenue by \$7.3 million, or 100 percent (reflects tax changes noted above).
 - d. Gaming tax collections decreasing by \$3.1 million, or 27.7 percent (reflects tax reductions noted above).
 - e. Mineral leasing fees declining by \$15.8 million, or 45.4 percent.
6. Provided for **Mill and Elevator** transfers based on 50 percent of the mill profits or \$6,817,200, whichever is less. The anticipated transfer for the 2013-15 biennium is \$6,817,200, an increase of \$5,112,900 from the executive recommendation, but a reduction of \$828,778 compared to the 2011-13 biennium estimated transfers.
7. Transferred \$341.79 million from the **property tax relief fund**, which is an increase of \$46.79 million from the amount transferred from the fund relating to property tax relief for the 2011-13 biennium.
8. Included a \$520 million transfer from the **strategic investment and improvements fund**.
10. Anticipated **oil prices** to average \$75 per barrel in the first year of the 2013-15 biennium and \$80 per barrel in the second year. The average oil price in March 2013 for North Dakota crude oil was \$87.25 per barrel.
11. **Oil production** is anticipated to average 847,083 barrels per day for the 2013-15 biennium, beginning the biennium at an estimated 830,000 barrels per day increasing to 850,000 barrels per day by the end of the biennium. Average production in March 2013 was 782,812 barrels per day.

11. **General fund oil tax revenues** are \$300 million, the same as the 2011-13 biennium. The Legislative Assembly did not change the provisions of 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:

- a. The first \$200 million is deposited in the general fund;
- b. The next \$341.79 million is deposited in the property tax relief 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.

Section 15-08.1-08 provides 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

1. Appropriated \$656,473,838 from the general fund to the Department of Public Instruction for the property tax relief component of integrated formula payments to school districts. The funding provides for a mill levy reduction of 125 mills in school district property tax levies.
2. Appropriated \$200 million from the general fund to the State Treasurer's office for a state-paid property tax relief credit program. The program provides a state-paid credit against property taxes and mobile home taxes in the amount of 12 percent of the taxes levied by all taxing districts on the property.
3. Appropriated \$27,678,000 from the general fund in the Tax Department for the homestead tax credit program (\$20 million) and the disabled veterans property tax credit program (\$7,678,000).

2013-15 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of \$6.86 billion, \$2.57 billion, or 59.7 percent, more than the 2011-13 adjusted legislative appropriations.
2. Major general fund appropriations increases relate to:
 - a. Department of Transportation - \$1,087,500,000.
 - b. Department of Public Instruction - \$479.6 million.
 - c. State Treasurer - \$260.9 million.
 - d. Higher Education - \$244.8 million.
 - e. Department of Human Services - \$209.2 million.

2013-15 SPECIAL FUNDS APPROPRIATIONS

1. Provided special funds (estimated income) appropriations of \$6.88 billion, \$494.39 million, or 7.7 percent more than the 2011-13 adjusted legislative appropriations.
2. Major special funds appropriations increases include:
 - a. State Water Commission - \$364.6 million.
 - b. Department of Transportation - \$171.7 million.
 - c. Department of Trust Lands - \$107 million.
 - d. Department of Human Services - \$70.8 million.
 - e. Bank of North Dakota - \$46.3 million.
 - f. Department of Emergency Services - \$40.6 million.
 - g. Attorney General - \$17.5 million.

2013-15 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Projected "ongoing" general fund taxes and fees of \$4,595,400,000 for the 2013-15 biennium, an increase of \$282,200,000, or 6.5 percent, from the estimated ongoing general fund taxes and fees of \$4,313,200,000 for the 2011-13 biennium.
2. Provided \$4,436,300,000 of ongoing general fund appropriations and \$2,426,300,000 of "one-time" general fund appropriations for the 2013-15 biennium.
3. Retained an estimated \$670.5 million at the end of the 2013-15 biennium, including \$87 million in the general fund and \$583.5 million in the budget stabilization fund.

HIGHER EDUCATION

1. Increased **general fund** support by \$244,791,376 as follows:

	2011-13 Legislative Appropriations	2013-15 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$606,525,437	\$679,271,846	\$72,746,409	12.0%
One-time general fund appropriations	51,313,102	223,358,069	172,044,967	335.3%
Total	\$657,838,539	\$902,629,915	\$244,791,376	37.2%

2. Increased support from **special funds** by \$63,663,182, or 58.5 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 2,303.74 to 2,304.74 to reflect the number of FTE positions supported by the general fund.

4. Provided funding of \$16,526,024 from the general fund for **campus equalization payments** based on a new student credit-hour funding formula included in Senate Bill No. 2200. The formula provides equalization payments to campuses based on a student credit-hour funding level.
5. Provided funding of \$39,475,866 to institutions for an **inflation adjustment** of 5 percent during each year of the 2013-15 biennium. The funding is for cost-to-continue items, operating inflation, salary increases, health insurance increases, and retirement contribution increases.
6. Provided one-time funding of \$29 million from the general fund to establish a **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. For every two private dollars donated to an institution, a match of one dollar would be provided from the fund.
7. Provided one-time funding of \$5 million from the general fund for a **performance funding pool** to provide funds to University System institutions that meet performance criteria established by the State Board of Higher Education.

ELEMENTARY AND SECONDARY EDUCATION

1. Provided funding of \$1,835,700,000, of which \$1,695,374,000 is from the general fund and \$140,326,000 is from the state tuition fund, for **state school aid**, including **integrated formula payments**, transportation aid, special education contracts, and grants for rapid enrollment growth. This level of funding represents an increase of \$484.7 million, including increases of \$472.3 million from the general fund and \$38.7 million from the state tuition fund and decreases of \$5 million from the oil and gas impact grant fund and \$21.3 million from federal funds, from the 2011-13 legislative appropriation of \$1,350,992,316. The Legislative Assembly approved a change in the kindergarten through grade 12 state school aid funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine an adequate base level of support necessary to educate students, and this base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The Legislative Assembly provided integrated formula payments totaling \$1.752 billion, of which \$1,611,774,000 is from the general fund and \$140,326,000 is from the state tuition fund. The new formula results in an increase of \$491.9 million from the state school aid and mill levy grants, totaling \$1.26 billion provided during the 2011-13 biennium. The increase of \$491.9 million includes increases of \$453.2 million from the general fund and \$38.7 million from the state tuition fund. Integrated formula payments include \$656.5 million for a mill levy

- buydown of 125 mills for the 2013-15 biennium (50 mills more than the 75 mills provided during the 2011-13 biennium), an increase of \$314.7 million from the \$341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium. Integrated formula payments related to state school aid total \$1.096 billion, an increase of \$177.2 million from state school aid provided during the 2011-13 biennium.
2. Provided funding from the general fund for the following grants:
 - a. **Governor's School program** - \$460,000 (the same as the 2011-13 biennium).
 - b. **National writing projects** - \$173,000 (increase of \$15,000 from the 2011-13 biennium).
 - c. **North Dakota Museum of Art** - \$415,000 (increase of \$35,000 from the 2011-13 biennium).
 - d. **North Dakota LEAD Center** - \$260,000 (the same as the 2011-13 biennium).
 - e. **Teacher center network** - \$360,000 (the same as the 2011-13 biennium).
 - f. **School food services** - \$1,380,000 (the same as the 2011-13 biennium).
 - g. **Adult education grants** - \$3,110,411 (the same as the 2011-13 biennium, not including the \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium reserved for adult education learning center grants during the 2011-13 biennium).
 - h. **North Central Council for School Television** - \$535,000 (increase of \$50,000 from the 2011-13 biennium).
 - i. **Global Bridges (Atlantik-Brucke) exchange program** - \$150,000 (increase of \$45,000 from the 2011-13 biennium).
 - j. **North Dakota young entrepreneur education program** - \$120,000 (the same as the 2011-13 biennium).
 - k. **"We the People" program** - \$20,000 (decrease of \$2,000 from the 2011-13 biennium).
 - l. **Teacher mentoring program** - \$2.3 million (the same as the 2011-13 biennium).
 - m. **Continuing education grants** - \$150,000 (increase of \$50,000 from the 2011-13 biennium).
 - n. **Curriculum alignment grants** - \$100,000 (the same as the 2011-13 biennium).
 - o. **Preschool continuing education grants program** - \$150,000 (the same as the 2011-13 biennium).
 - p. **Prekindergarten space grant program** - \$125,000 (the same as the 2011-13 biennium).
 - q. **Gearing Up for Kindergarten** - \$675,000 (increase of \$50,000 from the 2011-13 biennium).
 - r. **Governing North Dakota textbook** - \$20,000.

- s. **Pathfinders Parent Project** - \$131,106.
 - t. **School district safety grants** - \$3,000,000.
 - u. **Cardiopulmonary resuscitation training grants** - \$450,000.
3. Provided funding from the general fund for **national board certification** - \$120,000 (decrease of \$65,000 from the 2011-13 biennium appropriation of \$185,000 provided from the national board certification fund).
 4. Provided \$2,750,000 of one-time funding from the general fund for a **funding pool for initiatives** identified by the newly elected Superintendent of Public Instruction. Initiatives identified include:
 - a. Management information systems - Website updates.
 - b. Safe and drug-free schools salary funding.
 - c. Statewide accreditation system.
 - d. Business manager training program.
 - e. Management information systems - STARS maintenance and development.
 - f. Common core state standards.
 - g. Teacher and principal evaluation systems.

HUMAN SERVICES

1. Provided a total general fund appropriation for the Department of Human Services of \$1.171 billion, \$209 million or 21.8 percent, more than the \$961.8 million appropriated for the 2011-13 biennium. Of the \$209 million increase, \$93.3 million relates to additional state matching funds required due to changes in the state's federal medical assistance percentage (FMAP).
 - a. The schedule below presents recent and projected FMAPs for North Dakota:

Federal Fiscal Year	FMAP	Enhanced FMAP
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	52.27%	N/A
2014	50.00% (estimate)	N/A
2015	50.00% (estimate)	N/A

2. Provided \$68.9 million, of which \$34.6 million is from the general fund, to provide 3 percent annual **inflationary increases** for human service providers. The Legislative Assembly in 2011 approved a 3 percent annual increase for the 2011-13 biennium for human service providers, excluding physicians.

3. Provided \$54.6 million, of which \$29.4 million is from the general fund, to provide \$1 per hour provider wage passthrough increases for nursing facilities, basic care, qualified service providers (QSPs), and developmentally disabled service providers. The executive budget recommended providing a 50-cent per hour wage passthrough increase.
4. Provided funding of \$32.7 million, of which \$11.4 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 \$29.7 million, of which \$28.6 million is from the general fund, for making **Medicare Part D prescription drug "clawback" payments** to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid.
6. Provided \$1.8 million from the general fund for **capital projects** at the State Hospital.

CAPITAL CONSTRUCTION

1. Includes a total of \$2.5 billion for the following capital projects:
 - a. \$324 million for major capital projects.
 - b. \$63.4 million for extraordinary repairs.
 - c. \$16.2 million for bond payments.
 - d. \$1.76 billion for transportation-related projects.
 - e. \$335.7 million for other projects.

The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$179,437,213	\$144,566,867
Extraordinary repairs	45,286,701	18,107,551
Bond payments	15,646,617	594,148
Transportation related projects	620,000,000	1,134,727,471
Other projects	595,652	335,093,280
Total	\$860,966,183	\$1,633,089,317

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**. Salary increases relating to performance are to range from 3 to 5 percent effective July 1, 2013, and 2 to 4 percent effective July 1, 2014. Salary increases are not to be given across the board. Classified state employees are also eligible for a market equity salary increase of up to 2 percent for employees in the first quartile of their salary

- range and up to 1 percent for employees in the second quartile effective July 1, 2013, and July 1, 2014. Employees whose documented performance levels do not meet standards are not eligible for any salary increase. The executive recommendation provided funding for state employee salary increases ranging from 3 to 5 percent for the performance component and up to 4 percent for the market equity component of salaries effective July 1, 2013, and July 1, 2014. Funding provided for these increases totals \$75.8 million, of which \$41.2 million is from the general fund. The 2013-15 legislative appropriation for the North Dakota University System included funding to provide for inflationary costs, including the general fund share of health insurance increases and 4 percent salary increases effective July 1, 2013, and health insurance increases and 3 percent salary increases effective July 1, 2014.
2. Continued funding for the cost of **health insurance premiums** for state employees at \$981.69 per month per employee, an increase of \$95.07, or 10.7 percent, compared to the 2011-13 biennium premium of \$886.62. Funding provided for this increase totals \$20.8 million, of which \$11.1 million is from the general fund.
 3. Provided an increase in **contributions to the Public Employees Retirement System** of 2 percent on January 1, 2014. For each increase, employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent. The Legislative Assembly changed the executive recommendation for contributions to the retirement system which included a 2 percent increase effective January 2014 and 2 percent effective January 2015 to be shared equally by the state and employee.
 4. Authorized a total of 11,484.48 **FTE positions**, 144.32 FTE positions more than the 2011-13 authorized level and 20.25 FTE positions less than the executive recommendation. The net increase, excluding higher education, is 143.32 FTE positions.

CORRECTIONS

1. Provided a total general fund appropriation for the Department of Corrections and Rehabilitation of \$180.9 million, \$21.3 million or 13.3 percent, more than the \$159.6 million appropriated for the 2011-13 biennium.
2. Provided ongoing general fund appropriation for the Department of Corrections and Rehabilitation of \$177.8 million, \$19.9 million or 12.6 percent, more than the \$157.9 million appropriated for the 2011-13 biennium.
3. Added 20 **new FTE positions**, including 14 FTE positions relating to the Penitentiary expansion project and 6 FTE parole officer positions.
4. Provided \$21.2 million for **transitional housing and programs**.
5. Provided \$8.9 million from the general fund for **female inmate contract housing**.

6. Added \$200,000 from the general fund for a study of relocating the Missouri River Correctional Center to the Youth Correctional Center site.

INFORMATION TECHNOLOGY

1. Provided \$43.4 million, of which \$6.2 million is from the general fund, for state **agency information technology projects** for the 2013-15 biennium.
2. Provided \$1.1 million, all of which 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 \$1.8 million from the general fund to the Information Technology Department for continued development relating to the **Statewide Longitudinal Data System Initiative**.
4. Provided \$4.7 million, of which \$372,000 is from the general fund, to the Information Technology Department for the Health Information Technology Office and health information technology activities.

ECONOMIC DEVELOPMENT

1. Provided a transfer of \$38 million from Bank of North Dakota profits to the **PACE** fund (\$28 million), **Ag PACE** fund (\$2 million), **biofuels PACE** fund (\$2 million), and **beginning farmer revolving loan** fund (\$6 million), \$28.6 million more than the \$9.4 million appropriated from the general fund for these funds during the 2011-13 biennium.
2. Provided a transfer of \$12 million from the general fund to the Research North Dakota fund for **Research North Dakota** for the 2013-15 biennium. Of the \$12 million, up to \$2 million is designated for the Research North Dakota venture grant program, \$4 million is designated for biotechnology grants, and \$6 million is available without any specific designation for Research North Dakota grants.
3. Provided \$9,184,329 for **tourism marketing**, of which \$8,821,329 is from the general fund and \$363,000 is from special funds. This funding level reflects an increase of \$1.5 million compared to the 2011-13 biennium.
4. Provided \$7 million from the general fund to the Department of Commerce for **workforce grants**, including:
 - a. \$5 million for workforce grants to tribally controlled community colleges; and
 - b. \$2 million for workforce enhancement grants to the state community colleges. The 2011-13 biennium appropriation provided a total of \$1.5 million, of which \$375,000 was from the general fund and \$1,125,000 was from carryover of funding provided in the 2009-11 biennium.
5. Provided \$5 million from the general fund and a new continuing appropriation for the **unmanned aircraft systems program**.

Of the \$5 million, \$1 million is designated for obtaining Federal Aviation Administration approval of a test site, and \$4 million is designated for operating the test site.

6. Provided one-time funding of \$2.5 million from the strategic investment and improvements fund for an **enhanced use lease grant** associated with the Grand Forks Air Force Base.

CHILD CARE

1. Provided \$24,494,469, of which \$2,752,686 is from the general fund, to the Department of Human Services for **child care assistance** programs:
 - a. \$20,898,665 from the general fund (\$252,686), federal funds (\$13,728,004), and retained funds (\$6,917,975) for **grant assistance payments**;
 - b. \$2.5 million from the general fund contingent upon the amount of funding needed for the expansion of the **child care assistance program**, of which up to \$1 million may be used for grants for **workforce development** pursuant to Section 50-11.1-14.1;
 - c. \$897,336 from federal funds for payments to **temporary assistance for needy families**; and
 - d. \$198,468 from federal funds for local **Head Start programs**.
2. Provided \$8,190,480, of which \$5,009,185 is from the general fund, for **workforce development and training**:
 - a. \$4.15 million from the general fund to the Department of Human Services for **grants to child care providers** for workforce development pursuant to Section 50-11.1-14.1;
 - b. \$2,717,399 from the general fund (\$166,221) and federal funds (\$2,551,178) to the Department of Human Services for contracts to provide **technical assistance**;
 - c. \$773,081 from the general fund (\$142,964) and federal funds (\$630,117) to the Department of Human Services for **child care administrative rule revision**;
 - d. \$400,000 from the general fund to the Department of Human Services for grants to **child care providers serving those with disabilities** pursuant to Section 50-11.1.18;
 - e. \$150,000 from the general fund to the Department of Public Instruction for **continuing education grants** for preschool teachers; and
 - f. **Child care provider tax credits** equal to 50 percent of qualified child care expenses - the amount of tax credits that will be claimed is unknown.
3. Provided \$3,225,000, of which \$2,725,000 is from the general fund, for **child care facilities**:
 - a. \$2.6 million from the general fund to the Department of Commerce for **child care facility grants**;

- b. \$500,000 from the Development Fund for **early childhood facility financing**;
- c. \$125,000 from the general fund to the Department of Public Instruction for **grants to schools** for safety compliant space;
- d. Expansion of the **beginning entrepreneur loan guarantee program** to include child care facilities - the amount of loan guarantees is unknown; and
- e. Financing assistance for child care facilities through the **partnership in assisting community expansion** - the amount of assistance is unknown.

INFRASTRUCTURE

1. Provided \$1,770,360,000, of which \$1,550,360,000 is from the general fund, for **road projects**:
 - a. \$1,330,360,000 from the general fund for road projects in **oil-producing counties**;
 - b. \$220 million from the general fund for road projects in **non-oil-producing counties**; and
 - c. \$220 million from the highway tax distribution fund for **statewide road projects**.
2. Provided \$74 million from the general fund (\$6.55 million), the Aeronautics Commission fund (\$7.45 million), and the oil and gas impact grant fund (\$60 million) for **airport grants**.
3. Provided \$49.4 million, of which \$44.4 million is from the general fund, for **housing-related infrastructure**:
 - a. \$14 million from general fund carryover (\$9 million) and Bank of North Dakota profits (\$5 million) for the **rebuilders loan program**; and
 - b. \$35.4 million from income tax credits (\$20 million) and a general fund transfer (\$15.4 million) for the **housing incentive fund**.
4. Provided \$778,979,740 from Bank of North Dakota loans (\$55,000,000), the resources trust fund (\$696,611,240), and the water development trust fund (\$27,368,500) for **water projects**.
5. Provided \$399 million from the oil and gas impact grant fund (\$180 million) and from the strategic investment and improvements fund (\$219 million) for other infrastructure:
 - a. \$180 million from the oil and gas impact grant fund for **oil impact grants**, of which \$43.5 million is designated for hub cities (\$14 million), sheriff's departments (\$7 million), emergency medical services providers (\$7 million), counties with new oil impact (\$5 million), higher education (\$4 million), fire protection districts (\$3.5 million), and dust control (\$3 million) and \$136.4 million is not designated for specific purposes;
 - b. \$150 million from the strategic investment and improvements fund for **school construction loans**;

- c. \$50 million from the strategic investment and improvements fund for **medical facility loans**; and
- d. \$19 million from the strategic investment and improvements fund for **fuel production facility loan guarantees**.

TRANSPORTATION

- 1. Anticipated regular **federal highway construction funds** of \$532.2 million for the 2013-15 biennium compared to \$569.5 million for the 2011-13 biennium.
- 2. Provided \$1,161.6 million for state highway projects in **areas affected by oil and gas development**.
- 3. Provided \$160 million from the general fund for county and township road projects in oil-producing **counties**.
- 4. Provided \$8,760,000 from the general fund to the State Treasurer for distributions to townships in certain oil-producing counties.
- 5. Provided \$100 million from the general fund to the State Treasurer for **transportation funding distributions to non-oil-producing counties, cities, and townships** and \$120 million from the general fund for **non-oil-producing county road projects**.

MILITARY-RELATED PROGRAMS

- 1. Provided \$509,514 from the general fund for rental payments and project costs for **city-owned armories**.
- 2. Provided funding of \$2,517,500 from the general fund for the National Guard **tuition assistance program**. In addition, a contingent general fund appropriation of \$375,000 was provided for tuition assistance in the event the National Guard receives a new assignment in association with the Grand Forks Air Force Base.

- 3. Provided \$1,501,593 from the general fund for the **reintegration program** to support National Guard members and their families.
- 4. Provided funding of \$600,000 from the general fund to continue the **veterans' bonus program**. In addition, an exemption was provided to allow the carryover of unexpended appropriations for the program into the 2013-15 biennium.

DISASTER-RELATED FUNDING

- 1. Provided funding of \$1.5 million from the state disaster relief fund for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs.
- 2. 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.

MAJOR SPECIAL FUND BALANCES

	Estimated June 30, 2015, Balance
Legacy fund	\$3,096,602,513
Property tax relief fund	\$657,000,000
Strategic investment and improvements fund	\$735,119,493
Budget stabilization fund	\$583,545,799

SECTION B - GENERAL FUND REVENUES

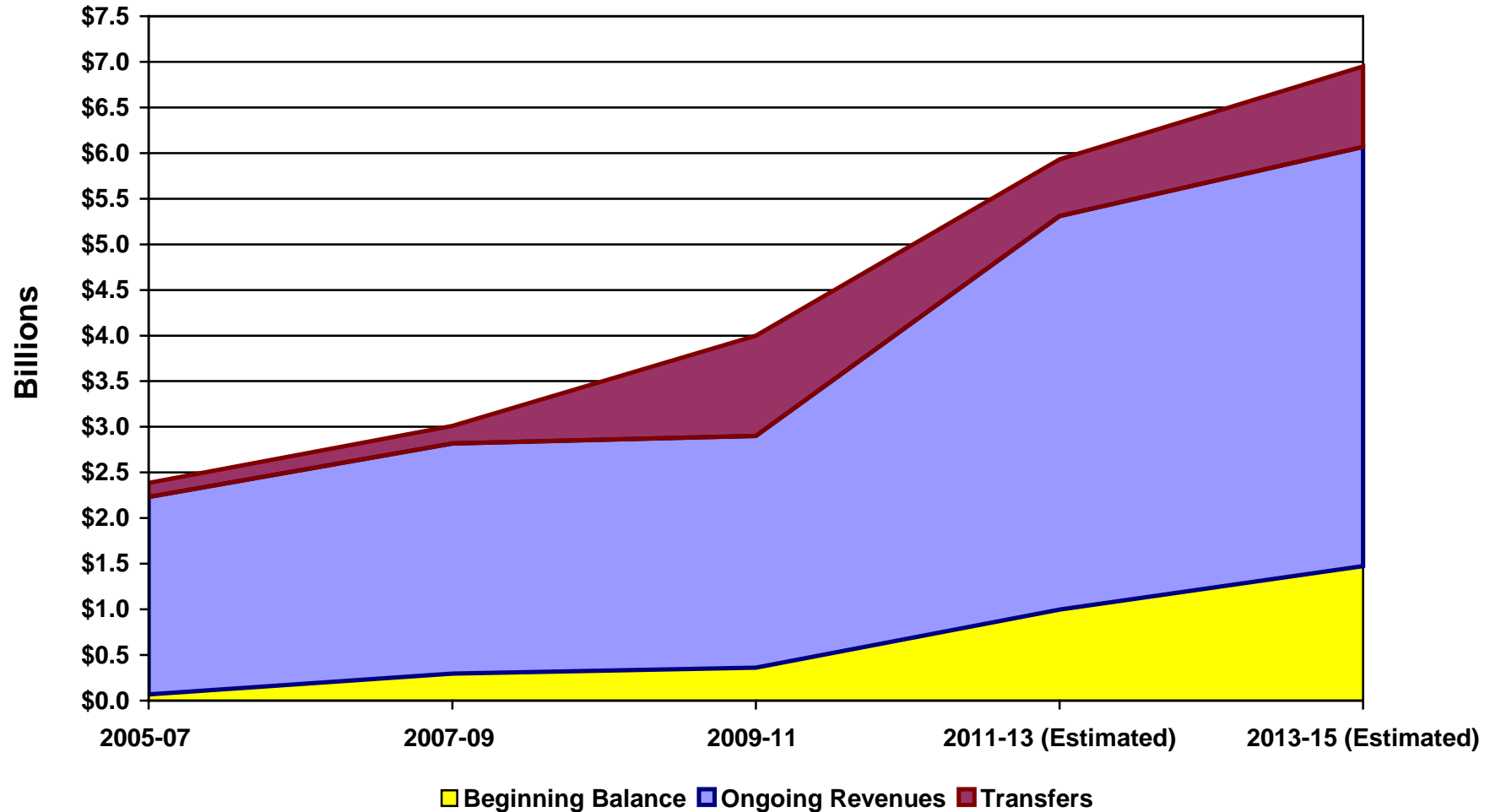
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GENERAL FUND REVENUE SUMMARY

TOTAL REVENUES

Based on the 2013-15 biennium legislative revenue forecast, total 2013-15 biennium general fund revenues, including the estimated beginning balance, ongoing revenues, and transfers are estimated to be \$6,949,631,282, which is \$1,017,852,154, or 17.2 percent, more than total 2011-13 biennium revenues of \$5,931,779,128 and an **increase of \$2,082,954,407** compared to the executive budget recommendation of \$4,866,676,875.

The following is a summary of revenues for the 2005-07 through 2013-15 bienniums:



	2005-07	2007-09	2009-11	2011-13 (Estimated)	2013-15 (Estimated)
Beginning balance	\$68,015,056	\$295,541,176	\$361,843,514	\$996,832,711	\$1,472,798,236
Ongoing revenues	2,162,706,208	2,520,712,137	2,742,612,281	4,313,194,926	4,595,448,486
Transfers	154,710,132	194,551,242	1,190,082,508	621,751,491	881,384,560
Total	\$2,385,431,396	\$3,010,804,555	\$4,294,538,303	\$5,931,779,128	\$6,949,631,282

BEGINNING BALANCE

The executive budget (December 2012) estimated general fund beginning balances were \$996.8 million and \$68.98 million, respectively, for the 2011-13 and 2013-15 bienniums. The Legislative Assembly adopted a revised revenue forecast in February 2013 for the 2011-13 and 2013-15 bienniums. Based on this forecast, it was anticipated that the 2013-15 beginning balance would increase by \$41.3 million compared to the executive budget revenue forecast. Based on the 2013-15 legislative general fund revenue forecast, the July 1, 2013, beginning balance is estimated to be \$1,472,800,000, an **increase of \$1,403,820,000** compared to the executive budget forecast.

Other major legislative action affecting the July 1, 2013, beginning general fund balance includes:

- **House Bill No. 1015** removes a transfer of \$744,767,676 to the property tax relief fund for the 2011-13 biennium.
- **House Bill No. 1023** reduces the deficiency appropriation for the 2011-13 biennium by \$8,733,107 by removing the \$3.1 million appropriation for the Department of Public Instruction for rapid enrollment grants, reducing the appropriations to the Department of Health for litigation contingency (\$200,000), the Highway Patrol for field operations (\$102,000), the Department of Transportation for loan repayment (\$5,361,107), and increasing the appropriation to the Attorney General for prosecution witness fees (\$30,000).
- **Senate Bill No. 2012** removes a transfer of \$720 million for highway fund and transportation funding distributions for the 2011-13 biennium and provides \$720,000 for township transportation distribution corrections for the 2011-13 biennium.
- **Senate Bill No. 2014** removes a transfer of \$30 million to the housing incentive fund for the 2011-13 biennium.
- **Senate Bill No. 2142** provides a sales tax exemption for telecommunications infrastructure development beginning January 1, 2013, which is estimated to reduce 2011-13 general fund revenues by \$1.19 million.
- The 2013-15 legislative revenue forecast estimates unspent general fund authority for the 2011-13 biennium to be \$30 million, the same as the executive budget forecast. In addition, **House Bill No. 1006** provides carryover authority for \$50,000 of the Tax Department's estimated unspent 2011-13 appropriation authority; **House Bill No. 1016** provides carryover authority for \$500,000 of the Adjutant General's estimated unspent 2011-13 appropriation authority; **Senate Bill No. 2007** provides carryover authority for \$698,400 of the Veterans' Home estimated unspent 2011-13 appropriation authority; and **Senate Bill No. 2132** provides carryover authority for \$9 million of the Bank of North Dakota's estimated unspent 2011-13 appropriation authority. Therefore, 2011-13 biennium unspent general fund appropriation authority is anticipated to total \$19,751,600.

ONGOING REVENUES

The executive budget (December 2012) general fund revenue forecast, excluding transfers, was estimated to be \$4.272 billion and \$4.783 billion, respectively, for the 2011-13 and 2013-15 bienniums. The Legislative Assembly adopted a revised revenue forecast in February 2012 for the 2011-13 and 2013-15 bienniums. Total general fund revenues were estimated to **increase by \$41.3 million** for the 2011-13 biennium and **decrease by \$45.68 million** for the 2013-15 biennium as compared to the executive budget revenue forecast. This revised forecast revision was approved for the Appropriations Committees in February 2013.

Based on the 2013-15 biennium legislative revenue forecast, general fund revenues, excluding transfers, are anticipated to be \$4.595 billion, which is 6.5 percent, or \$282.2 million, more than the 2011-13 biennium revised revenue forecast of \$4.313 billion. The Legislative Assembly in 2013 decreased ongoing revenues by \$187.8 million, including \$125 million relating to the impact of Senate Bill No. 2156 providing for reductions in individual and corporate income tax revenue collections, compared to the executive budget revenue forecast.

Major areas of 2013-15 biennium **revenue growth** compared to the revised 2011-13 biennium revenue forecast include:

- Sales and use tax collections are estimated to increase by \$311.8 million, or 14.4 percent (see **Sales and Use Taxes** section below).
- Motor vehicle excise tax collections are estimated to increase by \$64.2 million, or 24.8 percent (see **Motor Vehicle Excise Taxes** section below).
- Interest income collections are estimated to increase by \$18.5 million, or 130.6 percent.

Major areas of 2013-15 biennium **revenue reduction** compared to the revised 2011-13 biennium revenue forecast include:

- Individual income tax collections are estimated to decrease by \$85.3 million, or 9.7 percent and corporate income taxes are estimated to decrease by \$2.8 million, or .7 percent (see **Income Taxes** section below).
- Business privilege (financial institution) tax is estimated to decline by \$7.3 million, or 100 percent (see **Business Privilege Tax** section below).
- Gaming tax collections are estimated to decline by \$3.1 million, or 27.7 percent (see **Gaming Taxes** section below).
- Mineral leasing fees are estimated to decline by \$15.8 million, or 45.4 percent.

The Legislative Assembly in 2013 approved the following bills, which have a major impact on revenues:

Income Taxes

- **House Bill No. 1198** provides for income tax withholding on oil royalty payments to nonresidents. The withholding provisions of House Bill No. 1198 are estimated to increase individual income tax collections by \$4.2 million during the 2013-15 biennium.
- **Senate Bill No. 2156** amends the corporate and individual income tax rates. Corporate income tax rates are reduced by 12 percent and individual income tax rates by 19 percent. The reduced income tax rate provisions of House Bill No. 1198 are estimated to reduce individual income tax collections by \$200 million and corporate income tax collections by \$50 million during the 2013-15 biennium.
- **Senate Bill No. 2325** increases the long-term capital gain and qualified dividend income exclusion and requires financial institutions to file corporate tax returns. This bill is anticipated to reduce individual income tax collections by \$7 million, increase corporate income tax collections by \$22.5 million, and reduce business privilege tax collections by \$7.3 million during the 2013-15 biennium.
- **Senate Bill No. 2330** lowers the interest rate charged on unpaid income taxes. This bill is anticipated to reduce general fund revenues by \$30,000 during the 2013-15 biennium.

Business Privilege Tax

- **Senate Bill No. 2325** repeals the business privilege tax and requires financial institutions to file corporate income tax returns. This bill is anticipated to reduce business privilege tax collections by \$7.3 million and increase corporate income tax collections by \$22.5 million during the 2013-15 biennium.

Sales and Use Taxes

- **House Bill No. 1464** increases the compensation to sales and use tax permit holders for administrative expenses associated with collecting and remitting sales and use tax. This bill is anticipated to reduce sales and use tax collections by \$796,000 during the 2013-15 biennium.
- **Senate Bill No. 2090** changes the tax base for sales tax on manufactured homes. This bill is anticipated to reduce sales and use tax collections by \$736,000 during the 2013-15 biennium.
- **Senate Bill No. 2142** provides a sales tax exemption for equipment used in telecommunications infrastructure development. This exemption becomes effective January 1, 2013, and is anticipated to reduce sales tax collections by \$1.19 million during the 2011-13 biennium and \$4.74 million during the 2013-15 biennium.
- **Senate Bill No. 2162** increases the amount available to counties for matching grants from the senior citizen services and programs fund. This bill is anticipated to reduce sales and use tax collections deposited in the general fund by \$425,000 during the 2013-15 biennium.
- **Senate Bill No. 2325** increases the allocation to the state aid distribution fund from 40 percent of an equivalent one cent sales tax to 43.5 percent of an equivalent one cent sales tax. This increase in allocations becomes effective in the second year of the biennium and is anticipated to reduce sales and use tax collections deposited in the general fund by \$9,851,500 during the 2013-15 biennium.

Motor Vehicle Excise Taxes

- **Senate Bill No. 2162** increases the amount available to counties for matching grants from the senior citizen services and programs fund. This bill is anticipated to reduce motor vehicle excise tax collections deposited in the general fund by \$55,000 during the 2013-15 biennium.
- **Senate Bill No. 2325** increases the allocation to the state aid distribution fund from 40 percent of an equivalent one cent sales tax to 43.5 percent of an equivalent one cent motor vehicle excise tax. This increase in allocations becomes effective in the second year of the biennium and is anticipated to reduce motor vehicle excise tax collections deposited in the general fund by \$1,738,500 during the 2013-15 biennium.

Gaming Taxes

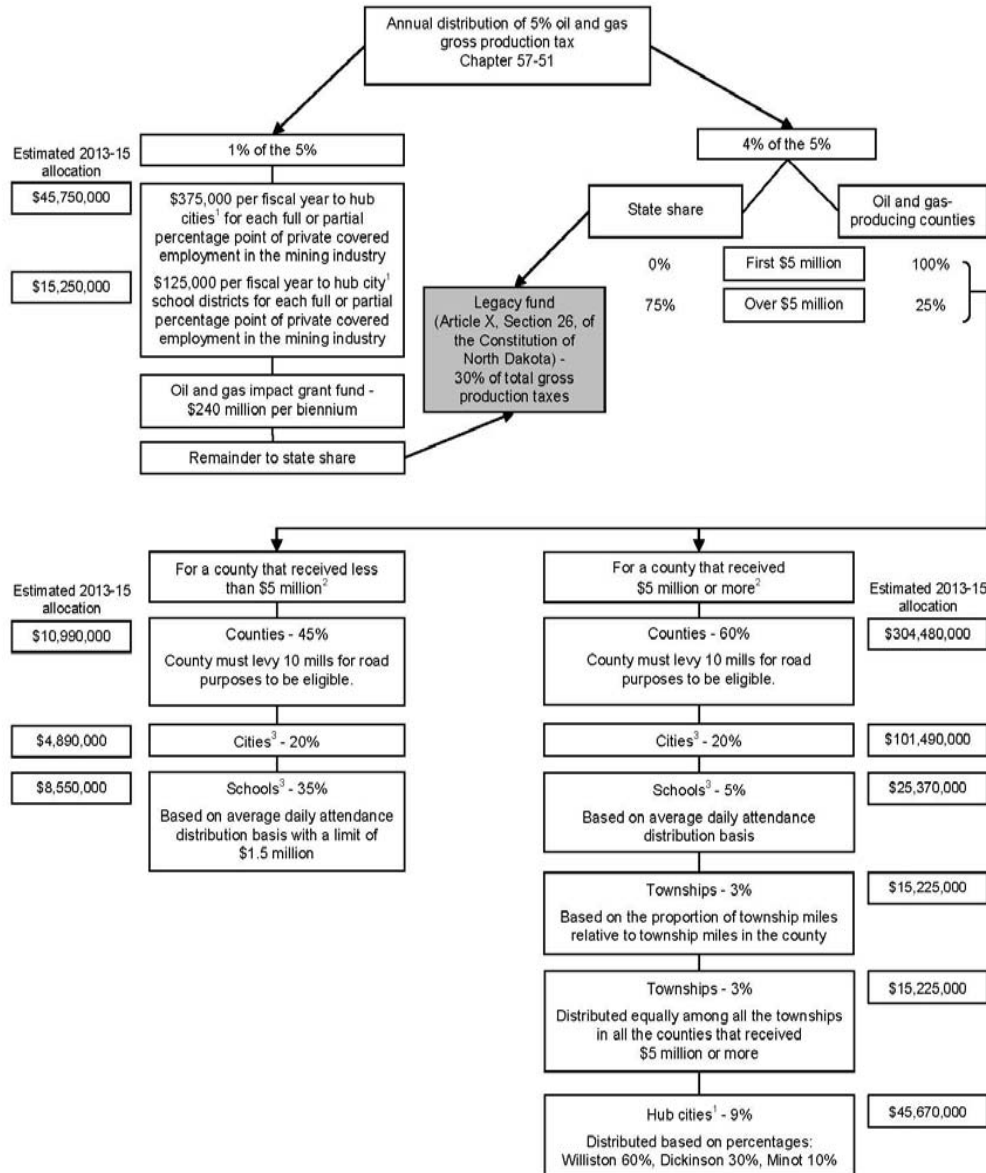
- **Senate Bill No. 2163** reduces the gaming and excise taxes paid by charitable gaming organizations to 1 percent on the first \$1.5 million of gross proceeds and \$15,000 plus 2.25 percent of gross proceeds for organizations that exceed \$1.5 million. This bill is anticipated to reduce gaming tax collections by \$3 million during the 2013-15 biennium.

Oil Taxes

Based on the February 2013 revised revenue forecast for the 2013-15 biennium, the state's share of total oil and gas tax collections are estimated to be \$1,669,000,000. **House Bill No. 1358** increases the allocation of oil and gas gross production taxes to the oil and gas impact grant fund from \$100 million to \$240 million for the 2013-15 biennium, reducing the state's share of oil and gas gross production tax collections by \$140 million, from \$1.669 billion to \$1.529 billion. Of the \$1.529 billion, \$10 million is projected to be deposited in the oil and gas research fund (provisions of **Senate Bill No. 2014** increased this amount from \$4 million to \$10 million), \$300 million in the general fund, \$341,790,000 in the property tax relief fund, and \$855,184,225 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 2013 legislative forecast estimated oil prices of \$75 per barrel in the first year of the 2013-15 biennium and \$80 per barrel in the second year. The estimated average daily production rate is approximately 847,083 barrels for the 2013-15 biennium. Actual prices, production, and other factors throughout the 2013-15 biennium could increase or decrease actual oil tax revenue collections.

The Legislative Assembly, in **House Bill No. 1358**, restructured the allocation of oil and gas gross production tax collections and provides for allocations to hub cities and hub city school districts from the first one percent of the five percent oil and gas gross production tax. The annual allocation of the remaining 4 percent of the gross production tax is revised to provide that the first \$5 million of tax collected in each county is distributed to the county and revenue over \$5 million is distributed 25 percent to the county and 75 percent to the state. The flowchart below provides detail on the annual distribution of the 5 percent oil and gas gross production tax.



¹A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.

²The estimated distribution amounts for state fiscal year 2014 for Bottineau County are included in the amounts for the counties that received less than \$5 million, because Bottineau County is projected to receive less than \$5 million for state fiscal year 2013. The estimated amounts for state fiscal year 2015 for Bottineau County are included in the amounts for counties that received \$5 million or more, because Bottineau County is projected to receive \$5 million or more for state fiscal year 2014.

³Hub cities and hub city school districts must be omitted from this apportionment.

TRANSFERS

The February 2013 revised revenue forecast did not change the executive budget (December 2012) estimated total transfers of \$621.8 million and \$14.5 million, respectively, for the 2011-13 and 2013-15 bienniums. The Legislative Assembly in 2013 provided for 2011-13 biennium transfers to the general fund of \$881.4 million, an increase of \$866.9 million compared to the executive budget forecast.

Major legislative action affecting the 2013-15 biennium transfers to the general fund, as recommended in the executive budget, includes:

- **House Bill No. 1013** provides for a transfer of \$341.79 million from the property tax relief fund. The executive budget did not include this transfer.
- **House Bill No. 1015** provides for a transfer of \$520 million from the strategic investment and improvements fund. The executive budget did not include this transfer.
- **Senate Bill No. 2014** provides for a transfer from the Mill and Elevator of 50 percent of mill profits or \$6,817,200, whichever is less. The executive budget included a transfer of \$1,704,300 from projected mill profits.

OTHER MAJOR TAX AND FEE CHANGE BILLS

The following is a summary of other bills approved by the Legislative Assembly in 2013 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
1227	Provides civil penalty authority and increases late fees relating to fertilizer product registration	\$4,200	\$30,570
1264	Provides for an early Canada goose license fee		\$102,050
2051	Increases license application and renewal fees for the State Board of Chiropractic Examiners		\$40,000
2231	Increases hunting and fishing license fees and boat registration fees		\$5,400,000
2261	Creates a prepaid wireless emergency 911 fee		\$1,000,000
2294	Increases the fee for use of dyed special fuels		\$53,000

**GENERAL FUND REVENUE ESTIMATES FOR THE 2011-13 and 2013-15 BIENNIUMS
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS**

	Actual		Estimated		2013-15 Increase (Decrease) Compared to 2011-13	2013-15 Percentage Increase (Decrease) Compared to 2011-13
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium ¹	2013-15 Biennium ²		
Beginning balance	\$295,541,176	\$361,843,514	\$996,832,711	\$1,472,798,236	\$475,965,525	47.7%
Revenue source						
Sales and use tax	\$1,046,485,684	\$1,267,211,331	\$2,161,188,016	\$2,472,947,500	\$311,759,484	14.4%
Motor vehicle excise tax	130,151,534	124,425,401 ³	258,965,505	323,123,500	64,157,995	24.8%
Individual income tax	681,703,888	729,255,895 ⁴	882,917,013 ⁴	797,654,355 ⁴	(85,262,658)	(9.7%)
Corporate income tax	239,695,937	234,364,296 ⁵	380,517,771 ⁵	377,739,645 ⁵	(2,778,126)	(0.7%)
Insurance premium tax	64,388,601	63,150,948	78,642,395	73,352,976	(5,289,419)	(6.7%)
Business privilege tax	10,486,495	6,748,753	7,283,160	0 ⁶	(7,283,160)	(100.0%)
Cigarette and tobacco tax	45,230,771	46,253,470	54,485,013	57,953,000	3,467,987	6.4%
Oil and gas production tax	39,309,315 ⁷	32,718,333 ⁷	163,458,104 ⁸	133,834,000 ⁸	(29,624,104)	(18.1%)
Oil extraction tax	31,690,685 ⁷	38,281,667 ⁷	136,541,896 ⁸	166,166,000 ⁸	29,624,104	21.7%
Coal conversion tax	49,438,952	39,064,299	39,425,126	39,300,000	(125,126)	(0.3%)
Gaming tax	20,042,392	16,189,991	11,309,769	8,174,696	(3,135,073)	(27.7%)
Wholesale liquor tax	14,076,919	15,163,855	17,578,477	19,142,000	1,563,523	8.9%
Mineral leasing fees	25,306,589	17,521,635	34,781,711	19,000,000	(15,781,711)	(45.4%)
Interest income	49,506,190	43,684,825	14,166,716	32,666,716	18,500,000	130.6%
Departmental collections	62,143,185	68,577,582	71,934,254	74,394,098	2,459,844	3.4%
Total revenues	\$2,509,657,137	\$2,742,612,281	\$4,313,194,926	\$4,595,448,486	\$282,253,560	6.5%
Transfers and other sources						
Transfer - Bank of North Dakota	\$60,000,000	\$0 ⁹	\$0	\$0	\$0	N/A
Transfer - Student loan trust	3,100,000	0	0	0	0	N/A
Transfer - Mill and Elevator	0	13,902,268 ¹⁰	7,645,978 ¹⁰	6,817,200 ¹⁰	(828,778)	(10.8%)
Transfer - Lottery	11,055,000	10,400,000	12,500,000	11,000,000	(1,500,000)	(12.0%)
Transfer - Gas tax administration	1,274,056	1,288,000	1,485,000	1,777,360	292,360	19.7%
Transfer - Lands and minerals trust fund	15,000,000	35,000,000	0	0	0	N/A
Transfer - Permanent oil tax trust fund	115,000,000	1,124,935,590 ¹¹	0	0	0	N/A
Transfer - Property tax relief fund	0	0	295,000,000	341,790,000	46,790,000	0.0%
Transfer - Strategic investment and improvements fund	0	0	305,000,000	520,000,000	215,000,000	0.0%
Transfers - Other	177,186	4,556,650	120,513	0	(120,513)	(100.0%)
Total transfers and other sources	\$205,606,242	\$1,190,082,508	\$621,751,491	\$881,384,560	\$259,633,069	41.8%
Total beginning balance, revenues and transfers	\$3,010,804,555	\$4,294,538,303	\$5,931,779,128	\$6,949,631,282	\$1,017,852,154	17.2%

¹ Revised 2011-13 revenue forecast (February 2013).

² Legislative amounts for the 2013-15 biennium.

³ 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.

⁴ 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 2011 House Bill No. 1047. The amount shown for the 2013-15 biennium reflects a revenue reduction of an additional \$200 million relating to income tax relief.

⁵ 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 2011 House Bill No. 1047. The amount shown for the 2013-15 biennium reflects a revenue reduction of an additional \$50 million relating to income tax relief.

⁶ In Senate Bill No. 2325 (2013), repealed the business privilege tax and requires financial institutions to file corporate income tax returns. This bill is anticipated to reduce business privilege tax collections by \$7.3 million and increase corporate income tax collections by \$22.5 million during the 2013-15 biennium.

⁷ 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 were \$1,052,000,000 for the 2009-11 biennium, resulting in \$981,550,000 being transferred to the permanent oil tax trust fund. The Legislative Assembly in 2011 repealed the permanent oil tax trust fund and provided for a transfer of the balance in the fund (\$1,124,935,590) to the general fund at the end of the 2009-11 biennium.

⁸ The Legislative Assembly in 2011 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 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.

The state's share of oil and gas tax collections are estimated to be \$1,658,908,225 for the 2013-15 biennium. House Bill No. 1358 (2013) increases the allocation of oil and gas gross production taxes to the oil and gas impact grant fund from \$100,000,000 to \$240,000,000 for the 2013-15 biennium, and 2013 Senate Bill No. 2014 increases the allocation of oil and gas production and oil extraction taxes to the oil and gas research fund from \$4,000,000 to \$10,000,000, reducing the estimated state's share of oil and gas gross production tax collections by \$146,000,000, from \$1,658,908,225 to \$1,512,908,225. Of the \$1,512,908,225, \$300,000,000 is deposited in the general fund, \$341,790,000 in the property tax relief fund, \$22,000,000 in the state disaster relief fund, and \$849,118,225 in the strategic investment and improvements fund.

⁹ The Legislative Assembly in 2013 removed the \$60 million transfer from the Bank of North Dakota for the general fund included in the executive budget.

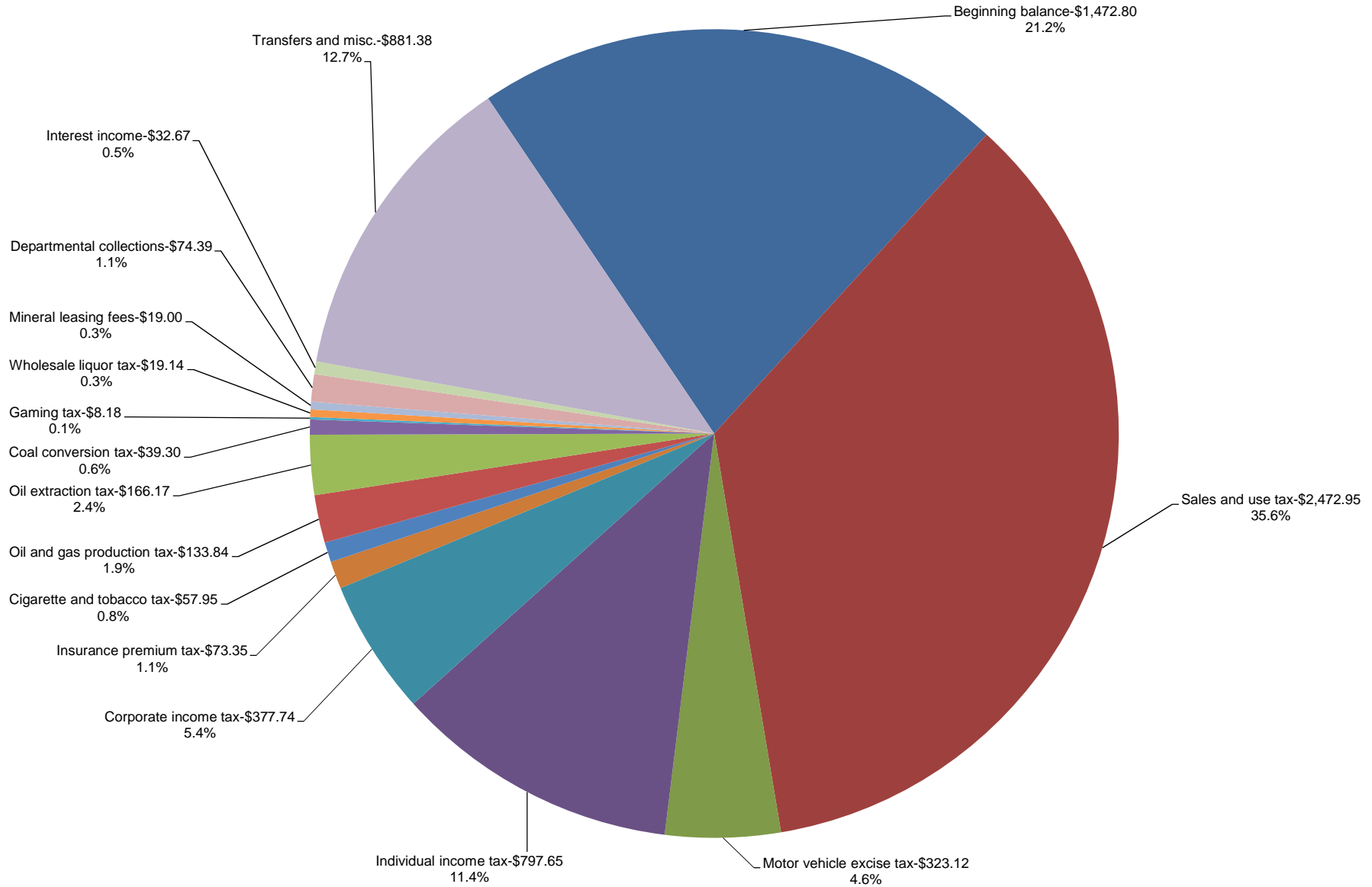
¹⁰ The Legislative Assembly in 2009 repealed the \$5 million transfer from the Mill and Elevator for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits. The amounts shown for the 2011-13 biennium is the estimated transfer based on projected Mill and Elevator profits for the 2011-13 biennium. The Legislative Assembly in 2013 provided that the transfer from the Mill and Elevator for the 2013-15 biennium be 50 percent of mill profits or \$6,817,200, whichever is less.

¹¹ The Legislative Assembly in 2011 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 increased from \$435 million as provided for by the Legislative Assembly in 2009, to \$1,124,900,000 due to action by the Legislative Assembly in 2011 to repeal the permanent oil tax trust fund at the end of the 2009-11 biennium in House Bill No. 1451.

2013-15 ESTIMATED GENERAL FUND REVENUES

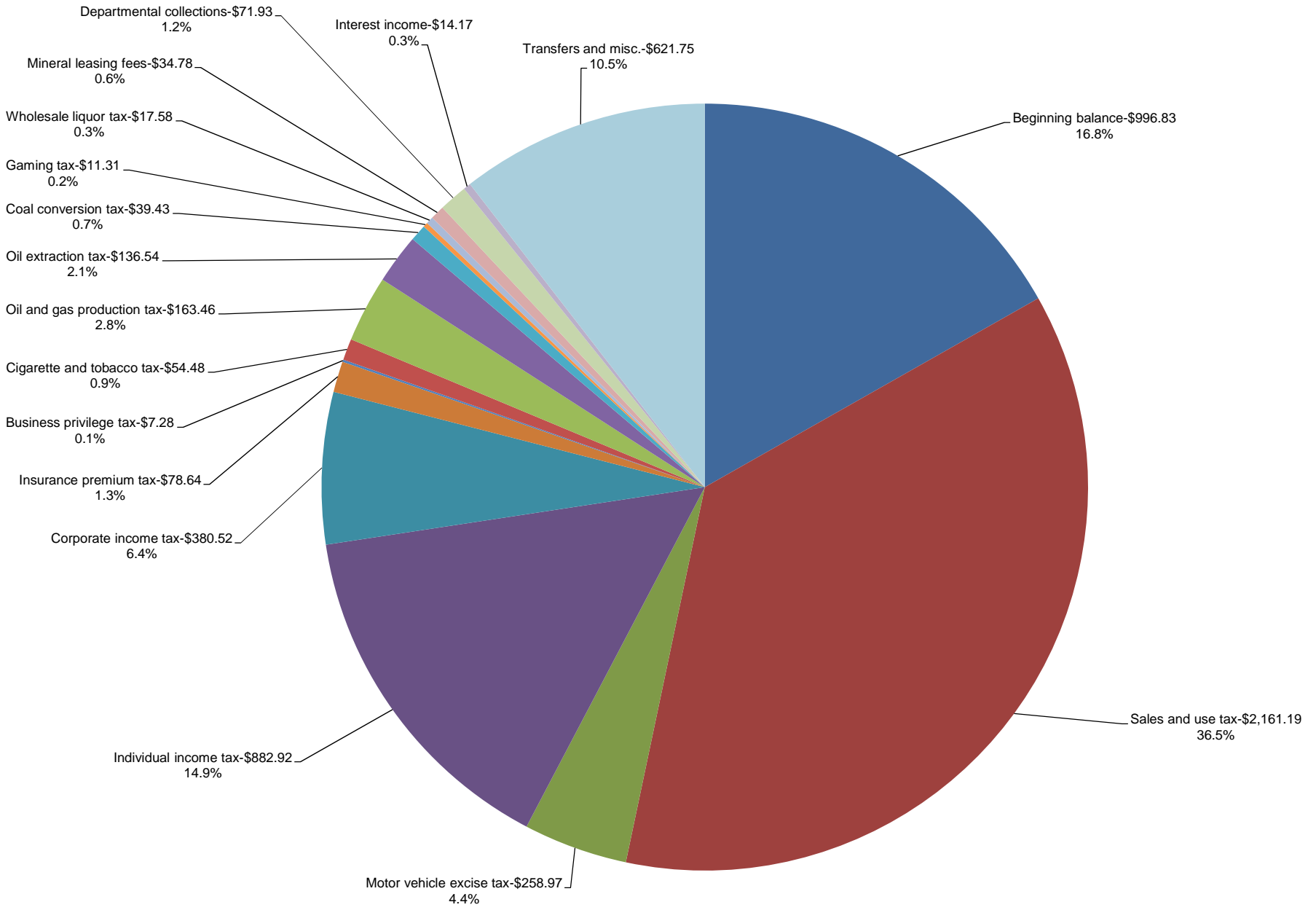
Total 2013-15 Estimated General Fund Revenues - \$6,949,631,282

(Amounts Shown in Millions)



2011-13 ESTIMATED GENERAL FUND REVENUES
 Total 2011-13 Estimated General Fund Revenues - \$5,931,779,128

(Amounts Shown in Millions)



DEFICIENCY APPROPRIATIONS FOR THE 2011-13 BIENNIUM

	Executive Budget Recommendation			Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Department of Human Services - Estimated amount needed due to a decrease in the federal medical assistance percentage for federal fiscal year 2013 (HB 1023)	\$20,900,000		\$20,900,000	\$20,900,000		\$20,900,000
Department of Transportation - Estimated amount needed for repayment of a loan to match federal highway emergency relief funds (HB 1023)	41,500,000		41,500,000	36,138,893		36,138,893
State Department of Health - Estimated amount needed for additional food and lodging for staff in western North Dakota (\$126,000) and loan repayment relating to the Environmental Protection Agency (EPA) lawsuit (\$500,000). Funding for the loan repayment relating to the EPA lawsuit was reduced to \$300,000 (HB 1023).	626,000		626,000	426,000		426,000
Department of Public Instruction - Estimated amount needed for the continuing education grant program (\$45,000) and the rapid enrollment grant program (\$3,100,000). Funding for rapid enrollment grants was removed (HB 1023).	3,145,000		3,145,000	45,000		45,000
Job Service North Dakota - Estimated amount needed for interest expense on loans for disaster unemployment benefits related to the 2011 flood (HB 1023)	5,847		5,847	5,847		5,847
Highway Patrol - Estimated amount needed for motor pool costs (\$231,000) and expenses in areas affected by energy development (\$171,000). Funding for motor pool costs was reduced to \$129,000 (HB 1023).	402,000		402,000	300,000		300,000
Tax Department - Estimated amounts needed for the disabled veterans' credit (HB 1023)	981,855		981,855	981,855		981,855
Attorney General's office - Estimated amount needed for prosecution witness fees (\$20,000) and litigation fees (\$20,000). Funding for litigation fees was removed and funding for witness fees was increased to \$70,000 (HB 1023).	40,000		40,000	70,000		70,000
Minot State University - Estimated amount needed for expenses resulting from the 2010 and 2011 floods (HB 1023)	52,745		52,745	52,745		52,745
State Fair Association - Estimated amount needed for expenses resulting from the 2011 flood (HB 1023)	674,361		674,361	674,361		674,361
Office of Management and Budget - Transfer to highway fund (SB 2012). This funding was removed and appropriated for the 2013-15 biennium with an emergency clause (SB 2176).	720,000,000		720,000,000			

	Executive Budget Recommendation			Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Office of Management and Budget - Transfer to property tax relief fund (HB 1015). This funding was removed and \$315.21 million was appropriated for transfer during the 2013-15 biennium (HB 1015).	744,767,676		744,767,676			
Housing Finance Agency - Transfer to housing incentive fund (SB 2014). This funding was removed and \$15.4 million was appropriated for transfer during the 2013-15 biennium (SB 2014).	30,000,000		30,000,000			
State Treasurer - Estimated amount needed for township transportation funding distribution corrections (SB 2012)				720,000		720,000
Department of Public Instruction - Estimated amount of federal funds available for passthrough grants to schools (HB 1013)		25,000,000	25,000,000		25,000,000	25,000,000
Total deficiency appropriations for the 2011-13 biennium	\$1,563,095,484	\$25,000,000	\$1,588,095,484	\$60,314,701	\$25,000,000	\$85,314,701

DISTRIBUTION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS GROSS PRODUCTION TAXES FOR THE 2013-15 BIENNIUM (AMOUNTS SHOWN IN MILLIONS)

Total oil and gas tax collections are estimated to be \$5.28 billion for the 2013-15 biennium, an increase of \$153.5 million from the executive budget recommendation estimate of \$5.13 billion. House Bill No. 1134 (2013) provided an exemption from oil and gas gross production taxes for natural gas gathering lines which decreased oil and gas gross production tax revenues by \$14.1 million. House Bill No. 1198 (2013) made changes to the application of oil extraction taxes and modified the tribal agreement for distribution of taxes collected on the Fort Berthold Reservation which increased oil extraction tax revenues by \$167.6 million, of which \$81 million is allocated to the tribal share.

Tax	State Share ¹	Legacy Fund ²	Common Schools Trust Fund ³	Foundation Aid Stabilization Fund ³	Resources Trust Fund ⁴	Oil and Gas Impact Grant Fund ⁵	Oil and Gas Research Fund ⁶	North Dakota Outdoor Heritage Fund ⁷	Political Subdivisions ⁸	Tribal Share ¹²	Abandoned Well Reclamation Fund ¹³	Total
2013-15 legislative forecast ⁹												
Oil extraction tax ¹⁰	\$841.02	\$846.38	\$282.16	\$282.16	\$564.32	\$0.00	\$5.33	\$0.00	\$0.00	\$174.00	\$0.00	\$2,995.37
Oil and gas gross production tax ¹¹	671.88	655.80	0.00	0.00	0.00	240.00	4.67	17.62	588.09	98.40	10.00	2,286.46
Total	\$1,512.90	\$1,502.18	\$282.16	\$282.16	\$564.32	\$240.00	\$10.00	\$17.62	\$588.09	\$272.40	\$10.00	\$5,281.83

¹The Legislative Assembly in 2011 created 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. The funds and the estimated allocations for the 2013-15 biennium are:

- The first \$200 million is deposited in the **general fund** (\$200 million);
- The next \$341,790,000 is deposited in the **property tax relief fund** (\$341,790,000);
- The next \$100 million is deposited in the **general fund** (\$100 million);
- The next \$100 million is deposited in the **strategic investment and improvements fund** (\$100 million); and
- The next \$22 million is deposited in the **state disaster relief fund** (\$22 million).

Any additional revenues are deposited in the **strategic investment and improvements fund** (\$749,118,225). Pursuant to Section 15-08.1-08, 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. The legislative budget estimates a transfer of \$212,279,556 of oil and gas tax revenue from the strategic investment and improvements fund to the legacy fund for a net deposit in the strategic investment and improvements fund, including the \$100 million allocation above, of \$636,838,669.

²Passage of constitutional measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. The legacy fund receives 30 percent of oil and gas gross production and oil extraction taxes beginning July 1, 2011. In addition to the amount shown, \$212,279,556 of oil and gas tax revenue is estimated to be transferred to the legacy fund from the strategic investment and improvements fund during the 2013-15 biennium providing total deposits from oil and gas tax revenues of \$1,714,030,381. Section 15-08.1-08 provides 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. The \$212,279,556 does not reflect additional transfers from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue.

³The Legislative Assembly in 1993 passed Senate Concurrent Resolution No. 4011, which contained a constitutional amendment relating to the distribution of oil extraction tax revenues. The constitutional amendment was approved by the voters in the November 1994 general election. The constitutional amendment provides 20 percent of the oil extraction tax revenues is to be allocated:

- 50 percent (of the 20 percent) to the common schools trust fund.
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

⁴The amount shown reflects the estimated distribution of 20 percent of oil extraction taxes to the resources trust fund. The Legislative Assembly in 2013 Senate Bill No. 2014 provides for allocation of 5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$3 million, to the renewable energy development fund, to be spent pursuant to a continuing appropriation and one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$1.2 million, to a newly created energy conservation fund.

⁵The Legislative Assembly in 2013 House Bill No. 1358 amended Section 57-51-15 to increase the allocation of gross production tax to the oil and gas impact grant fund from \$100 million to \$240 million.

⁶Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes an oil and gas research fund and provides 2 percent of the state's share of oil and gas gross production tax and oil extraction tax revenues, up to \$4 million per biennium, are to be deposited in the oil and gas research fund. All money deposited in the oil and gas research fund is appropriated as a continuing appropriation to the Oil and Gas Research Council. The Legislative Assembly in 2013 Senate Bill No. 2014 increased the allocation to \$10 million per biennium.

⁷The Legislative Assembly in 2013 House Bill No. 1278 provides an allocation of 4 percent of the first 1 percent of oil and gas gross production tax revenue, to a newly created North Dakota outdoor heritage fund with an annual funding cap of \$15 million, or \$30 million per biennium.

⁸Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. The Legislative Assembly in 2013 changed the formula in House Bill No. 1358. For a county that receives less than \$5 million annual of oil tax allocations, up to 35 percent of all revenues allocated to counties must be apportioned to school districts within the county on the average daily attendance distribution basis. Up to 20 percent of all revenues allocated to counties must be apportioned to incorporated cities in the county based on population and the remaining 45 percent is provided to the county. For a county that receives \$5 million or more, up to 9 percent of all revenues allocated to counties must be apportioned to hub cities based on percentages. Up to 3 percent of all revenues allocated to counties must be apportioned equally to townships in the county. Up to 3 percent of all revenues allocated to counties must be apportioned to townships in the county based on the proportion of township miles. Up to 5 percent of all revenues allocated to counties must be apportioned to schools based on the average daily attendance distribution basis, with hub schools omitted from this apportionment. Up to 20 percent of all revenues allocated to counties must be apportioned to cities with hub cities omitted from this apportionment and the remaining 60 percent is provided to the county.

⁹The amounts shown are as estimated in the 2013-15 legislative budget.

¹⁰The oil extraction tax rate is 6.5 percent of the gross value at the well for wells drilled prior to April 27, 1987. For oil produced from wells drilled after April 27, 1987, there is no extraction tax levied for 15 months, and thereafter the rate is 4 percent. The initial production of oil from a well that is drilled and completed before July 1, 2013, is exempt from any oil extraction tax for a period of 60 months if it meets any of the following conditions:

- Is on nontrust lands located within the boundaries of an Indian reservation;
- Is on lands held in trust for an Indian tribe or individual Indian; or
- Is on lands held by an Indian tribe as of August 1, 1997.

For oil produced from any well drilled and completed as a horizontal well after April 27, 1987, there is no extraction tax levied for 24 months, and thereafter the rate is 4 percent. The oil extraction tax rate is 4 percent for qualifying secondary and tertiary recovery projects, and production from stripper wells and enhanced oil production methods is exempt. If the average price of a barrel of oil exceeds the trigger price for each month in any consecutive five-month period, the oil extraction tax will become 6.5 percent. The tax rate reverts to 4 percent if the average price of a barrel of oil is less than the trigger price for each month in any consecutive five-month period. The trigger price is defined in statute as \$35.50, as indexed for inflation, and the Tax Commissioner computes the indexed trigger price by December 31 of each year to be applied for the following calendar year. The adjusted trigger price for calendar year 2012 is \$50.07, and the adjusted trigger price for 2013 is anticipated to be \$52.20.

The first 75,000 barrels of oil produced during the first 18 months after completion, from a well drilled and completed outside the Bakken and Three Forks formations, and 10 miles or more outside an established field in which the Industrial Commission has defined the pool to include the Bakken or Three Forks formation, is subject to a reduced tax rate of 2 percent of the gross value at the well of the oil. A well eligible for a reduced tax rate under this subsection is eligible for the trigger price exemption if the trigger price exemption is effective during all or part of the first 24 months after completion.

A contingent rate reduction in the oil extraction tax, which can only go into effect if the trigger price rate reduction is not in effect, reduces the oil extraction tax rate for horizontal wells from 6.5 percent to 2 percent during the time the rate reduction is in effect. The contingent rate reduction applies to oil produced during the first 18 months after completion for a horizontal well drilled and completed after April 30, 2009, and before July 1, 2013, and is limited to the first 75,000 barrels, or the first \$4.5 million of gross value at the well, of oil produced from the well. The rate reduction becomes effective on the first day of the month following a month for which the average price of a barrel of crude oil is less than \$55 and becomes ineffective on the first day of the month following a month for which the average price of a barrel of crude oil exceeds \$70.

Beginning July 1, 2011, the oil extraction tax is allocated 30 percent to the legacy fund, 20 percent to the resources trust fund for water development projects, 10 percent to the common schools trust fund, 10 percent to the foundation aid stabilization fund, and 30 percent to the state general fund.

¹¹The gross production tax on oil is 5 percent of the gross value at the well on oil produced. The gross production tax on gas is four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.

The oil and gas gross production tax is distributed per formula to the legacy fund (30 percent), the oil and gas impact grant fund (up to \$240 million per biennium), the oil and gas research fund, the state general fund, and to political subdivisions within producing counties. Section 57-51-15.1 (2013 House Bill No. 1358) changed the maximum distribution to the oil and gas impact grant fund from \$100 million per biennium to \$240 million for the 2013-15 biennium only. House Bill No. 1358 also changed the formula distribution of oil and gas gross production tax collections to political subdivisions.

¹²The Legislative Assembly in 2013 House Bill No. 1198 amended Section 57-51.2-02 to increase the tribal share of revenue allowable under the tribal agreement for production on nontrust lands from 20 percent of oil and gas gross production taxes to 50 percent of total oil and gas gross production tax and oil extraction tax. The bill also eliminates the 5-year oil extraction tax exemption for wells drilled on an Indian reservations after June 30, 2013.

¹³The Legislative Assembly in 2013 House Bill No. 1333 provided for 4 percent of the first 1 percent of oil and gas gross production tax to be allocated to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding \$5 million per state fiscal year and not in an amount that would bring the balance of the fund to more than \$75 million.

SECTION C - APPROPRIATIONS

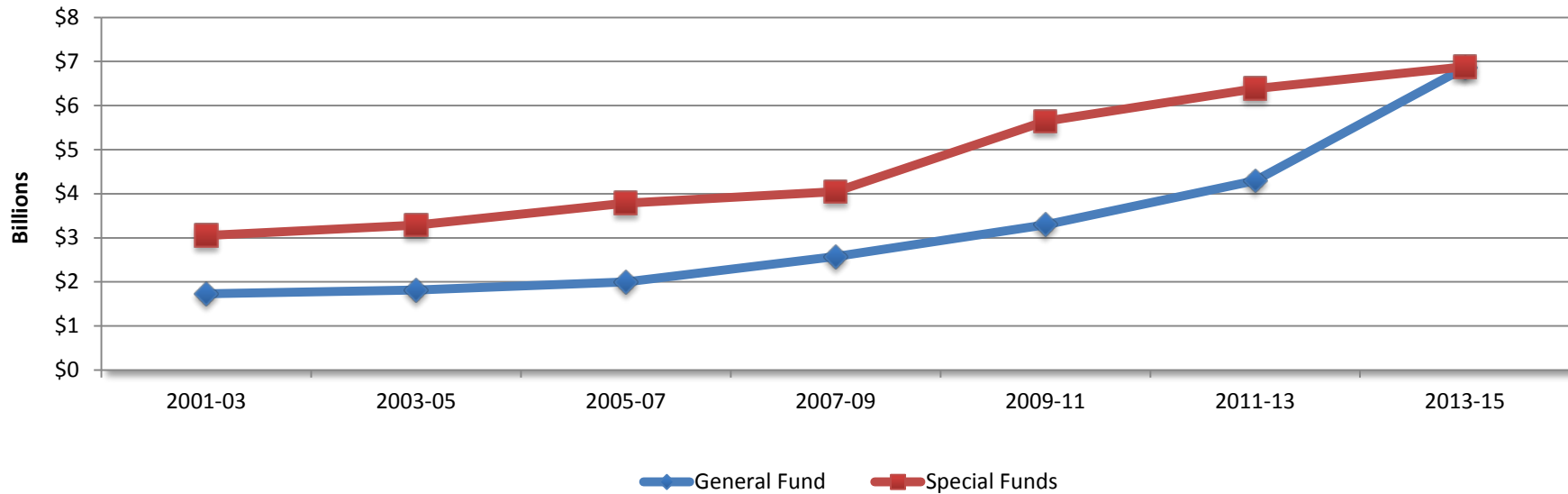
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APPROPRIATIONS SUMMARY

The Legislative Assembly in 2013 provided general fund appropriations of \$6,862,587,354, \$2,565,586,193 or 59.7 percent more than the 2011-13 legislative general fund appropriations. Of the \$6,862,587,354 of general fund appropriations, \$4,436,259,153 is considered ongoing general fund appropriations and \$2,426,328,201 is considered one-time general fund appropriations. Ongoing general fund spending increased by 25.5 percent compared to 2011-13 appropriations. Additional information regarding one-time general fund appropriations is provided in the one-time funding schedule included in this section.

The Legislative Assembly in 2013 provided special funds appropriations of \$6,881,674,956, \$494,387,536 or 7.7 percent more than the 2011-13 legislative special funds appropriations.

The following is a summary of legislative appropriations for the bienniums 2001-03 through 2013-15:



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	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581
2013-15	\$6,862,587,354	\$6,881,674,956	\$13,744,262,310

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 2011-13 and 2013-15 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 2011-13		Legislative Appropriation 2013-15		Increase (Decrease) From 2011-13 to 2013-15	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government							
101	Governor's office	\$3,773,942	\$25,291,658	\$4,033,873	\$4,033,873	\$259,931	(\$21,257,785)
108	Secretary of State	9,326,160	16,113,144	6,646,849	12,491,266	(2,679,311)	(3,621,878)
110	Office of Management and Budget	32,892,699	43,407,160	360,646,688	374,877,318	327,753,989	331,470,158
112	Information Technology Department	19,252,204	183,674,964	21,254,428	170,928,981	2,002,224	(12,745,983)
117	State Auditor	7,143,808	9,571,330	8,473,489	11,510,407	1,329,681	1,939,077
120	State Treasurer	49,705,390	49,705,390	311,333,469	311,333,469	261,628,079	261,628,079
125	Attorney General	31,542,245	58,969,422	38,851,628	83,834,078	7,309,383	24,864,656
127	Tax Commissioner	39,238,449	39,248,449	57,054,140	57,179,140	17,815,691	17,930,691
140	Office of Administrative Hearings		1,827,199		2,818,896		991,697
150	Legislative Assembly	14,267,917	14,267,917	13,921,971	13,921,971	(345,946)	(345,946)
160	Legislative Council	11,561,158	11,631,158	12,862,475	12,932,474	1,301,317	1,301,316
180	Judicial branch	83,482,362	85,664,636	98,305,993	100,481,582	14,823,631	14,816,946
188	Commission on Legal Counsel for Indigents	9,808,430	11,779,282	11,923,410	14,421,276	2,114,980	2,641,994
190	Retirement and Investment Office		4,232,954		4,899,369		666,415
192	Public Employees Retirement System		6,867,890		7,650,450		782,560
Total General Government		\$311,994,764	\$562,252,553	\$945,308,413	\$1,183,314,550	\$633,313,649	\$621,061,997
Education							
Elementary, Secondary, and Other Education							
201	Department of Public Instruction	\$1,243,980,651 ¹	\$1,700,184,074 ¹	\$1,723,613,325 ¹	\$2,160,610,084 ¹	\$479,632,674	\$460,426,010
226	Department of Trust Lands	65,000,000 ²	205,465,189 ²		247,506,969	(65,000,000)	42,041,780
250	State Library	5,263,975	7,398,585	5,875,988	8,270,133	612,013	871,548
252	School for the Deaf	6,718,772	8,806,779	7,799,379	10,370,566	1,080,607	1,563,787
253	North Dakota Vision Services - School for the Blind	3,797,240	4,632,331	7,694,093	8,547,849	3,896,853	3,915,518
270	Department of Career and Technical Education	27,981,679	38,748,567	32,392,916	42,680,711	4,411,237	3,932,144
Total Elementary, Secondary, and Other Education		\$1,352,742,317	\$1,965,235,525	\$1,777,375,701	\$2,477,986,312	\$424,633,384	\$512,750,787
Higher Education							
215	North Dakota University System office	\$101,239,245	\$103,993,963	\$162,045,136	\$164,345,048	\$60,805,891	\$60,351,085
227	Bismarck State College	33,103,920	41,638,920	45,706,327	52,371,327	12,602,407	10,732,407
228	Lake Region State College	10,024,981	10,024,981	18,234,648	18,234,648	8,209,667	8,209,667
229	Williston State College	13,867,486	16,092,486	26,321,661	28,821,661	12,454,175	12,729,175
230	University of North Dakota (UND)	157,466,196	187,916,196	230,556,333	327,043,595	73,090,137	139,127,399
232	UND School of Medicine and Health Sciences	47,847,971	47,847,971	56,505,634	56,505,634	8,657,663	8,657,663
235	North Dakota State University (NDSU)	128,020,232	164,120,232	171,193,784	211,013,140	43,173,552	46,892,908
238	State College of Science	45,691,054	56,391,054	47,279,714	48,629,714	1,588,660	(7,761,340)
239	Dickinson State University	23,692,617	23,692,617	33,508,305	33,508,305	9,815,688	9,815,688
240	Mayville State University	13,274,293	13,274,293	22,387,066	22,387,066	9,112,773	9,112,773
241	Minot State University	43,588,594	59,623,149	48,940,641	60,742,426	5,352,047	1,119,277
242	Valley City State University	28,451,476	29,466,476	25,284,607	30,091,444	(3,166,869)	624,968
243	Dakota College at Bottineau	7,305,257	7,305,257	9,179,870	16,780,659	1,874,613	9,475,402
244	North Dakota Forest Service	4,212,472	5,215,958	5,486,189	7,136,189	1,273,717	1,920,231
Total Higher Education		\$657,785,794	\$766,603,553	\$902,629,915	\$1,077,610,856	\$244,844,121	\$311,007,303
Total Education		\$2,010,528,111	\$2,731,839,078	\$2,680,005,616	\$3,555,597,168	\$669,477,505	\$823,758,090
Health and Welfare							
301	State Department of Health	\$34,013,780	\$194,962,533	\$46,001,508	\$185,569,942	\$11,987,728	(\$9,392,591)
305	Tobacco Prevention and Control Executive Committee		12,922,614		15,815,828		2,893,214

Budget No.	Budget	Legislative Appropriation 2011-13		Legislative Appropriation 2013-15		Increase (Decrease) From 2011-13 to 2013-15	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
313	Veterans' Home	5,553,323	20,896,646	7,722,353	24,152,153	2,169,030	3,255,507
316	Indian Affairs Commission	822,878	822,878	1,027,558	1,027,558	204,680	204,680
321	Department of Veterans' Affairs	1,417,219	1,417,219	1,715,703	1,715,703	298,484	298,484
325	Department of Human Services	940,976,017	2,648,548,255	1,171,116,129	2,949,452,594	230,140,112	300,904,339
360	Protection and Advocacy Project	1,985,365	5,104,253	2,531,562	5,765,174	546,197	660,921
380	Job Service North Dakota	1,879,892	71,996,698	2,030,235	79,827,763	150,343	7,831,065
Total Health and Welfare		\$986,648,474	\$2,956,671,096	\$1,232,145,048	\$3,263,326,715	\$245,496,574	\$306,655,619
Regulatory							
401	Insurance Commissioner		\$19,044,080		\$26,377,090		\$7,333,010
405	Industrial Commission	\$18,075,613	64,842,369	\$22,494,125	63,467,917	\$4,418,512	(1,374,452)
406	Labor Commissioner	1,540,125	1,964,636	1,847,425	2,285,351	\$307,300	320,715
408	Public Service Commission	6,020,215	19,081,863	7,091,740	20,479,209	\$1,071,525	1,397,346
412	Aeronautics Commission	554,500	13,088,188	6,550,000	19,013,427	\$5,995,500	5,925,239
413	Department of Financial Institutions		6,836,318		7,580,217		743,899
414	Securities Department	1,909,220	2,226,419	2,127,782	2,297,782	218,562	71,363
471	Bank of North Dakota	54,400,000 ³	111,253,155 ³	0	103,150,147	(54,400,000)	(8,103,008)
473	Housing Finance Agency		38,590,046	15,400,000	57,907,491	15,400,000	19,317,445
475	Mill and Elevator		47,071,877		52,123,557		5,051,680
485	Workforce Safety and Insurance		58,413,293		63,322,422		4,909,129
Total Regulatory		\$82,499,673	\$382,412,244	\$55,511,072	\$418,004,610	(\$26,988,601)	\$35,592,366
Public Safety							
504	Highway Patrol	\$35,125,144	\$46,650,469	\$47,608,042	\$61,000,584	\$12,482,898	\$14,350,115
530	Department of Corrections and Rehabilitation	159,565,919	191,172,069	180,915,389	217,050,311	21,349,470	25,878,242
540	Adjutant General	65,637,139 ⁴	223,859,041 ⁴	19,399,326	89,718,069	(46,237,813)	(134,140,972)
	Department of Emergency Services	12,916,416	151,798,892	11,751,503	191,277,357	(1,164,913)	39,478,465
Total Public Safety		\$273,244,618	\$613,480,471	\$259,674,260	\$559,046,321	(\$13,570,358)	(\$54,434,150)
Agriculture and Economic Development							
601	Department of Commerce	\$41,759,865	\$365,394,802	\$64,457,060	\$139,820,082	\$22,697,195	(\$225,574,720)
602	Agriculture Department	8,196,746	22,997,997	9,519,217	25,273,808	1,322,471	2,275,811
616	State Seed Department		6,894,011		0 ⁵		(6,894,011)
627	Upper Great Plains Transportation Institute	1,919,628	24,419,961	4,076,824	26,529,787	2,157,196	2,109,826
628	Branch research centers	14,945,208	29,942,789	17,585,702	33,586,785	2,640,494	3,643,996
630	NDSU Extension Service	24,885,644	48,014,454	28,909,265	53,757,074	4,023,621	5,742,620
638	Northern Crops Institute	1,692,582	3,347,307	2,064,861	3,862,022	372,279	514,715
640	Main Research Center	54,456,398	98,589,973	58,606,521	111,660,237	4,150,123	13,070,264
649	Agronomy Seed Farm		1,435,168		1,471,759		36,591
665	State Fair Association	730,000	730,000	3,296,000	3,296,000	2,566,000	2,566,000
670	Racing Commission	317,501	447,501	389,244	555,651	71,743	108,150
Total Agriculture and Economic Development		\$148,903,572	\$602,213,963	\$188,904,694	\$399,813,205	\$40,001,122	(\$202,400,758)
Natural Resources							
701	State Historical Society	\$13,034,891	\$16,585,304	\$15,481,811	\$18,703,775	\$2,446,920	\$2,118,471
709	Council on the Arts	1,363,602	3,218,462	1,504,102	3,249,019	140,500	30,557
720	Game and Fish Department	300,000 ⁶	65,987,742 ⁶	0	67,553,639	(300,000)	1,565,897
750	Parks and Recreation Department	16,623,556	29,293,088	20,032,338	31,808,069	3,408,782	2,514,981
770	State Water Commission	14,995,199	509,415,420	0	859,045,805	(14,995,199)	349,630,385
Total Natural Resources		\$46,317,248	\$624,500,016	\$37,018,251	\$980,360,307	(\$9,298,997)	\$355,860,291

Budget No.	Budget	Legislative Appropriation 2011-13		Legislative Appropriation 2013-15		Increase (Decrease) From 2011-13 to 2013-15	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
	Transportation						
801	Department of Transportation	\$376,550,000 ⁷	\$2,125,604,459 ⁷	\$1,464,020,000 ⁷	\$3,384,799,434 ⁷	\$1,087,470,000	\$1,259,194,975
	Total Transportation	<u>\$376,550,000</u>	<u>\$2,125,604,459</u>	<u>\$1,464,020,000</u>	<u>\$3,384,799,434</u>	<u>\$1,087,470,000</u>	<u>\$1,259,194,975</u>
	TOTAL APPROPRIATIONS	<u>\$4,236,686,460</u>	<u>\$10,598,973,880</u>	<u>\$6,862,587,354</u>	<u>\$13,744,262,310</u>	<u>\$2,625,900,894</u>	<u>\$3,145,288,430</u>
	APPROPRIATION SUMMARY						
	General Government	\$311,994,764	\$562,252,553	\$945,308,413	\$1,183,314,550	633,313,649	\$621,061,997
	Education	2,010,528,111	2,731,839,078	2,680,005,616	3,555,597,168	669,477,505	823,758,090
	Health and Welfare	986,648,474	2,956,671,096	1,232,145,048	3,263,326,715	245,496,574	306,655,619
	Regulatory	82,499,673	382,412,244	55,511,072	418,004,610	(26,988,601)	35,592,366
	Public Safety	273,244,618	613,480,471	259,674,260	559,046,321	(13,570,358)	(54,434,150)
	Agriculture and Economic Development	148,903,572	602,213,963	188,904,694	399,813,205	40,001,122	(202,400,758)
	Natural Resources	46,317,248	624,500,016	37,018,251	980,360,307	(9,298,997)	355,860,291
	Transportation	376,550,000	2,125,604,459	1,464,020,000	3,384,799,434	1,087,470,000	1,259,194,975
	TOTAL APPROPRIATIONS	<u>\$4,236,686,460</u> *	<u>\$10,598,973,880</u> *	<u>\$6,862,587,354</u>	<u>\$13,744,262,310</u>	<u>\$2,625,900,894</u>	<u>\$3,145,288,430</u>
* 2011-13 appropriations made by the 62nd Legislative Assembly		\$4,236,686,460	\$10,598,973,880				
2011-13 deficiency appropriations made by the 63rd Legislative Assembly		60,314,701	85,314,701				
Total 2011-13 appropriations		<u>\$4,297,001,161</u>	<u>\$10,684,288,581</u>				

¹ The 2011-13 biennium amounts for the Department of Public Instruction include \$341.79 million for mill levy reduction grants. The 2013-15 biennium amounts for the Department of Public Instruction include integrated formula payments of \$1,752,100,000 for state school aid payments and property tax relief.

² The 2011-13 biennium amounts shown for the Department of Trust Lands reflect a \$30 million contingent transfer from the general fund to the oil and gas impact grant fund for additional oil and gas impact grant distributions and a \$5 million transfer from the general fund to the oil and gas impact grant fund for distributions to new oil and gas-producing counties.

³ The 2011-13 biennium amounts shown for the Bank of North Dakota reflect a \$20 million contingent transfer from the general fund to the rebuilders loan program fund.

⁴ The 2011-13 biennium amounts shown for the Adjutant General reflect a \$48,700,000 transfer from the general fund to the state disaster relief fund.

⁵ Beginning with the 2013-15 biennium, the State Seed Department receives a continuing appropriation pursuant to North Dakota Century Code Section 4.1-53-62 as enacted by the Legislative Assembly in 2011.

⁶ 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.

⁷ 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. The 2013-15 biennium amounts shown for the Department of Transportation reflect a \$541.6 million transfer from the general fund to the highway fund for state roadway projects in areas affected by oil and gas development and a \$1.1 million contingent 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 2013-15 BIENNIUM

Major Category	Executive Budget 2013-15		Legislative Appropriation 2013-15		Increase (Decrease) From Executive Budget to Legislative Appropriation	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government	\$323,639,982 ¹	\$541,513,043 ¹	\$945,308,413 ¹	\$1,183,314,550 ¹	\$621,668,431	\$641,801,507
Elementary and Secondary Education	1,043,309,862 ²	2,194,721,295 ²	1,723,613,325 ²	2,160,610,084 ²	680,303,463	(34,111,211)
Higher Education	912,563,757	1,048,719,698	902,629,915	1,077,610,856	(9,933,842)	28,891,158
Other Education	49,703,413	287,334,054	53,762,376	317,376,228	4,058,963	30,042,174
Human Services	1,176,869,527	2,790,519,257	1,171,116,129	2,949,452,594	(5,753,398)	158,933,337
Other Health and Welfare	61,018,931	311,738,670	61,028,919	313,874,121	9,988	2,135,451
Regulatory	33,544,750 ³	335,966,131 ³	55,511,072 ³	418,004,610 ³	21,966,322	82,038,479
Public Safety	261,584,982	556,115,697	259,674,260	559,046,321	(1,910,722)	2,930,624
Agriculture and Economic Development	178,596,969	382,729,143	188,904,694	399,813,205	10,307,725	17,084,062
Natural Resources	51,739,808	945,974,188	37,018,251	980,360,307	(14,721,557)	34,386,119
Transportation	693,600,000 ⁴	3,389,303,578 ⁴	1,464,020,000 ⁴	3,384,799,434 ⁴	770,420,000	(4,504,144)
Total	\$4,786,171,981	\$12,784,634,754	\$6,862,587,354	\$13,744,262,310	\$2,076,415,373	\$959,627,556

¹ The 2013-15 executive budget provided for a 2011-13 biennium transfer of \$744,767,676 from the general fund to the property tax relief fund and provided \$100 million from the general fund for distributions to non-oil impacted political subdivisions during the 2011-13 biennium. The Legislative Assembly provided for a 2013-15 biennium transfer of \$315,210,000 from the general fund to the property tax relief fund and provided \$100 million from the general fund for distributions to non-oil-impacted political subdivisions for the 2013-15 biennium with an emergency clause.

² The 2013-15 executive budget provided funding directly from the property tax relief fund for the property tax relief component integrated formula payments. The 2013-15 legislative appropriations provide the property tax relief component of integrated formula payments from the general fund.

³ The 2013-15 executive budget provided for a 2011-13 biennium transfer of \$30 million from the general fund to the housing incentive fund. The Legislative Assembly provided for a 2013-15 biennium transfer of \$15.4 million from the general fund to the housing incentive fund.

⁴ The 2013-15 executive budget provided for a 2011-13 biennium transfer of \$620 million from the general fund to the highway fund and a 2013-15 biennium transfer of \$683.6 million from the general fund to the highway fund. The 2013-15 legislative appropriation amounts reflect a \$541.6 million transfer from the general fund to the highway fund and a \$1.1 million contingent transfer from the general fund to the public transportation fund.

ONE-TIME GENERAL FUND APPROPRIATIONS FOR THE 2013-15 BIENNIUM

Dept. Number	Agency - Description	Bill No.	Executive Budget - General Fund	Legislative Appropriations - General Fund
108	Secretary of State			
	Information technology hosting charges	HB 1002	\$84,000	\$84,000
	Multipurpose copier	HB 1002	10,000	10,000
	Funding for 3 new FTE positions	HB 1002		283,754
	Overtime funding	HB 1002		225,600
110	Office of Management and Budget			
	Capitol south entrance remodel	HB 1015	1,000,000	1,000,000
	Exterior restoration of legislative and judicial wings	HB 1015	1,500,000	1,500,000
	Health insurance pool for temporary employees	HB 1015	1,000,000	1,000,000
	North Dakota 125 th anniversary coordinator	HB 1015	190,000	190,000
	Parking lot remodel	HB 1015	4,000,000	4,000,000
	Prairie Public Broadcasting	HB 1015	700,000	600,000
	Repairing and cleaning floor in Capitol and judicial wing	HB 1015	1,200,000	1,200,000
	Transfer to property tax relief fund	HB 1015		315,210,000
	State agency energy impact pool	HB 1015		4,000,000
	Study of information technology relocation and consolidation	SB 2021		200,000
112	Information Technology Department			
	Criminal Justice Information System Initiative projects	SB 2021	200,000	800,000
	Educational Technology Council grants	SB 2021	200,000	200,000
	Electronic records archiving study	SB 2021	100,000	100,000
	Geographic information system initiative projects	SB 2021	215,000	215,000
117	State Auditor's office			
	Office renovation	HB 1004	45,000	45,000
120	State Treasurer			
	Information technology project - Update to tax distribution and outstanding check system	HB 1005	191,516	377,591
	Township distributions in certain oil-producing counties	HB 1358		8,760,000
	Township transportation funding distributions corrections	SB 2012		385,000
	Information technology project - Update to tax distribution and outstanding check system	SB 2014		13,247
	State-paid property tax relief credits	SB 2036		200,000,000
	Transportation funding distributions	SB 2176		100,000,000
125	Attorney General			
	Oil impact assistance	HB 1003	135,090	
	Undercover vehicles	HB 1003	198,000	198,000
	SCRAM bracelets for 24/7 sobriety program	HB 1302		1,200,000
127	Tax Department			
	Oil patch housing and compensation adjustments	HB 1006	112,364	
	Taxpayer access point (business registration and webfile) project	HB 1006	1,000,000	1,000,000
150	Legislative Assembly			
	Information technology projects	SB 2001	439,000	42,000
	Legislative wing equipment and improvements	SB 2001	500,000	500,000

Dept. Number	Agency - Description	Bill No.	Executive Budget - General Fund	Legislative Appropriations - General Fund
160	Legislative Council			
	Information technology project	SB 2001	50,000	50,000
	Office equipment replacement	SB 2001	25,000	25,000
	Office improvements	SB 2001	50,000	50,000
	Education funding study consultant	HB 1319		100,000
	Study of higher education funding	SB 2200		150,000
180	Judicial branch			
	Office equipment and furniture	SB 2002	331,470	331,470
	Information technology equipment	SB 2002	516,556	516,556
	Juvenile case management system replacement study	SB 2002	90,000	90,000
	Disaster recovery planning	SB 2002	95,000	95,000
	Criminal justice information sharing publisher project	SB 2002	139,850	139,850
201	Department of Public Instruction			
	Early childhood care and education study	HB 1013		200,000
	Funding pool for initiatives	HB 1013		2,750,000
	Information technology staffing analysis	HB 1013		100,000
	<i>Governing North Dakota</i> textbook	HB 1013		20,000
	School district safety grants	SB 2267		3,000,000
215	North Dakota University System office			
	Higher education challenge fund	SB 2003	30,000,000	29,000,000
	New program startup pool	SB 2003	1,500,000	
	Systemwide deferred maintenance	SB 2003	10,000,000	10,000,000
	Master plan and space utilization study	SB 2003	1,000,000	1,000,000
	Performance funding pool	SB 2003		5,000,000
	Capital projects contingency pool	SB 2003		5,483,413
227	Bismarck State College			
	Communications and Fine Arts Center	SB 2003	13,300,000	12,635,000
228	Lake Region State College			
	Erlandson Technical Center addition and renovation	SB 2003	5,947,562	5,650,184
229	Williston State College			
	Stevens Hall renovation	SB 2003	12,242,478	11,630,354
	Campus Drive project	SB 2003	1,800,000	1,710,000
230	University of North Dakota (UND)			
	School of Medicine and Health Sciences addition and renovation	SB 2003	68,300,000	60,450,000
	Law School renovation	SB 2003	12,000,000	11,400,000
	Bismarck Family Practice Center skywalk project	SB 2003		750,000
	Deferred maintenance	SB 2003		190,000
232	UND School of Medicine and Health Sciences			
	Health care workforce initiative startup costs	SB 2003	7,414,806	7,414,806
235	North Dakota State University (NDSU)			
	Science, technology, engineering, and mathematics classroom and laboratory building	SB 2003	29,600,000	28,120,000

Dept. Number	Agency - Description	Bill No.	Executive Budget - General Fund	Legislative Appropriations - General Fund
238	North Dakota State College of Science Old Main renovation	SB 2003	8,511,452	8,085,879
239	Dickinson State University Theodore Roosevelt Center	SB 2003		800,000
	Construction of Theodore Roosevelt Center	SB 2018		6,000,000
240	Mayville State University Old gymnasium replacement and improvements	SB 2003	5,800,000	5,510,000
	Campuswide drainage improvements	SB 2003	2,267,000	2,153,650
241	Minot State University Plant services building	SB 2003	1,821,905	1,730,810
	Flood recovery funding	SB 2003		2,500,000
242	Valley City State University Hillside slope stabilization	SB 2003	505,800	480,510
	Vangstad Hall renovation	SB 2003	3,636,466	3,454,643
	Campus deferred maintenance	SB 2003		250,000
243	Dakota College at Bottineau Campus backup generator	SB 2003	395,600	375,820
	Campus software updates	SB 2003		28,500
	Thatcher Hall heating repairs	SB 2003		769,500
244	Forest Service Nursery freezer conversion and shop facility	SB 2003	785,000	785,000
250	State Library Library repair and maintenance grants	HB 1013	275,000	
253	North Dakota Vision Services - School for the Blind Elevator installation	HB 1013	241,500	241,500
	Window replacements	HB 1013	189,000	189,000
	Remodel west wing	HB 1013		2,762,000
270	Career and Technical Education Workforce training grants	SB 2019		1,000,000
301	State Department of Health Environmental Protection Agency legal fees	SB 2004	500,000	500,000
	Funding to contract for autopsies	SB 2004		480,000
	Food and lodging licensing management system	SB 2004	110,000	
	Mobile dental care services grant	HB 1135		100,000
313	Veterans' Home Demolition of old Veterans' Home	SB 2007	560,500	560,500
321	Department of Veterans' Affairs Website upgrade	SB 2007	15,000	15,000
	Vans	SB 2007		30,000
	Transfer to the veterans' postwar trust fund	HB 1439		250,000
325	Department of Human Services Demolition of Pleasant View Building - Developmental Center	HB 1012	120,000	

Dept. Number	Agency - Description	Bill No.	Executive Budget - General Fund	Legislative Appropriations - General Fund
	Demolition of Refectory Building - Developmental Center	HB 1012	240,000	
	Demolition of Pleasant View and Refectory Buildings - Developmental Center	HB 1012		220,000
	Field services electronic health records system replacement	HB 1012	5,000,000	2,500,000
	Mainframe migration project	HB 1012	148,907	148,907
	Oil patch compensation adjustments	HB 1012	3,253,008	
	Street reconstruction - State Hospital	HB 1012	864,714	864,714
	Grants	HB 1012		500,000
	Grants to early childhood providers serving those with disabilities	SB 2018		400,000
380	Job Service North Dakota			
	Employment data collection	HB 1358		120,000
405	Industrial Commission			
	Architect services for core library	SB 2014	25,000	25,000
	Housing allowance	SB 2014	400,000	
	Oil-bearing rocks study	SB 2014	80,000	80,000
	Possible litigation with federal agencies	SB 2014	1,000,000	1,000,000
	Temperature profiles study	SB 2014	50,000	50,000
	Wide-bed plotter	SB 2014	5,800	5,800
408	Public Service Commission			
	Hydraulic soil probe	HB 1008	10,080	10,080
	Reclamation and grain licensing litigation	HB 1008		414,000
412	Aeronautics Commission			
	Grants to airports	SB 2006		6,000,000
414	Securities Department			
	Retirement leave payouts	HB 1011	38,927	38,927
	Information technology upgrades	HB 1011		25,850
473	Housing Finance Agency			
	Housing incentive fund	SB 2014		15,400,000
504	Highway Patrol			
	Law enforcement training academy project - Phase I	SB 2011	5,786,000	4,350,000
	Law enforcement training academy extraordinary repairs	SB 2011	105,000	105,000
	Emergency lighting equipment	SB 2011	585,000	585,000
	Energy impact allowance	SB 2011	261,000	
	Taser replacement	SB 2011	176,000	176,000
	Two trailer scale systems	SB 2011	131,000	131,000
530	Department of Corrections and Rehabilitation			
	Missouri River Correctional Center flood hazard mitigation	SB 2015	349,950	349,950
	Equipment	SB 2015	254,900	254,900
	Extraordinary repairs	SB 2015	1,283,296	1,683,296
	Information technology upgrades	SB 2015	652,900	652,900
	Oil patch housing and compensation adjustments	SB 2015	266,352	
	Missouri River Correctional Center study	SB 2015		200,000

Dept. Number	Agency - Description	Bill No.	Executive Budget - General Fund	Legislative Appropriations - General Fund
540	Adjutant General			
	Computer-aided dispatch (CAD) upgrade	HB 1016	340,000	340,000
	State Radio facility expansion	HB 1016	1,201,240	1,201,240
	State Radio fire suppression project	HB 1016	210,000	210,000
	State Radio towers	HB 1016	1,500,000	1,175,000
	State Radio voice incident recorder	HB 1016	150,000	150,000
	Statewide seamless base map project	HB 1016	1,300,000	650,000
	Veterans' bonus program	HB 1016	600,000	600,000
601	Department of Commerce			
	Base realignment grants	SB 2018	1,500,000	1,500,000
	Child care facility grants	SB 2018	5,000,000	
	Planning initiative	SB 2018	1,000,000	
	Visual North Dakota	SB 2018		250,000
	Research North Dakota	SB 2018	12,000,000	12,000,000
	Tourism large infrastructure grants	SB 2018	1,325,000	750,000
	Innovation grants	SB 2018		300,000
	Transportation infrastructure study	SB 2018	350,000	
	Unmanned aerial system grant	SB 2018	1,000,000	5,000,000
	Workforce enhancement program	SB 2018	2,000,000	2,000,000
	Study renewable energy value-added opportunities	SB 2014		500,000
627	Upper Great Plains Transportation Institute			
	State match for federal grants	SB 2020		1,250,000
630	NDSU Extension Service			
	Extension 4-H camp renovation	SB 2020	500,000	950,000
	Videoconference equipment	SB 2020	110,000	110,000
	Burleigh County Extension Service summer internships	SB 2020		25,000
638	Northern Crops Institute			
	Update feed mill equipment	SB 2020	100,000	100,000
640	Main Research Center			
	New agronomy laboratory facilities at Carrington Research Center, Hettinger Research Center, Langdon Research Center, and Central Grasslands Research Center	SB 2020	4,300,000	5,925,000
	Veterinary diagnostic equipment	SB 2020	400,000	400,000
665	State Fair Association			
	Flood damage repair	SB 2009	3,500,000	2,750,000
701	State Historical Society			
	Eighth grade curriculum - North Dakota studies	HB 1018	150,000	150,000
	Historic sites exhibits	HB 1018	65,000	50,000
	Project pool	HB 1018		950,000
	North Dakota 125 th anniversary celebration	HB 1018	150,000	100,000
709	Council on the Arts			
	Cultural guide update	SB 2010	10,000	10,000

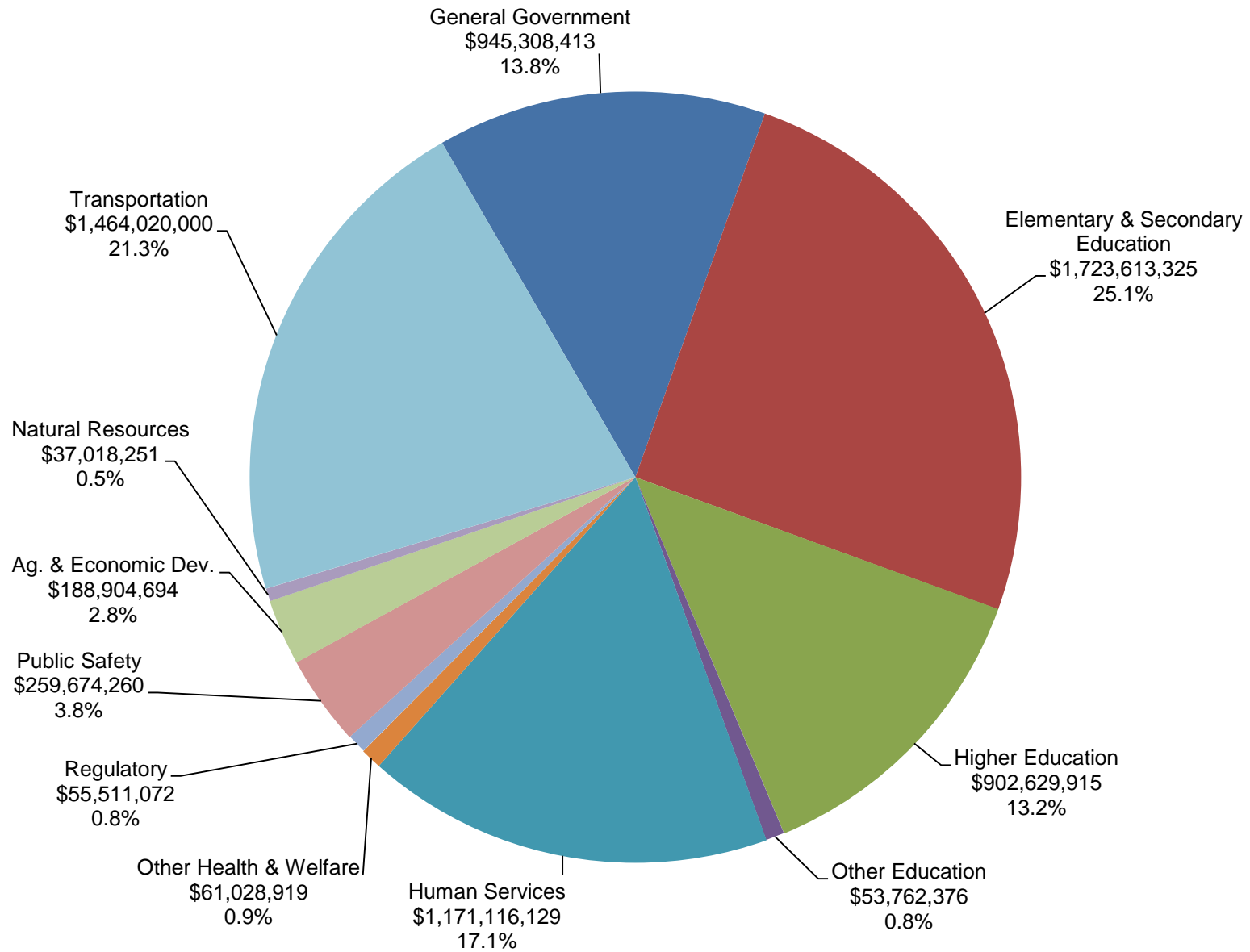
Dept. Number	Agency - Description	Bill No.	Executive Budget - General Fund	Legislative Appropriations - General Fund
750	Parks and Recreation Department			
	Capital projects	HB 1019	2,930,000	2,627,500
	Equipment	HB 1019		350,000
	Lewis and Clark Interpretive Center grant	HB 1019		1,350,000
	International Peace Garden capital projects	HB 1019		1,250,000
	Community grant program	HB 1019	400,000	500,000
	Strategic master plan update	HB 1019	100,000	100,000
770	State Water Commission			
	Office space reconfiguration	HB 1020	45,000	
	Excavator replacement	HB 1020	243,200	
801	Department of Transportation			
	TIGER III federal railroad program grant match	SB 2012	10,000,000	10,000,000
	General fund transfer to highway fund	SB 2012	683,600,000	541,600,000
	General license plate issue	SB 2012		6,820,000
	Contingent transfers to public transportation fund	SB 2012		1,100,000
	Airplane replacement	HB 1033		4,500,000
	Transportation distributions to non-oil producing counties	HB 1358		120,000,000
	Transportation distributions to oil-producing counties	HB 1358		160,000,000
	State highway projects	SB 2176		620,000,000
	Total		\$990,204,189	\$2,426,328,201

CONTINGENT 2013-15 BIENNIUM GENERAL FUND APPROPRIATIONS

Bill No. - Agency	Description	Amount
House Bill No. 1016 - Adjutant General	The Adjutant General may expend up to \$375,000 from the general fund to provide tuition assistance to eligible members of the National Guard if the Adjutant General certifies to the Office of Management and Budget (OMB) that the National Guard has received a new assignment in association with the Grand Forks Air Force Base.	\$375,000
House Bill No. 1422 - Department of Human Services	The Department of Human Services may expend up to \$2.5 million from the general fund for implementing changes to the child care assistance program if funding contained in House Bill No. 1012 for the program is not sufficient. If the entire contingent appropriation is not needed, the department may use up to \$1 million of the contingent appropriation for child care provider incentive grants.	2,500,000
Senate Bill No. 2003 - Department of Public Instruction	The Department of Public Instruction may provide a grant of \$5 million for the construction of a children's science center in Bismarck if actual general fund revenues, including any unobligated general fund balance on July 1, 2013, in excess of legislative estimates, exceeds 3.5 percent of the estimated general fund revenues for the period from July 1, 2013, through June 30, 2014, as determined by OMB. For purposes of the contingent appropriation, "actual general fund revenues" and "estimated general fund revenues" exclude the estimated July 1, 2013, unobligated general fund balance and transfers into the general fund from the strategic investment and improvements fund, the Mill and Elevator, the lottery, and the gas tax administration.	5,000,000
Senate Bill No. 2003 - Dickinson State University	Dickinson State University may provide a grant of \$6 million for the construction of a Theodore Roosevelt Presidential Library if actual general fund revenues, including any unobligated general fund balance on July 1, 2013, in excess of legislative estimates, exceeds 3.5 percent of the estimated general fund revenues for the period from July 1, 2013, through June 30, 2014, as determined by OMB. For purposes of the contingent appropriation, "actual general fund revenues" and "estimated general fund revenues" exclude the estimated July 1, 2013, unobligated general fund balance and transfers into the general fund from the strategic investment and improvements fund, the Mill and Elevator, the lottery, and the gas tax administration.	6,000,000
Senate Bill No. 2012 - Transfer to public transportation fund	The Office of Management and Budget is to transfer the sum of \$550,000 on July 1, 2013, and the sum of \$550,000 on July 1, 2014, if deposits in the public transportation fund from the highway tax distribution fund are \$5 million or less during the preceding state fiscal year.	1,100,000
Total		\$14,975,000

2013-15 BIENNIUM GENERAL FUND APPROPRIATIONS

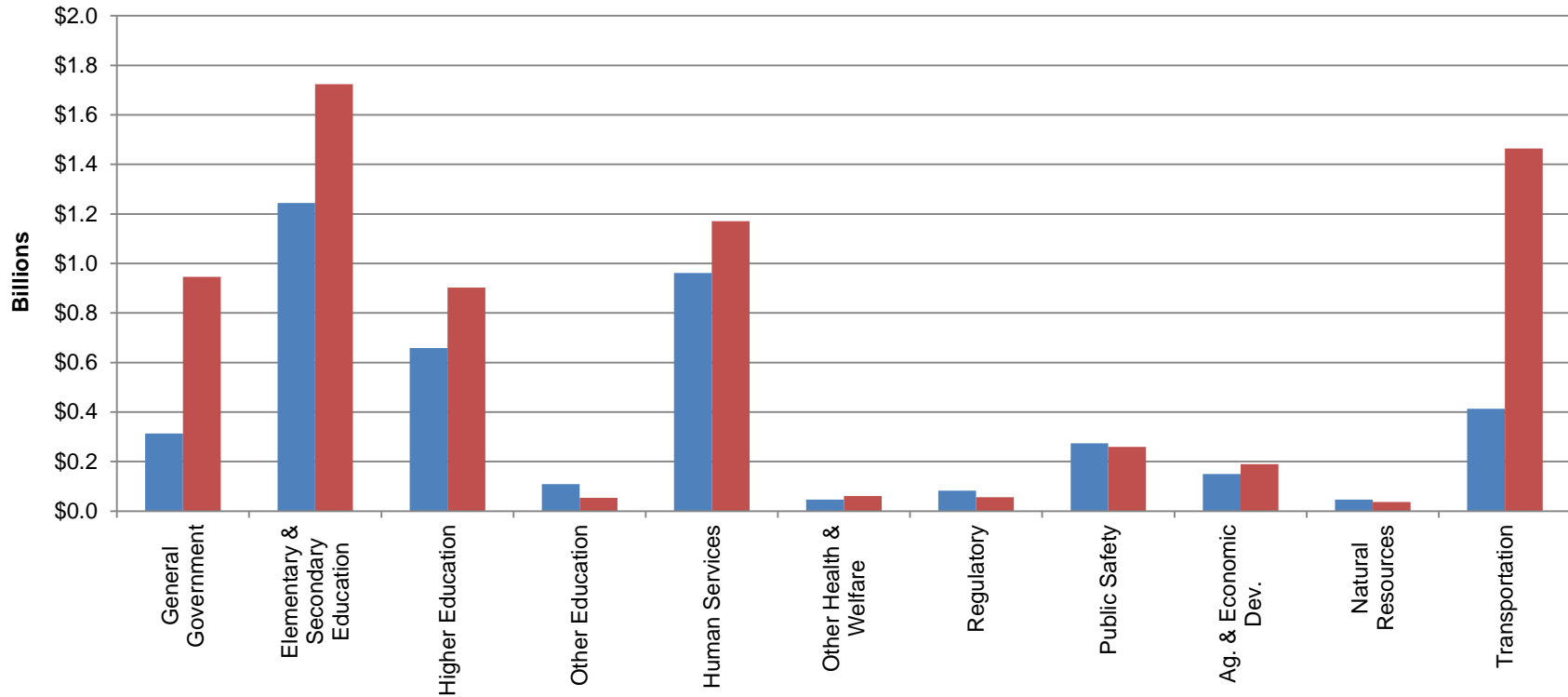
Total 2013-15 General Fund Appropriations - \$6,862,587,354



COMPARISON OF 2011-13 AND 2013-15 GENERAL FUND APPROPRIATIONS

(Amounts Shown in Billions)

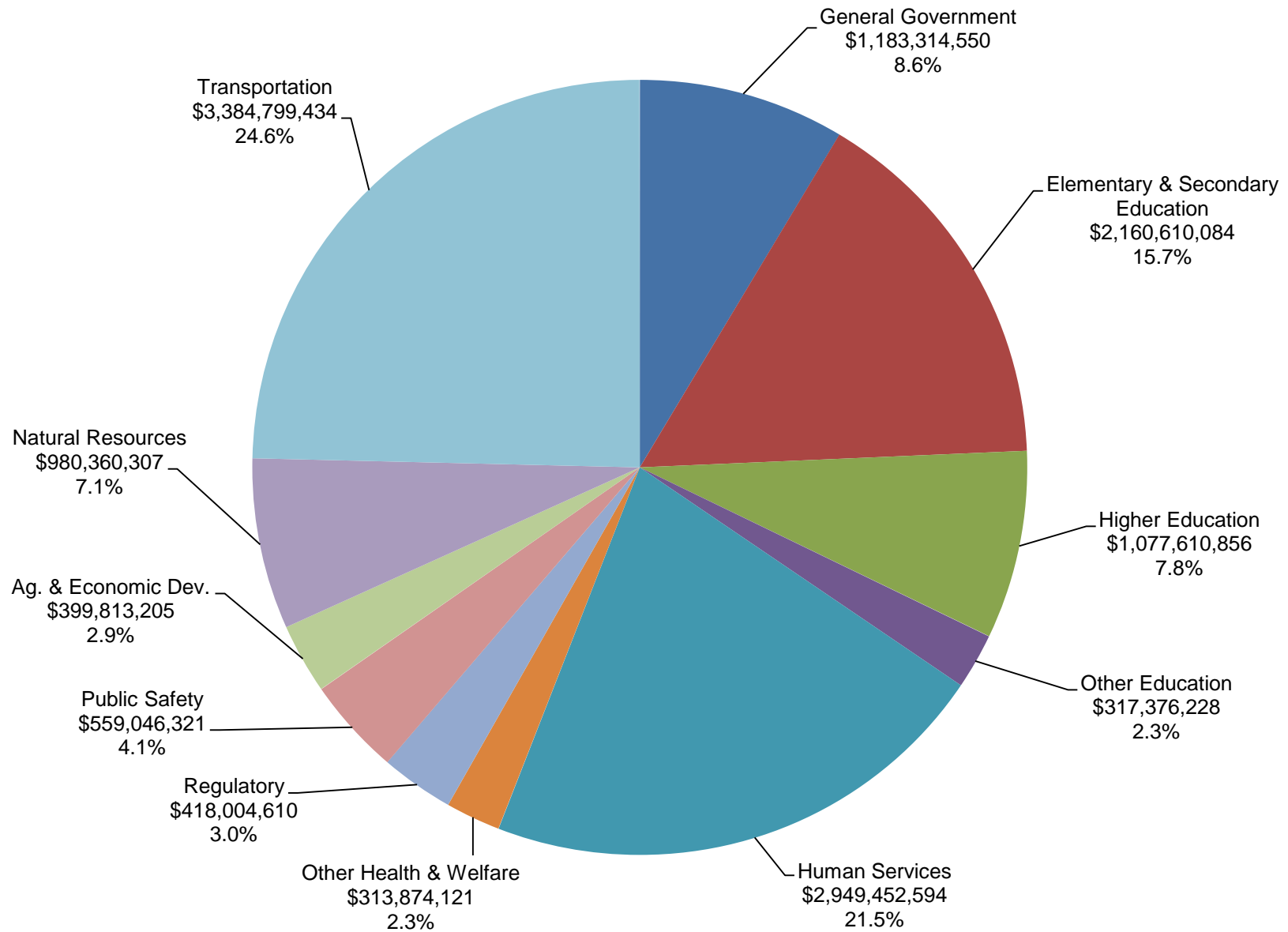
■ 2011-13 Biennium ■ 2013-15 Biennium



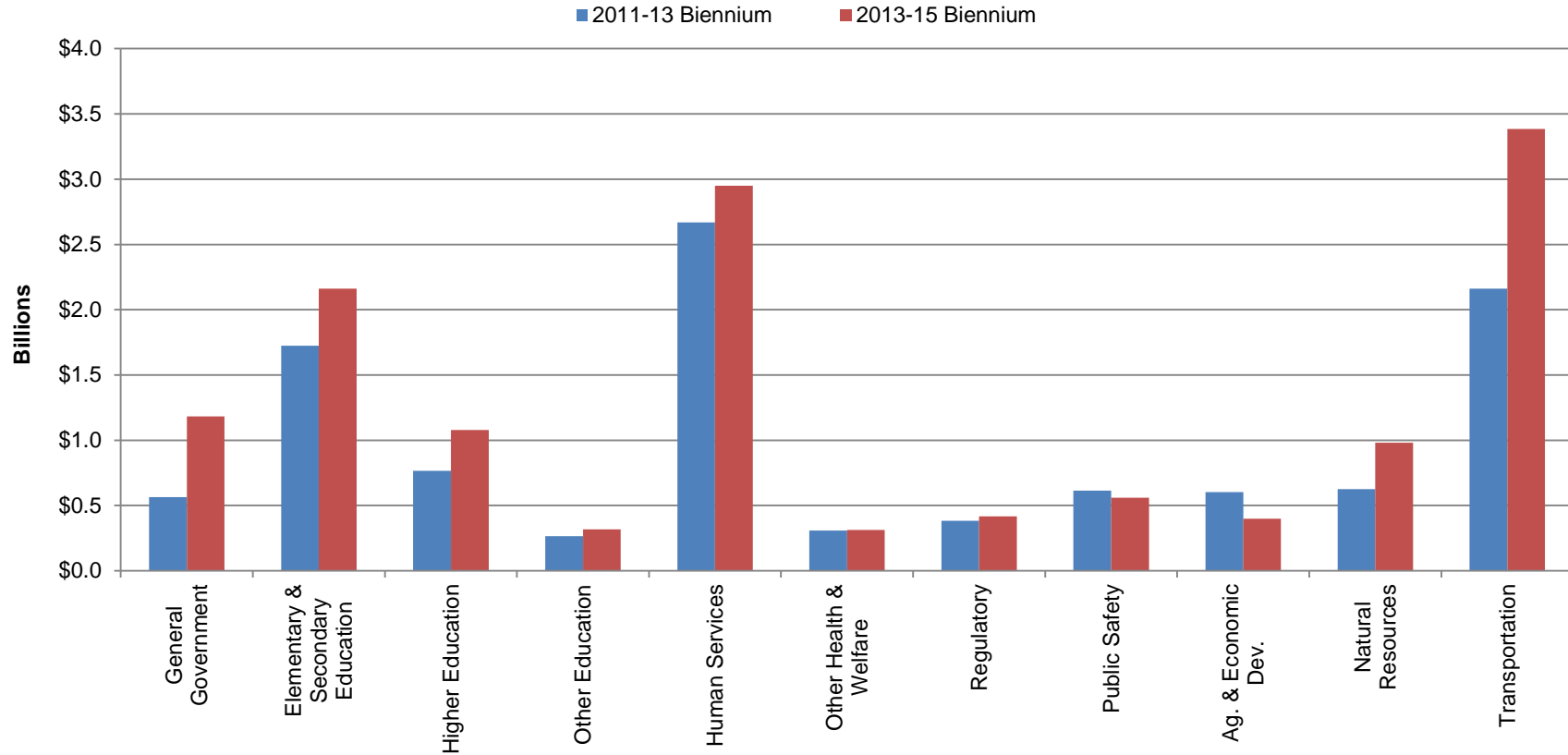
	2011-13 Biennium	2013-15 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$313,766,619	\$945,308,413	\$631,541,794	201.3%
Elementary & Secondary Education	1,244,025,651	1,723,613,325	479,587,674	38.6%
Higher Education	657,838,539	902,629,915	244,791,376	37.2%
Other Education	108,761,666	53,762,376	(54,999,290)	(50.6%)
Human Services	961,876,017	1,171,116,129	209,240,112	21.8%
Other Health & Welfare	46,104,304	61,028,919	14,924,615	32.4%
Regulatory	82,499,673	55,511,072	(26,988,601)	(32.7%)
Public Safety	273,544,618	259,674,260	(13,870,358)	(5.1%)
Ag. & Economic Dev.	149,577,933	188,904,694	39,326,761	26.3%
Natural Resources	46,317,248	37,018,251	(9,298,997)	(20.1%)
Transportation	412,688,893	1,464,020,000	1,051,331,107	254.8%
Total	\$4,297,001,161	\$6,862,587,354	\$2,565,586,193	59.7%

2013-15 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2013-15 Biennium All Funds Appropriations - \$13,744,262,310



COMPARISON OF 2011-13 AND 2013-15 ALL FUNDS APPROPRIATIONS (Amounts Shown in Billions)



	2011-13 Biennium	2013-15 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$564,024,408	\$1,183,314,550	\$619,290,142	109.8%
Elementary & Secondary Education	1,725,229,074	2,160,610,084	435,381,010	25.2%
Higher Education	766,656,298	1,077,610,856	310,954,558	40.6%
Other Education	265,051,451	317,376,228	52,324,777	19.7%
Human Services	2,669,448,255	2,949,452,594	280,004,339	10.5%
Other Health & Welfare	308,554,688	313,874,121	5,319,433	1.7%
Regulatory	382,412,244	418,004,610	35,592,366	9.3%
Public Safety	613,780,471	559,046,321	(54,734,150)	(8.9%)
Ag. & Economic Dev.	602,888,324	399,813,205	(203,075,119)	(33.7%)
Natural Resources	624,500,016	980,360,307	355,860,291	57.0%
Transportation	2,161,743,352	3,384,799,434	1,223,056,082	56.6%
Total	\$10,684,288,581	\$13,744,262,310	\$3,059,973,729	28.6%

SECTION D - ELECTED OFFICIALS

AGRICULTURE COMMISSIONER	D-21
ATTORNEY GENERAL	D-10
GOVERNOR'S OFFICE	D-1
INSURANCE COMMISSIONER	D-17
PUBLIC SERVICE COMMISSION	D-19
SECRETARY OF STATE	D-3
STATE AUDITOR	D-5
STATE TAX COMMISSIONER	D-14
STATE TREASURER	D-7

**Governor
Budget No. 101
House Bill No. 1001**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	18.00	\$3,978,295	\$0	\$3,978,295
2013-15 legislative appropriations	18.00	4,033,873	0	4,033,873
Legislative increase (decrease) to executive budget	0.00	\$55,578	\$0	\$55,578
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$259,931	(\$21,517,716)	(\$21,257,785)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$3,708,942	\$65,000	\$3,773,942
2013-15 legislative appropriations	4,033,873	0	4,033,873
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$324,931	(\$65,000)	\$259,931
Percentage increase (decrease) to 2011-13 appropriations	8.8%	N/A	6.9%
2013-15 legislative increase (decrease) to executive budget	\$55,578	\$0	\$55,578
Percentage increase (decrease) to executive budget	1.4%	N/A	1.4%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Governor is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$67,722) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		\$55,578		\$55,578
Total	0.00	\$55,578	\$0	\$55,578

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 18 FTE positions, the same as the 2011-13 biennium.

Other Sections in Bill

Additional income - Section 3 appropriates any additional federal or other funds available to the Governor's office during the 2013-15 biennium.

Legislative Management report - Section 4 provides that the Governor report to the Legislative Management during the 2013-14 interim on the gender balance of the Governor's appointments.

Elected officials' salary increases - Sections 5 and 6 provide the statutory changes increasing the Governor's and Lieutenant Governor's salaries by 4 percent for the first year of the biennium and by 3 percent for the second year. The Governor's annual salary is increased from the current level of \$117,001 to \$121,681 effective July 1, 2013, and to \$125,331 effective July 1, 2014. The Lieutenant Governor's salary is increased from the current level of \$90,829 to \$94,462 effective July 1, 2013, and to \$97,296 effective July 1, 2015.

**Secretary of State
Budget No. 108
House Bill No. 1002**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	31.00	\$6,691,408	\$5,845,849	\$12,537,257
2013-15 legislative appropriations	31.00	6,646,849	5,844,417	12,491,266
Legislative increase (decrease) to executive budget	0.00	(\$44,559)	(\$1,432)	(\$45,991)
Legislative increase (decrease) to 2011-13 appropriations	3.00	(\$2,679,311)	(\$942,567)	(\$3,621,878)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$5,783,121	\$3,543,039	\$9,326,160
2013-15 legislative appropriations	6,043,495	603,354	6,646,849
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$260,374	(\$2,939,685)	(\$2,679,311)
Percentage increase (decrease) to 2011-13 appropriations	4.5%	(83.0%)	(28.7%)
2013-15 legislative increase (decrease) to executive budget	(\$553,913)	\$509,354	(\$44,559)
Percentage increase (decrease) to executive budget	(8.4%)	541.9%	(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 Secretary of State is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$78,184) and from other funds (\$4,647) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$44,559)	(\$1,432)	(\$45,991)
Total	0.00	(\$44,559)	(\$1,432)	(\$45,991)

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 3 FTE positions authorized by the Budget Section during the 2011-12 interim for the Business Registration Unit (2 FTE positions) and the Business Information Unit (1 FTE position). The Legislative Assembly identified \$283,754 from the general fund related to the 3 new FTE positions as one-time funding and provided that the 3 new FTE positions are authorized only for the 2013-15 biennium and must be reevaluated after the completion of the mainframe migration computer project to determine if the positions should be included in the agency's 2015-17 biennium budget request as optional items.

One-Time Funding

In Section 2 of House Bill No. 1002, the Legislative Assembly identified \$603,354 from the general fund as one-time funding for the 2013-15 biennium. The Legislative Assembly did not change the executive recommendation for one-time funding from the general fund for a multipurpose copier (\$10,000) and information technology hosting charges (\$84,000). In addition, the Legislative Assembly identified \$283,754 related to the 3 new FTE positions and \$225,600 for overtime salaries and wages as one-time funding from the general fund. These amounts are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Secretary of State is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Other Sections in Bill

General services operating fund - Section 3 provides that any unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2013, is not subject to the provisions of North Dakota Century Code Section 54-09-08, and any unexpended funds are available and may be spent by the Secretary of State during the 2013-15 biennium for the database and processing platform migration project.

Secretary of State's salary - Section 4 provides the statutory changes increasing the Secretary of State's salary by 4 percent for the first year of the biennium and 3 percent for the second year. The Secretary of State's annual salary is increased from the current level of \$93,071 to \$96,794 effective July 1, 2013, and to \$99,698 effective July 1, 2014.

Exemption - Mainframe migration computer project - Section 5 provides an exemption to Section 54-44.1-11 to allow the Secretary of State to continue up to \$1,750,000 of the funding provided for the mainframe migration computer project during the 2011-13 biennium into the 2013-15 biennium.

Limited authorization of new FTE positions - Section 6 provides the 3 new FTE positions are authorized only for the 2013-15 biennium and must be reevaluated after the completion of the mainframe migration computer project to determine if the positions should be included in the agency's 2015-17 biennium budget request as optional items.

Credit card fees - Budget Section reports - Section 7 requires the Secretary of State report to the Budget Section semiannually regarding credit card usage rates and credit card fees paid by the Secretary of State.

Related Legislation

Notaries public database - House Bill No. 1207 amends Section 44-06.1-22 to require that when the technology becomes available, the Secretary of State maintain an electronic database of notaries public.

Nonprofessional ownership of professional organizations - Senate Bill No. 2144 modifies requirements relating to the ownership of professional organizations by allowing ownership by nonprofessional participants and authorizes the Secretary of State to charge organizations with a minority owner a fee. A fiscal note prepared by the Secretary of State indicates revenue, deposited into the agency's general services operating fund, will be sufficient to pay expenses related to the change.

Nonprofessional ownership of professional organizations - Senate Bill No. 2152 allows the owner of a professional organization to own a professional organization under different professional licensing categories and authorizes the Secretary of State to charge organizations that have ownership that renders more than one professional service a fee. A fiscal note prepared by the Secretary of State indicates revenue, deposited into the agency's general services operating fund, will be sufficient to pay expenses related to the change.

**State Auditor
Budget No. 117
House Bill No. 1004**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	52.80	\$8,186,230	\$3,073,675	\$11,259,905
2013-15 legislative appropriations	53.80	8,473,489	3,036,918	11,510,407
Legislative increase (decrease) to executive budget	1.00	\$287,259	(\$36,757)	\$250,502
Legislative increase (decrease) to 2011-13 appropriations	3.00	\$1,329,681	\$609,396	\$1,939,077

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$7,143,808	\$0	\$7,143,808
2013-15 legislative appropriations	8,428,489	45,000	8,473,489
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,284,681	\$45,000	\$1,329,681
Percentage increase (decrease) to 2011-13 appropriations	18.0%	N/A	18.6%
2013-15 legislative increase (decrease) to executive budget	\$287,259	\$0	\$287,259
Percentage increase (decrease) to executive budget	3.5%	0.0%	3.5%

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 Auditor is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$147,106) and from other funds (\$54,051) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$107,108)	(\$36,757)	(\$143,865)
Removed 1 FTE information systems auditor position.	(1.00)	(124,367)		(124,367)

Added 2 FTE financial auditor positions.	2.00	248,734		248,734
Added funding for temporary salaries related to the Comprehensive Annual Financial Report (CAFR).		70,000		70,000
Increased funding for state information technology vulnerability testing to provide a total of \$250,000.		100,000		100,000
Provided additional funding for increased lease costs.		100,000		100,000
Total	1.00	\$287,259	(\$36,757)	\$250,502

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE minerals royalty auditor position but did not approve the 1 FTE information systems auditor position included in the executive recommendation. In addition, the Legislative Assembly added 2 FTE financial auditor positions.

One-Time Funding

In Section 2 of House Bill No. 1004, the Legislative Assembly identified \$45,000 of one-time funding from the general fund for the renovation of the agency's existing vault into a conference room.

Other Sections in Bill

State Auditor's salary - Section 3 provides the statutory changes increasing the State Auditor's salary by 4 percent for the first year of the biennium and 3 percent for the second year. The State Auditor's annual salary is increased from the current level of \$93,071 to \$96,794 on July 1, 2013, and \$99,698 on July 1, 2014.

Related Legislation

House Bill No. 1137 - Occupational and professional boards - Amends North Dakota Century Code Section 54-10-27 relating to audits of occupational and professional boards to increase the threshold for boards to submit an annual report to the State Auditor in lieu of providing an audit report from \$10,000 to \$50,000 of annual receipts.

**State Treasurer
Budget No. 120**

House Bill Nos. 1005 and 1358, Senate Bill Nos. 2012, 2014, 2036 and 2176

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	8.00	\$1,897,585	\$0	\$1,897,585
2013-15 legislative appropriations	8.00	311,333,469	0	311,333,469
Legislative increase (decrease) to executive budget	0.00	\$309,435,884	\$0	\$309,435,884
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$260,908,079 ¹	\$0	\$260,908,079 ¹

¹The amount shown reflects a \$720,000 general fund appropriation approved by the Legislative Assembly in 2013 for supplemental township transportation funding distributions to counties and townships for the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,438,802	\$48,986,588	\$50,425,390
2013-15 legislative appropriations	1,797,631	309,535,838	311,333,469
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$358,829	\$260,549,250	\$260,908,079
Percentage increase (decrease) to 2011-13 appropriations	24.9%	531.9%	517.4%
2013-15 legislative increase (decrease) to executive budget	\$91,562	\$309,344,322	\$309,435,884
Percentage increase (decrease) to executive budget	5.4%	161,524.0%	16,306.8%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Treasurer is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$13,038) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$6,438)		(\$6,438)

Added funding for information technology expenses relating to changes in oil revenue distribution and other changes, including \$13,247 for distribution changes included in Senate Bill No. 2014, for a total of \$377,591 in one-time funding for information technology expenses.	199,322	199,322
Added funding to reclassify a new FTE position from an account budget specialist to an accounting manager.	38,000	38,000
Added funding for temporary salaries.	60,000	60,000
Added funding for allocations to counties for the benefit of townships in oil-producing counties for the 2013-15 biennium (House Bill No. 1358) (see Transportation Funding Distribution section below).	8,760,000	8,760,000
Added funding to correct township transportation funding distributions made in the 2011-13 biennium (Senate Bill No. 2012) (see Transportation Funding Distribution section below).	385,000	385,000
Added funding for state-paid property tax relief credits (Senate Bill No. 2036) (see Property Tax Relief Credits section below).	200,000,000	200,000,000
Added funding for transportation funding distributions to non-oil-producing counties, cities, and townships for the 2013-15 biennium (Senate Bill No. 2176) (see Transportation Funding Distribution section below).	100,000,000	100,000,000
Total	0.00	\$309,435,884

FTE Changes

The 2013-15 biennium appropriation includes funding for 8 FTE positions, an increase of 1 FTE position from the 2011-13 biennium authorized level of 7 FTE positions. The Legislative Assembly added funding to convert a new account budget specialist position included in the executive recommendation to an accounting manager position.

One-Time Funding

In Section 2 of House Bill No. 1005, the Legislative Assembly identified \$377,591 of one-time funding from the general fund for the 2013-15 biennium for information technology development costs. The Legislative Assembly also provided one-time funding in other bills for various expenses and allocations. These items, summarized below, are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the State Treasurer is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

	General Fund	Special Funds	Total
Allocations to townships in oil-producing counties (HB 1358)	\$8,760,000		\$8,760,000
Correction of township transportation funding distributions made in the 2011-13 biennium (SB 2012)	385,000		385,000
Information technology expenses (SB 2014)	13,247		13,247
State-paid property tax relief credits (SB 2036)	200,000,000		200,000,000
Transportation funding distributions to non-oil-producing counties, cities, townships (SB 2176)	100,000,000		100,000,000
Total	\$309,158,247	\$0	\$309,158,247

Property Tax Relief Credits

The Legislative Assembly in Senate Bill No. 2036 provided \$200 million for state-paid property tax relief credits. Pursuant to North Dakota Century Code Section 57-20-07.2, property tax relief credits are available as follows:

1. The owner of taxable property is entitled to a credit against property taxes levied against the total amount of property or mobile home taxes in dollars levied against the taxable value of the property. The credit is equal to 12 percent of property or mobile home taxes levied in dollars against that property.
2. The owner, operator, or lessee of railroad property assessed by the State Board of Equalization under Chapter 57-05 or public utility operative property assessed by the State Board of Equalization under Chapter 57-06 is entitled to a credit against property taxes levied within each county against that property in the amount provided in subsection 1 against property taxes levied in dollars against that property in that county.
3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under Chapter 57-32 is entitled to a credit in the amount provided in subsection 1 against property taxes in dollars levied against that property. The Tax Commissioner shall determine the total amount of credits under this subsection and certify the amount to the State Treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

Transportation Funding Distributions

The Legislative Assembly appropriated \$100,000,000 from the general fund in Senate Bill No. 2176, and \$385,000 from the general fund in Senate Bill No. 2012 to the State Treasurer for providing special transportation funding distributions to counties, cities, and townships as follows:

1. Counties and cities in non-oil-producing counties - \$64 million pursuant to the formula in Section 54-27-19.
2. Townships in non-oil-producing counties - \$16 million pursuant to the formula in Section 54-27-19.1.
3. Townships in non-oil-producing counties - \$20,385,000 pursuant to provisions in the bill providing \$15,000 to each township.

A non-oil-producing county is defined as a county that received less than \$500,000 of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year 2012. The Legislative Assembly also appropriated \$8,760,000 from the general fund to the State Treasurer in House Bill No. 1358 for providing \$15,000 to each township in oil-producing counties in July 2013, and \$15,000 to each township in oil-producing counties in May 2014. An oil-producing county is defined as a county that received between \$500,000 and \$5,000,000 of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year 2013. Although House Bill No. 1358 based the distributions on fiscal year 2012 oil and gas allocations, House Bill No. 1015 amended House Bill No. 1358 to change the year to state fiscal year 2013.

Other Sections in House Bill No. 1005

Correction of overpayments and underpayments - Section 3 amends Section 54-11-01(18) to clarify that correction of overpayments and underpayments of tax distribution funds must result from an error made by the State Treasurer's office.

Salary of State Treasurer - Section 4 provides statutory changes to Section 54-11-13 relating to the salary of the State Treasurer. The Legislative Assembly authorized 2013-15 biennium annual salary increases of 4 percent for the first year of the biennium and 3 percent for the second year for elected officials. The State Treasurer's salary is to be increased from the current level of \$87,890 to \$91,406 effective July 1, 2013, and to \$94,148 effective July 1, 2014. Section 6 provides legislative intent that the State Treasurer's salary be increased to the salary of the next lowest paid elected official effective July 1, 2017.

State-Tribal oil and gas tax agreement - Section 5 amends Section 57-51.2-02(5) to clarify that the state's share of oil and gas gross production tax revenue is subject to distribution among political subdivisions as provided for in Chapter 57-51.

**Attorney General
Budget No. 125
House Bill Nos. 1003, 1302, 1358**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	211.50	\$37,358,136	\$29,012,463	\$66,370,599
2013-15 legislative appropriations	213.50	38,851,628	44,982,450	83,834,078
Legislative increase (decrease) to executive budget	2.00	\$1,493,492	\$15,969,987	\$17,463,479
Legislative increase (decrease) to 2011-13 appropriations	9.50	\$7,239,383 ¹	\$17,555,273	\$24,794,656 ¹

¹The amount shown reflects a \$70,000 general fund appropriation approved by the Legislative Assembly in 2013 for supplemental reimbursements to cities and counties for prosecution witness fees for the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$31,299,845	\$312,400	\$31,612,245
2013-15 legislative appropriations	37,453,628	1,398,000	38,851,628
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$6,153,783	\$1,085,600	\$7,239,383
Percentage increase (decrease) to 2011-13 appropriations	19.7%	347.5%	22.9%
2013-15 legislative increase (decrease) to executive budget	\$428,582	\$1,064,910	\$1,493,492
Percentage increase (decrease) to executive budget	1.2%	319.7%	4.0%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Attorney General is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$835,225) and from other funds (\$222,022) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action: Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$382,450)	(\$82,924)	(\$465,374)

Removed funding for oil impact assistance for employees in areas impacted by oil development. Agencies may request funding from a funding pool appropriated to the Office of Management and Budget for oil impact assistance.		(135,090)		(135,090)
Added an FTE position to maintain the sexual offender registry.	1.00		116,413	116,413
Added funding for increased Workforce Safety and Insurance premiums.		79,568		79,568
Added funding for salary equity increases for forensic scientists.		171,000		171,000
Added funding for potential litigation fees relating to abortion-related legislation approved by the Legislative Assembly.		400,000		400,000
Added an FTE position and moved \$486,856 from the operating line item to the salaries and wages line item for computerized business projects. The FTE position is authorized for the 2013-15 biennium only.	1.00			0
Added funding for operating expenses for the following initiatives approved by the Legislative Assembly:		121,390	6,375,572	6,496,962
House Bill No. 1302 - Increases participation in 24/7 sobriety program - \$6,243,901.				
House Bill No. 1327 - Requires criminal history record checks for concealed weapons licenses - \$232,761.				
House Bill No. 1389 - Requires fingerprint record checks for appraisal management companies and employees - \$5,800.				
Senate Bill No. 2304 - Requires fingerprint record checks for insurance producers - \$14,500.				
Added funding for secure continuous remote alcohol monitors (House Bill No. 1302).		1,200,000		1,200,000
Added funding from the strategic investment and improvements fund for law enforcement needs in oil-impacted areas (House Bill No. 1358).			9,600,000	9,600,000
The funding source for a .5 FTE administrative assistant position was changed from other funds to the general fund.		39,074	(39,074)	0
Total	<u>2.00</u>	<u>\$1,493,492</u>	<u>\$15,969,987</u>	<u>\$17,463,479</u>

FTE Changes

The 2013-15 biennium appropriation includes funding for 213.5 FTE positions, an increase of 2 FTE positions from the executive recommendation and an increase of 9.5 FTE positions from the 2011-13 biennium authorized level of 204 FTE positions. The following table summarizes FTE position changes included in the 2013-15 executive budget and the legislative appropriation:

Position	Executive Budget FTE Changes	Legislative FTE Changes	Legislative Increase (Decrease) From Executive Budget
Criminal investigators to address law enforcement needs in western North Dakota	2.00	2.00	0.00
Administrative assistant to address law enforcement needs in western North Dakota	1.00	1.00	0.00
Forensic scientist to address use of synthetic drugs in the state	1.00	1.00	0.00
Administrative assistant for uniform crime reporting system	1.00	1.00	0.00
Attorney for work related to the Department of Trust Lands	1.00	1.00	0.00
Investigator for organized crime	1.00	1.00	0.00
FTE positions previously paid by federal fiscal stimulus funds	7.00	7.00	0.00
Administrative assistants for processing concealed weapons permits in association with the National Instant Check System (NICS)	2.00	2.00	0.00
7 FTE positions previously paid by federal fiscal stimulus funds and 1.5 FTE positions previously paid with federal funds related to NICS	(8.50)	(8.50)	0.00
Sexual offender registry	0.00	1.00	1.00
Computerized business projects (for 2013-15 biennium only)	0.00	1.00	1.00
Total	7.50	9.50	2.00

One-Time Funding

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$198,000 of one-time funding from the general fund for Bureau of Criminal Investigation vehicles, and in House Bill No. 1302, \$1,200,000 was provided from the general fund for secure continuous remote alcohol monitors, for the 2013-15 biennium. These amounts are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Attorney General is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

24/7 Sobriety Program

The Legislative Assembly in 2007 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 Legislative Assembly in 2009 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 7, 2013, the program included 4,857 participants, of which 3,348 graduated from the program, 800 failed the program, 268 reoffended, and 441 were still active in the program.

Other Sections in House Bill No. 1003

Refund fund - Section 3 allows the Attorney General to retain the June 30, 2013, balance in the Attorney General refund fund rather than transferring the balance to the general fund.

Attorney General's salary - Section 4 provides the statutory changes increasing the Attorney General's salary by 4 percent for the first year of the biennium and 3 percent for the second year. The Attorney General's annual salary is increased from the current level of \$138,159 to \$143,685 effective July 1, 2013, and to \$147,996 effective July 1, 2014.

FTE position - Limited authorization - Section 5 provides that 1 FTE position relating to computerized business projects is authorized for the 2013-15 biennium only. The Attorney General must reevaluate the position and determine if the position will be requested as part of the agency's 2015-17 biennium request as an optional item.

Related Legislation

Senate Bill No. 2056 provides victims or witnesses must be able to opt-out of the statewide automated victim information and notification system.

Senate Bill No. 2106 requires permits and registrations of persons using roll-your-own cigarette machines. Cigarettes made on these machines are subject to wholesale tobacco taxes.

Senate Bill No. 2185 requires Job Service North Dakota to enter a data sharing agreement with the Attorney General for the purpose of monitoring individuals who are required to register as sexual offenders or offenders against children.

**Tax Commissioner
Budget No. 127
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	134.00	\$67,640,129	\$125,000	\$67,765,129
2013-15 legislative appropriations	134.00	57,054,140	125,000	57,179,140
Legislative increase (decrease) to executive budget	0.00	(\$10,585,989)	\$0	(\$10,585,989)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$16,833,836 ¹	\$115,000	\$16,948,836 ¹

¹The amount shown reflects a \$981,855 general fund appropriation approved by the Legislative Assembly in 2013 for additional expenses associated with the disabled veterans property tax credit program for the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$39,220,304	\$1,000,000	\$40,220,304
2013-15 legislative appropriations	56,054,140	1,000,000	57,054,140
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$16,833,836	\$0	\$16,833,836
Percentage increase (decrease) to 2011-13 appropriations	42.9%	0.0%	41.9%
2013-15 legislative increase (decrease) to executive budget	(\$10,473,625)	(\$112,364)	(\$10,585,989)
Percentage increase (decrease) to executive budget	(15.7%)	(10.1%)	(15.7%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Tax Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$624,818) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$288,625)		(\$288,625)
Decreased funding for the homestead tax credit expansion to provide a total of \$20 million.		(10,685,000)		(10,685,000)

Added funding for the disabled veterans property tax credit program to provide a total of \$7,678,000.	500,000	500,000
Removed funding for oil impact assistance for employees in areas affected by oil development. Agencies may request funding from a funding pool appropriated to the Office of Management and Budget for oil impact assistance.	(112,364)	(112,364)
Total	<u>0.00</u>	<u>\$0</u>
	<u>(\$10,585,989)</u>	<u>(\$10,585,989)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation, which included funding for 134 FTE positions, the same as the 2011-13 biennium.

One-Time Funding

In Section 2 of House Bill No. 1006, the Legislative Assembly identified \$1 million of one-time funding from the general fund for the 2013-15 biennium for the taxpayer access point (TAP) module of GenTax. This amount is not to be considered part of the agency's base budget for preparing the 2015-17 executive budget and the Tax Commissioner is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Other Sections in Bill

Exemption - Grant to North Dakota State University - Section 3 provides 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 which was continued into the 2011-13 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 2013-15 biennium.

Motor vehicle fuel taxes - Section 4 provides for a transfer of \$1,777,360 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 5 provides the statutory changes increasing the Tax Commissioner's salary by 4 percent for the first year of the biennium and 3 percent for the second year. The Tax Commissioner's annual salary is increased from the current level of \$101,010 to \$105,050 effective July 1, 2013, and to \$108,202 effective July 1, 2014.

Related Legislation

House Bill No. 1306 expands the disabled veterans homestead property tax credit by increasing the limitation on the taxable valuation subject to the tax credit from the first \$5,400 of taxable valuation of the homestead to the first \$6,750 of taxable valuation. This increases the true and full value limitation from \$120,000 to \$150,000.

Senate Bill No. 2106 requires permits and registrations of persons using roll-your-own cigarette machines. Cigarettes made on these machines are subject to wholesale tobacco taxes.

Senate Bill No. 2171 includes the following provisions to expand the homestead property tax credit and renters refund program for elderly and disabled citizens:

- Increases the income threshold from \$18,000 to \$22,000 for a reduction of 100 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$4,500 of taxable valuation.
- Increases the income threshold from \$20,000 to \$26,000 for a reduction of 80 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$3,600 of taxable valuation.
- Increases the income threshold from \$22,000 to \$30,000 for a reduction of 60 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$2,700 of taxable valuation.

- Increases the income threshold from \$24,000 to \$34,000 for a reduction of 40 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$1,800 of taxable valuation.
- Increases the income threshold from \$26,000 to \$38,000 for a reduction of 20 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$900 of taxable valuation.
- Increases the assets threshold from \$75,000 to \$500,000 before a person becomes ineligible for any exemptions.
- House Bill No. 1015, in Section 20, includes a new income level that provides for a reduction of 10 percent of the taxable valuation of the person's homestead, up to a maximum reduction of \$450 of taxable valuation, if the person's annual income is between \$38,000 and \$42,000.

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments
Budget No. 401
House Bill Nos. 1010 and 1145**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	49.50	\$0	\$18,958,734	\$18,958,734
2013-15 legislative appropriations	49.50	0	26,377,090	26,377,090
Legislative increase (decrease) to executive budget	0.00	\$0	\$7,418,356	\$7,418,356
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$0	\$7,333,010	\$7,333,010

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$163,182) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$78,030)	(\$78,030)
Removed funding for payments to North Dakota fire departments (\$7,000,000) and the North Dakota Firefighter's Association (\$840,000).			(7,840,000)	(7,840,000)
Provided funding for payments to North Dakota fire departments (\$14,536,386) and the North Dakota Firefighter's Association (\$800,000) (House Bill No. 1145).			15,336,386	15,336,386
Total	0.00	\$0	\$7,418,356	\$7,418,356

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 49.5 FTE positions, the same as the 2011-13 biennium.

Administrative Costs of Special Funds

Sections 2, 3, 4, and 5 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.

	2011-13 Biennium Legislative Appropriation	2013-15 Biennium Legislative Appropriation	Increase (Decrease)
Bonding fund	\$46,769	\$45,199	(\$1,570)
State fire and tornado fund	\$1,441,575	\$1,552,929	\$111,354
Unsatisfied judgment fund	\$27,349	\$28,690	\$1,341
Petroleum release compensation fund	\$46,769	\$107,598	\$60,829

Other Sections in Bill

Commissioner's salary - Section 6 provides the statutory changes relating to the Insurance Commissioner's annual salary. The Legislative Assembly authorized a 2013-15 biennium salary increase of 4 percent effective July 1, 2013, and 3 percent effective July 1, 2014, for elected officials. The Commissioner's salary is to increase from \$93,071 to \$96,794 on July 1, 2013, and \$99,698 on July 1, 2014.

Related Legislation

Legislative Management study - Health care reform - House Bill No. 1034 provides for a Legislative Management study of health care reform during the 2013-14 interim.

House Bill No. 1145 appropriates \$15,336,386 from the insurance tax distribution fund to the Insurance Department for insurance tax payments to fire departments and grants to the North Dakota Firefighter's Association.

**Public Service Commission
Budget No. 408
House Bill No. 1008**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	43.00	\$6,563,223	\$13,082,083	\$19,645,306
2013-15 legislative appropriations	44.00	7,091,740	13,387,469	20,479,209
Legislative increase (decrease) to executive budget	1.00	\$528,517	\$305,386	\$833,903
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$1,071,525	\$325,821	\$1,397,346

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$6,020,215	\$0	\$6,020,215
2013-15 legislative appropriations	6,667,660	424,080	7,091,740
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$647,445	\$424,080	\$1,071,525
Percentage increase (decrease) to 2011-13 appropriations	10.8%	N/A	17.8%
2013-15 legislative increase (decrease) to executive budget	\$114,517	\$414,000	\$528,517
Percentage increase (decrease) to executive budget	1.7%	4,107.1%	8.1%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Public Service Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$105,071) and from other funds (\$63,207) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$51,811)	(\$30,614)	(\$82,425)
Added a weights and measures FTE position and related funding.	1.00	203,828		203,828

Provided additional funding for potential litigation costs relating to the coal mining and reclamation program; abandoned mine lands reclamation program; and grain warehouse, grain buyer, and hay buyer licensing and insolvencies.	414,000	336,000	750,000
Removed funding for geographic information system and disk upgrades from the operating expenses line item.	(37,500)		(37,500)
Total	<u>1.00</u>	<u>\$528,517</u>	<u>\$833,903</u>

FTE Changes

The 2013-15 biennium appropriation includes funding for 44 FTE positions, an increase of 1 FTE position from the 2011-13 biennium authorized level of 43 FTE positions. The Legislative Assembly added 1 FTE weights and measures position.

One-Time Funding

In Section 2 of House Bill No. 1008, the Legislative Assembly provided \$750,000 of one-time funding, of which \$414,000 is from the general fund for reclamation and grain licensing litigation costs.

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 a 2013-15 biennium salary increase of 4 percent effective July 1, 2013, and 3 percent effective July 1, 2014, for elected officials. The commissioners' salaries are to increase from \$95,611 to \$99,435 on July 1, 2013, and \$102,418 on July 1, 2014.

Legislative Management civil penalties study - Section 4 provides for the Legislative Management to consider studying civil penalties assessed and collected by state agencies, including a review of the funds into which the collections are deposited and the appropriateness of the use of funds collected.

Legislative Management metrology laboratory study - Section 5 provides for the Legislative Management to consider studying the feasibility and desirability of constructing a new metrology laboratory.

Fees to test or calibrate weighing and measuring devices - Section 6 amends Section 64-02-10 relating to the fee schedule of the large scale weights and measures program. This change is estimated to result in a \$200,000 reduction of general fund revenue for the 2013-15 biennium.

Rail rate complaint case funding - Section 7 provides a transfer of up to \$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.

Gas pipeline safety inspector and public utility analyst - Section 8 provides legislative intent for the Public Service Commission to proceed in the hiring process of the gas pipeline safety inspector and public utility analyst prior to June 30, 2013.

Emergency clause - Section 9 provides for an emergency clause for the hiring of the 2 FTE positions listed in Section 8.

Related Legislation

Senate Bill No. 2112 increases public utility application fees.

Senate Bill No. 2239 amends Section 49-22-04 requiring utility companies to submit a 10-year plan to the Public Service Commission and update the plan every second year after its initial submission.

**Agriculture Commissioner
Budget No. 602
House Bill No. 1009, Senate Bill No. 2146**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	77.00	\$9,512,066	\$15,209,546	\$24,721,612
2013-15 legislative appropriations	77.00	9,519,217	15,754,591	25,273,808
Legislative increase (decrease) to executive budget	0.00	\$7,151	\$545,045	\$552,196
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$1,322,471	\$953,340	\$2,275,811

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$8,196,746	\$0	\$8,196,746
2013-15 legislative appropriations	9,519,217	0	9,519,217
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,322,471	\$0	\$1,322,471
Percentage increase (decrease) to 2011-13 appropriations	16.1%	0.0%	16.1%
2013-15 legislative increase (decrease) to executive budget	\$7,151	\$0	\$7,151
Percentage increase (decrease) to executive budget	0.1%	N/A	0.1%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Agriculture is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$132,719) and from other funds (\$104,576) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$105,849)	(\$79,955)	(\$185,804)
Removed funding added in the executive budget recommendation for a grant to the Centennial Farms program.		(80,000)		(80,000)

Added funding for information technology desktop support.	48,000		48,000
Added funding to expand the mediation services program for disputes involving energy development issues.	50,000		50,000
Added funding to continue livestock auction market news reporting.	15,000		15,000
Increased federal funds authority for specialty crop grants.		625,000	625,000
Added funding for grape and wine industry grants (Senate Bill No. 2146).	80,000		80,000
Total	0.00	\$7,151	\$545,045

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 77 FTE positions, the same as the 2011-13 biennium.

Environment and Rangeland Protection Fund

Section 2 of House Bill No. 1009 transfers \$325,000 from the environment and rangeland protection fund to the minor use fund during the 2013-15 biennium. The executive budget provided for a transfer of \$200,000 from the environment and rangeland protection fund to the minor use fund.

Section 3 of House Bill No. 1009 identifies \$6,064,403 of funding from the environment and rangeland protection fund in the other funds appropriation for the Department of Agriculture. The Legislative Assembly changed the funding source for a portion of funding for the Wildlife Services program (\$384,400) and the State Board of Animal Health (\$100,000) to be from the environment and rangeland protection fund rather than the general fund.

Section 9 of House Bill No. 1009 deposits the first \$727,500 of commercial feed inspection and registration fees in the environment and rangeland protection fund rather than the general fund. The executive budget provided for all \$970,000 of estimated fees to be deposited in the general fund.

Other Sections in House Bill No. 1009

Game and fish fund - Section 4 authorizes \$484,398 from the game and fish fund to be used for the Wildlife Services program and for expenses of the State Board of Animal Health during the 2013-15 biennium.

State Water Commission funding - Section 5 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 funding carryover - Section 6 provides an exemption to North Dakota Century Code Section 54-44.1-11 to allow the Agriculture Commissioner to continue 2011-13 biennium appropriations for Johne's disease control into the 2013-15 biennium.

Report to the 64th Legislative Assembly - North Dakota Mediation Service - Section 7 requires the Agriculture Commissioner to provide a report to the Appropriations Committees of the 64th Legislative Assembly regarding the activities of the North Dakota Mediation Service.

Agriculture Commissioner's salary - Section 8 provides statutory changes to Section 4-01-21 relating to the salary of the Agriculture Commissioner. The salary is to be increased from \$95,610 to \$99,435 on July 1, 2013, and to \$102,418 on July 1, 2014.

Milk Marketing Board study - Section 10 provides for a Legislative Management study of the Milk Marketing Board during the 2013-14 interim.

Related Legislation

House Bill No. 1247 - Agriculture wetland credit program - Requires the Agriculture Commissioner to create and maintain an electronic database of wetland credits that are available for purchase by an agricultural landowner.

Senate Bill No. 2146 - Grape and wine industry grants - Provides an \$80,000 general fund appropriation to the Agriculture Commissioner for grape and wine industry grants.

SECTION E - ELEMENTARY AND SECONDARY EDUCATION

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ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

STATE SCHOOL AID

The Legislative Assembly appropriated \$1,835,700,000, of which \$1,695,374,000 is from the general fund and \$140,326,000 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, special education, and grants for rapid enrollment growth. This level of funding represents an increase of \$484.7 million, including increases in funding of \$472.3 million from the general fund and \$38.7 million from the state tuition fund and decreases in funding of \$5 million from the oil and gas impact grant fund and \$21.3 million from federal funds, from the 2011-13 legislative appropriation of \$1,350,992,316.

The legislative appropriation for the state school aid program follows substantially the executive budget recommendation to integrate property tax relief in the kindergarten through grade 12 state school aid funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2013-15 biennium, the integrated payment rates are \$8,810 during the first year of the biennium and \$9,092 for the second year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund. The legislative appropriation for the state school aid program:

- Includes **integrated formula payments** totaling \$1,752,100,000, of which \$1,611,774,000 is from the general fund and \$140,326,000 is from the state tuition fund. The new formula results in an increase of \$491.9 million from the state school aid and mill levy grants, totaling \$1.26 billion provided during the 2011-13 biennium. The increase of \$491.9 million includes increases in funding of \$453.2 million from the general fund and \$38.7 million from the state tuition fund. Integrated formula payments related to state school aid total \$1.096 billion, an increase of \$177.2 million from state school aid provided during the 2011-13 biennium, and \$656.5 million for a mill levy buydown of 125 mills for the 2013-15 biennium (50 mills more than the 75 mills provided during the 2011-13 biennium), an increase of \$314.7 million from the \$341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium. The executive recommendation included a mill levy buydown of 135 mills for the 2013-15 biennium. The Legislative Assembly provided a mill levy buydown of 125 mills reducing the integrated formula payment component related to property tax relief by \$57.7 million. The executive recommendation included, and the Legislative Assembly approved, increases in the state school aid component of the integrated formula payments totaling \$154.8 million related to cost to continue the formula (\$27.7 million), cost of projected student growth (\$53.5 million), and cost associated with increased per student payments (\$73.6 million). Additional changes to the formula approved by the Legislative Assembly resulted in a net increase of \$22.4 million for a total increase in the state school aid component of the integrated formula payments from the 2011-13 biennium of \$177.2 million. Changes made to the formula by the Legislative Assembly include:
 - \$5.5 million increase due to an increase in the special education factor from .079 to .082;
 - (\$3.7 million) reduction related to a decrease in the regional education association factor from .004 to .002;
 - \$7,315,000 increase due to an increase in the school district size weighting factors for school districts with enrollments between 125 and 185 students. The extension results in an increase in the weighted student units for school districts with enrollment below 185 students;
 - (\$2.9 million) reduction as a result of including payments in lieu of taxes and state reimbursement of the homestead property tax credit and disabled veterans property tax credit in the local contribution requirement of the integrated formula payment;
 - \$4.8 million increase due to a change in the method of calculating baseline adjustments;
 - \$4 million increase due to revisions in the department's budget estimates;
 - (\$515,000) reduction related to a decrease in the home education supervision factor from .50 to .20;
 - (\$2.7 million) reduction related to changes in the percentage of other in lieu revenue included in the formula; and
 - \$10.6 million increase related to changes in the minimum local effort calculation.

- 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 2011-13 biennium, and up to \$800,000 for **regional education association grants**, the same as the 2011-13 biennium.
- Provides \$53.5 million for **transportation grants** and the related increases in the state transportation formula rates, \$5 million more than the 2011-13 biennium.
- Increases funding for **special education contracts** by \$500,000 to provide a total of \$16,500,000.
- Provides \$13.6 million from the general fund for **rapid enrollment growth grants**.

The legislative appropriation for the state school aid program of \$1,835,700,000 is summarized as follows:

Integrated formula payments	\$1,752,100,000
Transportation aid payments	53,500,000
Special education - Contracts	16,500,000
Rapid enrollment growth grants	13,600,000
Total	\$1,835,700,000

OTHER APPROPRIATIONS

The legislative appropriation also provides:

1. **National board certification** - \$120,000 from the general fund for payments to teachers receiving national board certification, a decrease in funding of \$65,000 from the 2011-13 legislative appropriation.
2. **Governor's School program** - \$460,000 from the general fund for support of the Governor's School program, the same as the 2011-13 legislative appropriation.
3. **National writing projects** - \$173,000 from the general fund for support of the Red River Valley Writing Project (\$90,000) and the Northern Plains Writing Project (\$83,000), an increase of \$15,000 from the 2011-13 legislative appropriation.
4. **North Dakota Museum of Art** - \$415,000 from the general fund for support of the North Dakota Museum of Art rural art outreach project, an increase of \$35,000 from the 2011-13 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 2011-13 legislative appropriation.
6. **Teacher center network** - \$360,000 from the general fund for support of the teacher center network, the same as the 2011-13 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 2011-13 legislative appropriation.
8. **Adult education grants** - \$3,110,411 from the general fund to provide adult education grants, the same as the 2011-13 legislative appropriation, not including the additional \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium provided for adult education learning center grants during the 2011-13 biennium.
9. **North Central Council for School Television** - \$535,000 from the general fund for a grant to the North Central Council for School Television, an increase of \$50,000 from the 2011-13 legislative appropriation.
10. **Global Bridges (Atlantik-Brucke/Atlantik Forum) exchange program** - \$150,000 from the general fund for a grant to the Global Bridges (Atlantik-Brucke/Atlantik Forum) exchange program, an increase of \$45,000 from the 2011-13 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, the same as the 2011-13 legislative appropriation.
12. **"We the People" program** - \$20,000 from the general fund for a grant to the "We the People" program, a decrease of \$2,000 from the 2011-13 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 2011-13 legislative appropriation.

14. **Continuing education grants** - \$150,000 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, an increase of \$50,000 from the 2011-13 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, the same as the 2011-13 legislative appropriation.
16. **Preschool continuing education grants program** - \$150,000 from the general fund for continuing education grants for preschool teachers, the same as the 2011-13 legislative appropriation.
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, the same as the 2011-13 legislative appropriation.
18. **Gearing Up for Kindergarten** - \$675,000 from the general fund to support the Gearing Up for Kindergarten program provided by the North Dakota State University Extension Service, an increase of \$50,000 from the 2011-13 legislative appropriation.
19. **Governing North Dakota textbook** - \$20,000 of one-time funding from the general fund for a grant to the State Historical Society for the republication of the *Governing North Dakota* textbook.
20. **Pathfinders Parent Project** - \$131,106 from the general fund for a grant to the Pathfinders Parent Project to assist parents of children requiring an individualized education.
21. **School district safety grants** - \$3 million from the general fund to provide school district safety grants to eligible districts.
22. **Cardiopulmonary resuscitation (CPR) training grants** - \$450,000 from the general fund to reimburse public and nonpublic schools offering qualified CPR training.
23. **Administration of the ACT** - \$867,300 from the general fund for the estimated costs of administering the ACT, including the writing test, and the WorkKeys assessments to all 11th grade students in the state, an increase of \$88,900 from the 2011-13 legislative appropriation.
24. **Funding pool for initiatives** - \$2,750,000 of one-time funding from the general fund for a funding pool for initiatives identified by the newly elected Superintendent of Public Instruction. Initiatives identified include:
 - a. Management information systems - Website updates.
 - b. Safe and drug-free schools salary funding.
 - c. Statewide accreditation system.
 - d. Business manager training program.
 - e. Management information systems - STARS maintenance and development.
 - f. Common core state standards.
 - g. Teacher and principal evaluation systems.

**Department of Public Instruction
Budget No. 201
House Bill Nos. 1013 and 1261, Senate Bill Nos. 2238 and 2267**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	99.75	\$1,043,309,862	\$1,151,411,433	\$2,194,721,295
2013-15 legislative appropriations	99.75	1,723,613,325	436,996,759	2,160,610,084
Legislative increase (decrease) to executive budget	0.00	\$680,303,463	(\$714,414,674)	(\$34,111,211)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$479,587,674 ¹	(\$44,206,664) ¹	\$435,381,010

¹This amount reflects the following 2011-13 supplemental appropriations:

- \$25 million of additional federal funds to the Department of Public Instruction for providing grants to school districts (Section 3 of House Bill No. 1013).
- \$45,000 from the general fund for continuing education grants for the 2011-13 biennium (House Bill No. 1023).

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,243,641,651	\$384,000	\$1,244,025,651
2013-15 legislative appropriations	1,717,543,325	6,070,000	1,723,613,325
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$473,901,674	\$5,686,000	\$479,587,674
Percentage increase (decrease) to 2011-13 appropriations	38.1%	1,480.7%	38.6%
2013-15 legislative increase (decrease) to executive budget	\$674,233,463	\$6,070,000	\$680,303,463
Percentage increase (decrease) to executive budget	64.6%	N/A	65.2%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Public Instruction is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$104,350) and from other funds (\$217,718) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items		
	FTE Positions	General Fund	Other Funds
			Total
The legislative action:			
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$107,481)	(\$240,836)
Added one-time funding for a flexible funding pool for initiatives of \$2.75 million for the following items that were not included in the executive recommendation:		2,750,000	2,750,000
<ul style="list-style-type: none"> • Management information systems - Website updates. • Safe and drug-free schools salary funding. • Statewide accreditation system. • Business manager training program. 			
Funding is also included in the pool for the following items included in the executive recommendation:			
<ul style="list-style-type: none"> • Management information systems - STARS maintenance and development (\$719,000). • Common core state standards (\$500,000). • Teacher and principal evaluation systems (\$400,000). 			
The funding provided for the Superintendent of Public Instruction's initiatives funding pool is offset by funding reductions in line items related to the initiatives included in the executive recommendation (see below).			
Removed funding added in the executive budget for:		(1,619,000)	(1,619,000)
<ul style="list-style-type: none"> • Management information systems - STARS maintenance and development (\$719,000). • Common core state standards (\$500,000). • Teacher and principal evaluation systems (\$400,000). 			
Funding for these initiatives was included in the funding pool for initiatives (see below).			
Decreased funding included in the executive budget for the Gearing Up for Kindergarten program to provide a total of \$675,000 from the general fund.		(140,000)	(140,000)
Increased funding included in the executive budget for the Global Bridges (Atlantik-Brucke) exchange program to provide a total of \$150,000 from the general fund.		45,000	45,000

Added funding for a passthrough grant to the Pathfinders Parent Project.	131,106		131,106
Added one-time funding for a passthrough grant to the State Historical Society for the republication of the <i>Governing North Dakota</i> textbook.	20,000		20,000
Added one-time funding for the Superintendent of Public Instruction to conduct the early childhood care and education study required in Senate Bill No. 2229.	200,000		200,000
Added one-time funding for the Superintendent of Public Instruction to contract with the Information Technology Department and a private consultant to conduct an information technology staffing analysis.	100,000		100,000
Adjusted the funding source for the property tax relief component of the integrated formula payments from the property tax relief fund to the general fund.	714,173,838	(714,173,838)	
Increased integrated formula payments due to an increase in the special education factor from .079 to .082.	5,500,000		5,500,000
Decreased integrated formula payments due to a decrease in the regional education association factor from .004 to .002.	(3,700,000)		(3,700,000)
Decreased integrated formula payments due to savings related to a reduction in the home education supervision factor from .50 to .20.	(515,000)		(515,000)
Increased integrated formula payments due to increased school district size weighting factors for school districts with enrollments between 125 and 185 students. The extension results in an increase in the weighted student units for school districts with enrollment below 185 students.	7,315,000		7,315,000
Decreased integrated formula payments due to including payments in lieu of taxes and state reimbursement of the homestead property tax credit and disabled veterans property tax credit in the local contribution requirement of the integrated formula payment.	(2,900,000)		(2,900,000)
Decreased integrated formula payments due to savings related to changes in the percentage of other in lieu revenue included in the formula.	(2,700,000)		(2,700,000)
Increased integrated formula payments due to a change in the method of calculating baseline adjustments.	4,800,000		4,800,000
Increased integrated formula payments due to revisions in the department's budget estimates.	4,000,000		4,000,000

Increased integrated formula payments due to changes in the minimum local effort calculation.	10,600,000	10,600,000
Decreased integrated formula payments due to an increase in the local contribution from 50 mills to 60 mills.	(57,700,000)	(57,700,000)
Reduced funding provided in the executive recommendation of \$17 million to \$13.6 million for rapid enrollment grants and provided the funding in House Bill No. 1261.	(3,400,000)	(3,400,000)
Added funding for cardiopulmonary resuscitation (CPR) training grants (Senate Bill No. 2238).	450,000	450,000
Added one-time funding for school district safety grants (Senate Bill No. 2267).	3,000,000	3,000,000
Total	<u>0.00</u>	<u>\$680,303,463</u>
		<u>(\$714,414,674)</u>
		<u>(\$34,111,211)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 99.75 FTE positions, the same as the 2011-13 biennium.

One-Time Funding

In Section 2 of House Bill No. 1013, the Legislative Assembly identified \$3,070,000 of one-time funding from the general fund for the 2013-15 biennium for various initiatives. In addition, the Legislative Assembly also provided one-time funding from the general fund of \$3 million for school district safety grants in Senate Bill No. 2267. These items, summarized below, are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Department of Public Instruction is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

	General Fund	Special Funds	Total
Funding pool for initiatives (HB 1013)	\$2,750,000		\$2,750,000
Information technology staffing analysis (HB 1013)	100,000		100,000
Early childhood care and education study (HB 1013)	200,000		200,000
<i>Governing North Dakota</i> textbook (HB 1013)	20,000		20,000
School district safety grants (SB 2267)	3,000,000		3,000,000
Total	\$6,070,000	\$0	\$6,070,000

State School Aid - Integrated Formula Payments, Transportation Aid, Special Education Contracts, and Rapid Enrollment Grants

The Legislative Assembly appropriated \$1,835,700,000, of which \$1,695,374,000 is from the general fund and \$140,326,000 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, special education, and grants for rapid enrollment growth. This level of funding represents an increase of \$484.7 million, including increases in funding of \$472.3 million from the general fund and \$38.7 million from the state tuition fund and decreases in funding of \$5 million from the oil and gas impact grant fund and \$21.3 million from federal funds, from the 2011-13 legislative appropriation of \$1,350,992,316. (See the schedules following this section for a comparison of state school aid and other grants for the 2011-13 and 2013-15 bienniums.)

Integrated Formula Payments

The Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. The legislative appropriation for the state school aid program follows substantially the executive budget recommendation to integrate property tax relief in the kindergarten through grade 12 state school aid funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2013-15 biennium, the integrated payment rates are \$8,810 during the first year of the biennium and \$9,092 for the second year of the biennium. This base level of support will be provided

through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund.

The Legislative Assembly provided an appropriation of \$1,752,100,000, of which \$1,611,774,000 is from the general fund and \$140,326,000 is from the state tuition fund, for state school aid for integrated formula payments. This level of funding represents an increase of \$491.9 million, of which \$453.2 million is from the general fund and \$38.7 million is from the state tuition fund, from the 2011-13 biennium appropriation for state school aid and mill levy grants of \$1.26 billion.

Integrated formula payments related to state school aid total \$1.096 billion, an increase of \$177.2 million from state school aid provided during the 2011-13 biennium, and \$656.5 million for a mill levy buydown of 125 mills for the 2013-15 biennium (50 mills more than the 75 mills provided during the 2011-13 biennium), an increase of \$314.7 million from the \$341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium. The executive recommendation included, and the Legislative Assembly approved, increases in the state school aid component of the integrated formula payments totaling \$154.8 million related to cost to continue the formula (\$27.7 million), cost of projected student growth (\$53.5 million), and cost associated with increased per student payments (\$73.6 million). Additional changes to the formula approved by the Legislative Assembly resulted in a net increase of \$22.4 million for a total increase in the state school aid component of the integrated formula payments from the 2011-13 biennium of \$177.2 million. Changes made to the formula by the Legislative Assembly include:

\$5.5 million increase due to an increase in the **special education factor** from .079 to .082;

(\$3.7 million) reduction related to a decrease in the **regional education association factor** from .004 to .002;

\$7,315,000,000 increase due to an extension of increasing **school district size weighting factors** to school districts with 125 students. The extension results in an increase in the weighted student units for school districts with enrollment below 185 students;

(\$2.9 million) reduction as a result of including payments in lieu of taxes and state reimbursement of the homestead property tax credit and disabled veterans property tax credit in the **local contribution requirement** of the integrated formula payment;

\$4.8 million increase due to a change in the method of calculating **baseline adjustments**;

\$4 million increase due to revisions in the department's **budget estimates**;

(\$515,000) reduction related to a decrease in the **home education supervision factor** from .50 to .20;

(\$2.7 million) reduction related to changes in the **percentage of other in lieu revenue** included in the formula; and

\$10.6 million increase related to changes in the **minimum local effort calculation**.

The executive recommendation for integrated formula payments included a mill levy buydown component of 135 mills for the 2013-15 biennium. The Legislative Assembly provided a mill levy buydown of 125 mills reducing the integrated formula payment component related to property tax relief by \$57.7 million. The Legislative Assembly did not change the executive recommendation to reduce the PowerSchool factor from .006 to .003.

Transportation Aid

The executive budget recommendation for the 2013-15 biennium included funding of \$53.5 million from the general fund for transportation aid. This level of funding is \$5 million more than the 2011-13 biennium. The Legislative Assembly did not change the executive budget recommendation for transportation aid.

Section 9 of House Bill No. 1013 requires the Department of Public Instruction to distribute transportation aid for the 2013-15 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 13 cents per mile for schoolbuses having a capacity of 10 or more passengers.
- Fifty-two cents per mile for vehicles having a capacity of nine or fewer passengers.
- Fifty 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.
- Fifty cents per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- Thirty cents per student for each one-way trip.

Section 9 of House Bill No. 1013 also provides if any funds appropriated for transportation aid for the 2013-15 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 \$16.5 million for special education contracts. The 2013-15 biennium appropriation is \$500,000 more than the 2011-13 biennium appropriation of \$16 million.

Rapid Enrollment Grants

The Legislative Assembly in House Bill No. 1261 provided \$13.6 million from the general fund to the Superintendent of Public Instruction for rapid enrollment grants. This level of funding is \$8.6 million more than the 2011-13 biennium. To qualify for a rapid enrollment grant, the school district's enrollment must increase by at least 4 percent annually, and more than 20 students. The district's grant is determined by reducing the actual percentage increase in the number of students by 2 percent and multiplying the number of students represented by the reduced percentage by \$3,900. The Superintendent may not award more than \$6.8 million in grants during the first year of the 2013-15 biennium. If the appropriated amount is insufficient, the Superintendent 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. The executive budget recommendation for the 2013-15 biennium included funding of \$17 million from the general fund for rapid enrollment grants.

Regional Education Association Incentives

The executive budget recommendation included funding for payments to regional education associations totaling \$800,000 in the integrated formula payments line item for the 2013-15 biennium, the same as the 2011-13 biennium. Funding is provided to each regional education association for 70 percent of the total compensation payable to a coordinator, not to exceed \$50,000 annually. The Legislative Assembly did not change the executive budget recommendation relating to the funding of regional education associations.

Funding Pool for Initiatives

The Legislative Assembly provided a flexible funding pool of \$2,750,000 for items that were not included in the executive budget recommendation, including management information systems--website updates, safe and drug-free schools salary funding, statewide accreditation system, and a business manager training program. In addition, the flexible funding pool is intended to provide funding for items totaling \$1,619,000 included in the executive budget recommendation, including management information systems--STARS maintenance and development (\$719,000), teacher and principal evaluation systems (\$400,000), and common core state standards (\$500,000). The increase in funding for the Superintendent's initiatives funding pool is offset by funding reductions in line items related to the initiatives included in the executive budget recommendation, for a net increase in funding of \$1,131,000 from the general fund.

In addition, the Legislative Assembly provided for an exemption to North Dakota Century Code Section 54-16-04 relating to line item transfers to require the Department of Public Instruction transfer funding, to the extent necessary, from the funding pool for initiatives line item to the appropriate line item for expending the funds for each initiative. The Superintendent of Public Instruction must report to the Office of Management and Budget (OMB) regarding all transfers from the funding pool for initiatives.

Other Sections in House Bill No. 1013

2011-13 deficiency appropriation - Section 3 appropriates \$25 million of additional federal funds to the Department of Public Instruction for providing grants to school districts during the 2011-13 biennium. Section 68 provides this section is an emergency measure.

Tuition apportionment - Section 4 provides any money available in the state tuition fund in excess of the \$140,326,000 appropriated in Section 1 is appropriated to the Department of Public Instruction for distribution to school districts.

Transfer - Property tax relief fund to the general fund - Section 5 provides for a transfer of \$341,790,000 from the property tax fund to the general fund for the 2013-15 biennium.

Payments for 2011-13 biennium educational services - Section 6 provides the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2013-15 biennium to pay claims due during the 2011-13 biennium but not filed with the department until the 2013-15 biennium.

Gifted and talented program and Medicaid matching distribution - Section 7 provides the Department of Public Instruction use \$800,000 of the 2013-15 legislative appropriation for integrated formula payments 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.

Regional education association grants - Section 8 provides for the distribution of up to \$800,000 from the integrated formula payments line item for regional education association grants to assist with the cost of compensating coordinators during the 2013-15 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.

Transportation grants - Section 9 provides for the distribution of transportation grants to school districts.

Continuing education grants - Section 10 provides for the distribution of up to \$150,000 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.

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.

Funding pool for initiatives - Section 14 provides the Superintendent of Public Instruction must transfer funding from the funding pool for initiatives line item to the extent necessary, to the appropriate line item, for expending the funds for each initiative. The Superintendent must also report to OMB regarding all transfers from the funding pool for initiatives line item.

Information technology staffing analysis - Section 15 identifies \$100,000 from the general fund included in the Department of Public Instruction's appropriation to contract with the Information Technology Department and a private consultant to conduct an information technology staffing analysis for the 2013-15 biennium. The analysis must include a review of the Department of Public Instruction information technology staffing duties, responsibilities, and staffing levels and must consider the feasibility and desirability of transferring additional information technology positions to the Information Technology Department and must provide recommendations regarding the appropriate level of information technology staff for the Department of Public Instruction.

Other grant reporting - Section 16 requires the Department of Public Instruction develop a format for reporting the cost per participant and the outcomes of other grants provided by the department.

Reimbursement of title funding due to federal sequestration - Section 17 provides legislative intent that if, as a result of the federal sequestration order for fiscal year 2013, school districts experience a reduction in funds provided under Title I, the Superintendent of Public Instruction introduce legislation to the 64th Legislative Assembly seeking state funding for school districts to offset the federal funding reductions.

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 \$105,954 to \$110,192 on July 1, 2013, and \$113,498 on July 1, 2014.

National board certification program - Section 30 amends Section 15.1-18.1-02 relating to the national board certification program. Payments to qualified individuals maintaining national board certification are increased from \$1,000 to \$1,500 annually. Section 65 of the bill makes these changes effective July 1, 2015.

School construction project loans - Section 44 amends Section 15.1-36-02, as an emergency measure, to authorize the Board of University and School Lands to use \$150 million from the strategic investment and improvements fund for school construction projects. This funding is in addition to \$50 million available from the coal development trust fund.

One-time supplemental assistance payment - Section 57 provides, as an emergency measure, if any money remains in the grants - state school aid line item after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2011-13 biennium, the Superintendent must reserve the first \$158,150 to provide a supplemental assistance payment to a qualifying school district which participated with another school district in a cooperative agreement that at the conclusion of the 2012-13 school year became part of a reorganized district.

Legislative Management study - Education funding and accountability study appropriation and committee - Section 58 provides the Legislative Management appoint a committee to examine and clarify state-level and local-level responsibility for the equitable and adequate funding of elementary and secondary education in the state. Section 59 provides \$100,000 from the general fund to the Legislative Council to contract with consultants and other personnel necessary to complete the study of education funding and accountability.

School construction loans - Section 60 provides that if, as of December 31, 2014, any portion of the \$150 million made available for school construction project loans in Section 15.1-36-02(1)(b) remains uncommitted for the purpose of providing school construction loans, the Board of University and School Lands may authorize up to \$50 million of the uncommitted amount for the purpose of providing medical facility infrastructure loans in accordance with Senate Bill No. 2187.

Autism spectrum disorder technology grant - Section 61 provides, as an emergency measure, if any money remains in the grants - state school aid line item after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2011-13 biennium, the Superintendent may transfer \$250,000 to the Department of Career and Technical Education to provide a grant to an institution implementing a certificate program that prepares individuals with autism spectrum disorder for employment in the technology sector.

The remaining sections of House Bill No. 1013 provide statutory changes related to:

- Student performance strategists;
- Weighting factors;
- School district size factors;
- Teachers' minimum salary;
- Snack break beverages;
- The implementation of the integrated formula payment structure of state school aid and the property tax changes related to the new kindergarten through grade 12 funding formula.

In addition, sections are included to provide the new school funding formula expires on June 30, 2015.

Related Legislation

Rapid enrollment grants - House Bill No. 1261 appropriates \$13.6 million from the general fund to the Department of Public Instruction for a grant to any school district that can demonstrate rapid enrollment growth.

Excess cost and boarding care reimbursements - House Bill No. 1301 continues excess cost and boarding care reimbursements for school districts relating to students voluntarily placed in licensed child care facilities located within their district. House Bill No. 1074 (2011) required 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. The provision would have expired on June 30, 2013. A fiscal note prepared by the Department of Public Instruction indicates a fiscal impact of \$550,000 from the general fund. The department indicates the cost is expected to be provided by funding included in the grants - special education contracts line item.

State school aid and property tax relief - House Bill No. 1319 provided the kindergarten through grade 12 integrated formula plan included in the executive budget recommendation for state school aid and property tax relief. This bill was defeated by the House and the provisions of the bill were included in the conference committee report for House Bill No. 1013.

Early childhood education program - House Bill No. 1429 allows school districts to establish an early childhood education program and provide funding for the program from local tax revenue.

State academic achievement tests - Senate Bill No. 2102 amends Section 15.1-21-08 relating to the annual administration of state academic achievement tests.

Transition payments for isolated school districts - Senate Bill No. 2214 extends transition payments for school districts that were recognized as being isolated before July 1, 2011, but which no longer meet the statutory criteria. A fiscal note prepared by the Department of Public Instruction indicates a fiscal impact of \$518,413 from the general fund. The Legislative Assembly provided \$324,008 from the general fund for transition payments to isolated school districts, the same as the executive budget recommendation.

Early childhood care and early childhood education study - Senate Bill No. 2229 amends Section 15.1-09-58 relating to early childhood education and provides the Superintendent of Public Instruction study the development, delivery, and administration of comprehensive early childhood care and early childhood education in this state. The study must include an examination of the availability, quality, and cost of services offered by existing public and private sector providers, the projected need for services during the coming 10 years to 20 years, and the ability of public and private sector providers to address the expansion of facilities or the creation of additional facilities. The Superintendent must provide a report, together with recommendations, before June 1, 2014, to the Legislative Management. House Bill No. 1013 includes \$200,000 of one-time funding from the general fund for early childhood care and education study.

Cardiopulmonary resuscitation training grants - Senate Bill No. 2238 appropriates \$450,000 from the general fund to the Department of Public Instruction to reimburse public and nonpublic schools offering qualified CPR training.

School district safety grants - Senate Bill No. 2267 appropriates \$3 million from the general fund to provide school district safety grants to eligible districts.

Youth suicide prevention training - Senate Bill No. 2306 requires the Department of Public Instruction to collaborate with the State Department of Health to obtain and disseminate information and training materials to school districts and to nonpublic schools. A fiscal note prepared by the Department of Public Instruction indicates the bill should have no fiscal impact.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2011-13 APPROPRIATION AND ESTIMATED EXPENDITURES TO 2013-15 EXECUTIVE BUDGET AND LEGISLATIVE APPROPRIATIONS**

	2011-13 Legislative Appropriation	2011-13 Estimated Expenditures	2013-15 Executive Budget	2013-15 Legislative Appropriation	2013-15 Appropriation Increase (Decrease) Compared to 2011-13 Appropriation	2013-15 Appropriation Increase (Decrease) Compared to 2011-13 Estimated Expenditures	2013-15 Appropriation Increase (Decrease) Compared to 2013-15 Executive Budget
State school aid program							
State school aid - Integrated formula payments	\$918,459,478 ¹	\$918,459,478 ¹	\$1,787,400,000 ²	\$1,752,100,000 ²	\$833,640,522	\$833,640,522	(\$35,300,000)
Federal education jobs fund program payments	21,242,838 ³	21,242,838 ³			(21,242,838)	(21,242,838)	
Transportation aid payments	48,500,000	48,500,000	53,500,000	53,500,000	5,000,000	5,000,000	
Rapid enrollment grants	5,000,000	5,000,000	17,000,000	13,600,000	8,600,000	8,600,000	(3,400,000)
Special education - Contracts	16,000,000	16,000,000	16,500,000	16,500,000	500,000	500,000	
Mill levy reduction grants	341,790,000 ⁴	331,590,000 ⁴			(341,790,000)	(331,590,000)	
Total - State school aid program	\$1,350,992,316	\$1,340,792,316	\$1,874,400,000	\$1,835,700,000	\$484,707,684	\$494,907,684	(\$38,700,000)
General fund	\$1,223,111,478	\$1,212,911,478	\$1,019,900,162	\$1,695,374,000	\$472,262,522	\$482,462,522	\$675,473,838
Federal funds	21,242,838	21,242,838			(21,242,838)	(21,242,838)	
State tuition fund	101,638,000	101,638,000	140,326,000	140,326,000	38,688,000	38,688,000	
Oil and gas impact grant fund	5,000,000	5,000,000			(5,000,000)	(5,000,000)	
Property tax relief fund			714,173,838				(714,173,838)
Total	\$1,350,992,316	\$1,340,792,316	\$1,874,400,000	\$1,835,700,000	\$484,707,684	\$494,907,684	(\$38,700,000)
Other grants - General fund							
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	3,110,411 ¹	3,110,411 ¹	3,110,411	3,110,411			
LEAD Center	260,000	260,000	260,000	260,000			
Governor's School	460,000	460,000	460,000	460,000			
National writing projects	158,000	158,000	173,000	173,000	\$15,000	\$15,000	
Rural art outreach project	380,000	380,000	415,000	415,000	35,000	35,000	
North Central Council for School Television	485,000	485,000	535,000	535,000	50,000	50,000	
Teacher mentoring program	2,300,000	1,900,000	2,300,000	2,300,000		400,000	
Continuing education grants	100,000	100,000	150,000	150,000	50,000	50,000	
Global Bridges (Atlantik-Brucke) exchange program	105,000	105,000	105,000	150,000	45,000	45,000	\$45,000
North Dakota young entrepreneur education program	120,000	120,000	120,000	120,000			
"We the People" program	22,000	22,000	20,000	20,000	(2,000)	(2,000)	
Teacher and principal evaluation system			400,000				(400,000)
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	815,000	675,000	50,000	50,000	(140,000)
Common core standards			500,000				(500,000)
<i>Governing North Dakota</i> textbook				20,000	20,000	20,000	20,000
Pathfinders Parent Project				131,106	131,106	131,106	131,106
School district safety grants				3,000,000	3,000,000	3,000,000	3,000,000
CPR training grants				450,000	450,000	450,000	450,000
National board certification			120,000	120,000	120,000	120,000	
Total other grants - General fund	\$10,540,411	\$10,140,411	\$11,598,411	\$14,204,517	\$3,664,106	\$4,064,106	\$2,606,106

	2011-13 Legislative Appropriation	2011-13 Estimated Expenditures	2013-15 Executive Budget	2013-15 Legislative Appropriation	2013-15 Appropriation Increase (Decrease) Compared to 2011-13 Appropriation	2013-15 Appropriation Increase (Decrease) Compared to 2011-13 Estimated Expenditures	2013-15 Appropriation Increase (Decrease) Compared to 2013-15 Executive Budget
Other grants - Other funds							
Federal grants	\$293,818,982	\$293,818,982	\$261,706,744	\$261,706,744	(\$32,112,238)	(\$32,112,238)	
National board certification	185,000	185,000			(185,000)	(185,000)	
Displaced homemaker program	250,000	250,000	225,000	225,000	(25,000)	(25,000)	
Total other grants - Other funds	\$294,253,982	\$294,253,982	\$261,931,744	\$261,931,744	(\$32,322,238)	(\$32,322,238)	
Total state school aid and other grants - All funds	\$1,655,786,709	\$1,645,186,709	\$2,147,930,155	\$2,111,836,261	\$456,049,552	\$466,649,552	(\$36,093,894)
Agency administration							
Administration (salaries, operating, equipment) - General fund	\$10,328,762	\$10,328,762	\$11,811,289	\$11,284,808	\$956,046	\$956,046	(\$526,481)
Administration (funding pool for initiatives) - General fund				2,750,000	2,750,000	2,750,000	2,750,000
Administration (salaries, operating, equipment) - Other funds	34,068,603 ³	34,068,603 ³	34,979,851	34,739,015	670,412	670,412	(240,836)
Total agency administration - All funds	\$44,397,365	\$44,397,365	\$46,791,140	\$48,773,823	\$4,376,458	\$4,376,458	\$1,982,683
Total Department of Public Instruction - All funds	\$1,700,184,074	\$1,689,584,074	\$2,194,721,295	\$2,160,610,084	\$460,426,010	\$471,026,010	(\$34,111,211)
General fund	\$1,243,980,651	\$1,233,380,651	\$1,043,309,862	\$1,723,613,325	\$479,632,674	\$490,232,674	\$680,303,463
Other funds	456,203,423	456,203,423	1,151,411,433	436,996,759	(19,206,664)	(19,206,664)	(714,414,674)
Total	\$1,700,184,074	\$1,689,584,074	\$2,194,721,295	\$2,160,610,084	\$460,426,010	\$471,026,010	(\$34,111,211)
FTE	99.75	99.75	99.75	99.75			

¹ State school aid - The amounts reported for state school aid include the base per student formula payments, special education average daily membership, alternative high school average daily membership, full-day kindergarten, gifted and talented payments, payments to regional education associations, and property tax relief.

The Department of Public Instruction anticipated the 2009-11 biennium funding for state school aid would exceed the per student state school aid obligation by approximately \$8 million and the funding for transportation aid payments would exceed obligations by approximately \$1.9 million. The Legislative Assembly provided in 2009 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 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 were to be distributed according to House Bill No. 1400. For the 2009-11 biennium, state school aid funding exceeded the per student state school aid obligation by \$9.9 million. In addition, special education contract funding exceeded obligations by \$1.8 million for a total of \$11.7 million. The department continued \$8.5 million of the excess per student state school aid to the 2011-13 biennium for state school aid (\$8 million) and for adult education learning center grants (\$500,000). The balance remaining of \$3.2 million was distributed to school districts according to the provisions of 2009 House Bill No. 1400. For the 2009-11 biennium, funding for transportation aid payments exceeded obligations by \$1,553,093. The department continued \$1 million of the excess transportation aid payments to the 2011-13 biennium for state school aid. The balance remaining of \$553,093 was distributed to school districts according to the provisions of House Bill No. 1400.

² The Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. In addition to state school aid, the integrated formula payment includes property tax relief totaling \$656.5 million, an increase of \$314.7 million from the \$341.8 million provided for mill levy reduction grants during the 2011-13 biennium. The state school aid component of the integrated formula payments, excluding the property tax relief component, totals \$1.096 billion, an increase of \$177.2 million from the 2011-13 biennium.

³ 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--was anticipated to total \$21,517,716, of which \$21,242,838 is to be distributed to school districts through the state's funding formula and \$274,878 was available to the Department of Public Instruction for administration of the program. The funding was 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 Legislative Assembly in 2011 approved an emergency clause to allow funds to begin to be distributed during the 2010-11 school year. The Department of Public Instruction received Emergency Commission approval in September and December of 2011 to increase federal funds spending authority by \$316,875 and \$910, respectively, from the United States Department of Education for education jobs fund payments to provide a total of \$21,835,501 in federal education jobs fund program payments.

⁴ The Legislative Assembly in 2011 appropriated \$341.8 million 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 fund for continuing property tax relief in the 2013-15 biennium. The Legislative Assembly provided for a transfer from the property tax relief fund to the general fund during the 2013-15 biennium and provided funding for property tax relief from the general fund in state school aid integrated formula payments.

**STATE SCHOOL AID PER STUDENT PAYMENTS/INTEGRATED PER STUDENT PAYMENT RATES
AND WEIGHTED STUDENT UNITS FOR THE 2011-13 AND 2013-15 BIENNIUMS**

	2011-13 Legislative Appropriation	2011-13 Actual	2013-15 Executive Budget	2013-15 Legislative Appropriation
First-year per student payments/integrated per student payment rates	\$3,910	\$3,910	\$8,810 ²	\$8,810 ²
Second-year per student payments/integrated per student payment rates	\$3,980	\$3,980 ¹	\$9,092 ²	\$9,092 ²
Weighted student units				
First year	111,035	108,221	116,715 ³	116,715 ³
Second year	112,467	113,064 ¹	119,517 ³	119,517 ³

¹Estimated.

²The 2013-15 executive recommendation included and the Legislative Assembly approved a change in the kindergarten through grade 12 state school aid funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. Integrated formula payments provide both adequacy-based funding for kindergarten through grade 12 education and property tax relief.

³The anticipated increase in weighted student units for the 2013-15 biennium is the result of expected increases in student enrollment.

SECTION F - HIGHER EDUCATION

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HIGHER EDUCATION - OVERVIEW

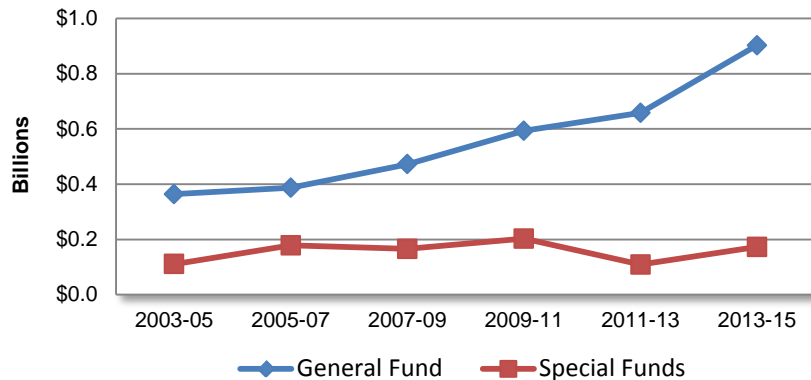
The Legislative Assembly in 2013 made the following higher education funding changes compared to 2011-13 legislative appropriations for higher education:

- Increased **general fund** support by \$244,791,376 as follows:

	2011-13 Legislative Appropriations	2013-15 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$606,525,437	\$679,271,846	\$72,746,409	12.0%
One-time general fund appropriations	51,313,102	223,358,069	172,044,967	335.3%
Total	\$657,838,539	\$902,629,915	\$244,791,376	37.2%

- Increased support from **special funds** by \$63,663,182, or 58.5 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 2,303.74 to 2,304.74 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	\$657,838,539	\$108,817,759	\$766,656,298
2013-15	\$902,629,915	\$172,480,941	\$1,075,110,856

Major items include:

- Funding of \$16,526,024 from the general fund for **campus equalization payments** based on a new student credit-hour funding formula included in Senate Bill No. 2200. The formula provides equalization payments to campuses based on a student credit-hour funding level.
- Funding of \$39,475,866 is provided to institutions for an **inflation adjustment** of 5 percent during each year of the 2013-15 biennium. The funding is for cost-to-continue items, operating inflation, salary increases, health insurance increases, and retirement contribution increases.
- Funding of \$223,358,069 is provided for **one-time general fund appropriations**, including:

Major capital projects and capital projects contingency pool	\$161,174,763
Higher education challenge fund	29,000,000
Deferred maintenance pool	10,000,000
University of North Dakota School of Medicine and Health Sciences - Startup costs related to the continued implementation of the health care workforce initiative plan	7,414,806
Performance funding pool	5,000,000
Minot State University flood recovery funding	2,500,000
Campus master planning	1,000,000
Dickinson State University Theodore Roosevelt Center operations and facility	6,800,000
Campus deferred maintenance and software projects	468,500
Total	\$223,358,069

- Funding of \$21,245,679 from the general fund for the **student financial assistance grant program**. This represents an increase of \$1,871,657 from the 2011-13 biennium appropriation of \$19,374,022. The increased funding is to expand the program to provide assistance to part-time students and to increase the maximum grant level award to \$1,650 per year.
- One-time funding of \$29 million from the general fund to establish a **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. For every two private dollars donated to an institution, a match of one dollar would be provided from the fund.
- One-time funding of \$5 million from the general fund for a **performance funding pool** to provide funds to University System institutions that meet performance criteria established by the State Board of Higher Education.

7. Funding of \$4,275,015, of which \$3,809,708 is from the general fund and \$465,307 is from other funds, for the **professional student exchange program**. This level of funding represents a total funds increase of \$953,577 from the 2011-13 legislative appropriation of \$3,321,438. The increased funding is to continue the same number of students in the program and provide assistance to dental students enrolled in summer school.
8. Funding of \$649,267 from the general fund for the **Native American scholarship program**. This level of funding represents an increase of \$75,000 from the 2011-13 legislative appropriation of \$574,267. The increased funding is for an additional 15 graduate students each year.
10. A **system information technology services pool** of \$38,662,551, of which \$38,123,114 is from the general fund and \$539,437 is from special funds, is provided for support of the ConnectND system; Higher Education Computer Network; Advanced Learning Technologies, including the Interactive Video Network; the On-line Dakota Information Network; and other related technology initiatives. This level of funding represents an increase of \$2,655,884 from the 2011-13 biennium appropriation of \$36,006,667. Of the \$2,655,884, \$536,534 is to continue fiscal year 2012 salary and retirement contribution increases, \$819,859 is for operating inflation, and

\$1,299,491 is for salary, health insurance, and retirement contribution increases in the 2013-15 biennium.

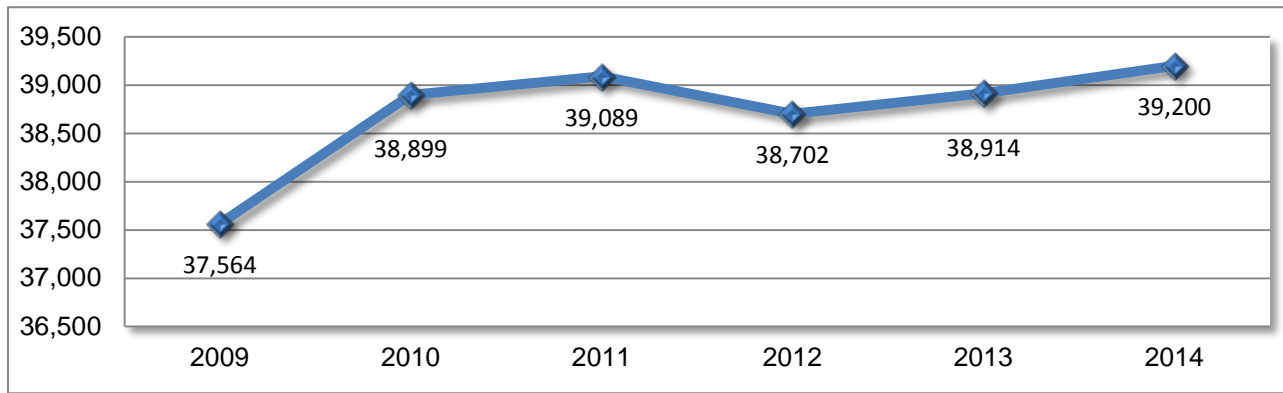
11. Funding of \$361,801,593 is provided for **capital assets**, including:

	General Fund	Special Funds	Total
Major capital projects	\$155,691,350	\$168,531,029 ^{1,2}	\$324,222,379
Capital projects contingency pool	5,483,413		5,483,413
Capital construction lease payments	10,436,045		10,436,045
Base campus extraordinary repairs and capital payments	11,163,508		11,163,508
Systemwide deferred maintenance pool	10,000,000		10,000,000
Campus deferred maintenance projects	440,000		440,000
Forest Service equipment over \$5,000	56,248		56,248
Total	\$193,270,564	\$168,531,029	\$361,801,593

¹Includes authority to issue \$56,487,262 of revenue bonds.
²Does not include \$62 million of loan authority provided for Phase 2 of the University of North Dakota School of Medicine and Health Sciences facility project.

Please refer to the schedules under the **CAPITAL CONSTRUCTION** section for additional information regarding capital improvements.

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS¹



Institution	Actual Enrollments				Projected Enrollments	
	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
Bismarck State College	3,160	3,208	3,209	2,990	3,050	3,111
Dakota College at Bottineau	490	540	524	474	504	530
Dickinson State University	2,187	2,054 ²	1,959	1,454	1,599	1,759
Lake Region State College	868	921	988	973	987	997
Mayville State University	662	704	704	759	751	736
Minot State University	2,832	3,002	2,795	2,731	2,703	2,703
North Dakota State University	12,577	12,708	12,606	12,707	12,707	12,707
North Dakota State College of Science	2,076	2,217	2,366	2,354	2,354	2,354
University of North Dakota	11,306	12,018	12,319	12,728	12,702	12,702
Valley City State University	833	957	1,011	995	1,027	1,060
Williston State College	573	570	608	537	530	541
Total	37,564	38,899	39,089	38,702	38,914	39,200

¹State Board of Higher Education policy provides that an FTE undergraduate student is equal to 15 undergraduate student credit-hours completed per semester. The policy also provides that a graduate FTE student is equal to 12 graduate-level student credit-hours completed per semester and a professional student is counted as one FTE student. The information presented in this schedule for the fall 2009 through fall 2012 semesters was provided by the North Dakota University System office. The estimates for the fall 2013 and fall 2014 semesters were provided by representatives of University System institutions.

²Reflects revised enrollment.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2009-10 through 2013-14. The Legislative Assembly in 2001 removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. Senate Bill No. 2003 (2013) continues this authority through June 30, 2015. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2009-10 ¹	2010-11 ¹	2011-12	2012-13	2013-14 (Estimated) ¹⁷
Bismarck State College ²					
Undergraduate					
Resident	\$3,364 0.0%	\$3,364 0.0%	\$3,364 0.0%	\$3,364 0.0%	\$3,431 2.0%
Minnesota resident ³	\$4,188 2.8%	\$4,382 4.6%	\$4,627 5.6%	\$4,793 3.6%	\$4,889 2.0%
Contiguous state/province ⁴	\$4,205 0.0%	\$4,205 0.0%	\$4,205 0.0%	\$4,205 0.0%	\$4,289 2.0%
Other nonresident	\$8,982 0.0%	\$8,982 0.0%	\$8,982 0.0%	\$8,982 0.0%	\$9,162 2.0%
Dakota College at Bottineau					
Undergraduate					
Resident	\$3,120 0.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,223 3.3%
Minnesota resident ³	\$4,188 2.8%	\$4,382 4.6%	\$4,627 5.6%	\$4,793 3.6%	\$4,951 3.3%
South Dakota and Montana residents	\$3,901 0.0%	\$3,901 0.0%	\$3,901 0.0%	\$3,901 0.0%	\$4,030 3.3%
All Canadian provinces ⁵	\$3,120 0.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,223 3.3%
Other nonresident	\$4,680 0.0%	\$4,680 0.0%	\$4,680 0.0%	\$4,680 0.0%	\$4,834 3.3%
Dickinson State University					
Undergraduate					
Resident	\$4,160 3.5%	\$4,306 3.5%	\$4,414 2.5%	\$4,524 2.5%	\$4,704 3.97%
Minnesota resident ³	\$4,350 3.6%	\$4,578 5.2%	\$4,797 4.8%	\$5,027 4.8%	\$5,227 3.97%
Contiguous state/province ⁴	\$5,200 3.5%	\$5,382 3.5%	\$5,517 2.5%	\$5,655 2.5%	\$5,880 3.97%
Other nonresident ⁶	\$11,106 3.5%	\$11,496 3.5%	\$11,784 2.5%	\$6,786 (42.4%)	\$7,055 3.97%
Lake Region State College ⁷					
Undergraduate					
Resident	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,130 2.13%
Minnesota resident ³	\$3,065 (24.8%)	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,130 2.13%

Institution	2009-10 ¹	2010-11 ¹	2011-12	2012-13	2013-14 (Estimated) ¹⁷
Contiguous state/province ⁴	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,130 2.13%
Other nonresident	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,130 2.13%
International students	\$7,662 0.0%	\$7,662 0.0%	\$7,662 0.0%	\$7,662 0.0%	\$7,825 2.13%
Mayville State University Undergraduate Resident	\$4,124 3.5%	\$4,268 3.5%	\$4,375 2.5%	\$4,484 2.5%	\$4,644 3.57%
Minnesota resident ³	\$4,314 3.7%	\$4,537 5.2%	\$4,707 3.7%	\$4,983 5.9%	\$5,161 3.57%
Contiguous state/province ⁴	\$5,156 3.5%	\$5,335 3.5%	\$5,468 2.5%	\$5,605 2.5%	\$5,805 3.57%
All Canadian provinces except Saskatchewan and Manitoba	\$6,180 3.4%	\$6,403 3.6%	\$6,562 2.5%	\$6,727 2.5%	\$6,967 3.57%
Other nonresident	\$6,180 3.4%	\$6,403 3.6%	\$6,562 2.5%	\$6,727 2.5%	\$6,967 3.57%
International students	\$11,012 3.5%	\$11,396 3.5%	\$11,680 2.5%	\$11,973 2.5%	\$12,400 3.57%
Minot State University ⁸ Undergraduate Resident	\$4,325 3.5%	\$4,476 3.5%	\$4,588 2.5%	\$4,703 2.5%	\$4,821 2.5%
Minnesota resident ³	\$4,325 (0.9%)	\$4,476 3.5%	\$4,588 2.5%	\$4,703 2.5%	\$4,821 2.5%
Contiguous state/province ⁴	\$4,325 (17.2%)	\$4,476 3.5%	\$4,588 2.5%	\$4,703 2.5%	\$4,821 2.5%
Other nonresident	\$4,325 (61.2%)	\$4,476 3.5%	\$4,588 2.5%	\$4,703 2.5%	\$4,821 2.5%
Graduate Resident	\$5,720 3.5%	\$5,920 3.5%	\$6,068 2.5%	\$6,220 2.5%	\$6,376 2.5%
Minnesota resident ³	\$5,720 (15.2%)	\$5,920 3.5%	\$6,068 2.5%	\$6,220 2.5%	\$6,376 2.5%
Contiguous state/province ⁴	\$5,720 (31.0%)	\$5,920 3.5%	\$6,068 2.5%	\$6,220 2.5%	\$6,376 2.5%
Other nonresident	\$5,720 (61.2%)	\$5,920 3.5%	\$6,068 2.5%	\$6,220 2.5%	\$6,376 2.5%
North Dakota State University Undergraduate (basic rate) ⁹ Resident	\$5,448 3.5%	\$5,639 3.5%	\$6,135 8.8%	\$6,135 0.0%	\$6,336 3.28%
Minnesota resident ³	\$5,706 3.7%	\$6,002 5.2%	\$6,417 6.9%	\$6,708 4.5%	\$6,928 3.28%

Institution	2009-10 ¹	2010-11 ¹	2011-12	2012-13	2013-14 (Estimated) ¹⁷
Contiguous state/province ⁴	\$8,172 3.5%	\$8,458 3.5%	\$9,203 8.8%	\$9,203 0.0%	\$9,505 3.28%
Other nonresident	\$14,547 3.5%	\$15,055 3.5%	\$16,381 8.8%	\$16,381 0.0%	\$16,918 3.28%
Graduate (basic rate) ⁹					
Resident	\$5,843 3.5%	\$6,048 3.5%	\$6,580 8.8%	\$6,580 0.0%	\$6,796 3.28%
Minnesota resident ³	\$7,073 4.9%	\$7,415 4.8%	\$7,795 5.1%	\$8,153 4.6%	\$8,420 3.28%
Contiguous state/province ⁴	\$8,764 3.5%	\$9,071 3.5%	\$9,870 8.8%	\$9,870 0.0%	\$10,194 3.28%
Other nonresident	\$15,600 3.5%	\$16,147 3.5%	\$17,569 8.8%	\$17,569 0.0%	\$18,145 3.28%
North Dakota State College of Science ^{10,11}					
Undergraduate					
Resident	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,478 3.28%
Minnesota resident ³	\$4,187 2.7%	\$4,382 4.7%	\$4,629 5.6%	\$4,793 3.5%	\$4,950 3.28%
Contiguous state/province ⁴	\$4,209 0.0%	\$4,209 0.0%	\$4,209 0.0%	\$4,209 0.0%	\$4,347 3.28%
Other nonresident	\$8,991 0.0%	\$8,991 0.0%	\$8,991 0.0%	\$8,991 0.0%	\$9,286 3.28%
Business and industry partnership program ¹²					
Resident	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,478 3.28%
Minnesota resident ³	\$4,187 2.7%	\$4,382 4.7%	\$4,629 5.6%	\$4,793 3.5%	\$4,950 3.28%
Contiguous state/province ⁴	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,478 3.28%
Other nonresident	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,478 3.28%
University of North Dakota					
Undergraduate					
Resident	\$5,461 3.5%	\$5,652 3.5%	\$5,793 2.5%	\$5,938 2.5%	\$6,159 3.72%
Minnesota resident ³	\$5,706 3.7%	\$6,002 5.2%	\$6,417 6.9%	\$6,708 4.5%	\$6,958 3.72%
Contiguous state/province ⁴	\$8,191 3.5%	\$8,478 3.5%	\$8,690 2.5%	\$8,907 2.5%	\$9,238 3.72%
Other nonresident	\$14,580 3.5%	\$15,091 3.5%	\$15,468 2.5%	\$15,854 2.5%	\$16,444 3.72%

Institution	2009-10 ¹	2010-11 ¹	2011-12	2012-13	2013-14 (Estimated) ¹⁷
Graduate					
Resident	\$5,874 3.5%	\$6,080 3.5%	\$6,232 2.5%	\$6,388 2.5%	\$6,626 3.72%
Minnesota resident ³	\$7,073 4.9%	\$7,415 4.8%	\$7,795 5.1%	\$8,153 4.6%	\$8,456 3.72%
Contiguous state/province ⁴	\$8,810 3.5%	\$9,119 3.5%	\$9,348 2.5%	\$9,582 2.5%	\$9,938 3.72%
Other nonresident	\$15,683 3.5%	\$16,233 3.5%	\$16,639 2.5%	\$17,055 2.5%	\$17,689 3.72%
School of Law ¹³					
Resident	\$6,596 3.5%	\$6,826 3.5%	\$6,997 2.5%	\$7,172 2.5%	\$7,439 3.72%
Minnesota resident ³	\$9,893 3.5%	\$10,240 3.5%	\$10,495 2.5%	\$10,758 2.5%	\$11,158 3.72%
Contiguous state/province ⁴	\$9,893 3.5%	\$10,240 3.5%	\$10,495 2.5%	\$10,758 2.5%	\$11,158 3.72%
Other nonresident	\$17,610 3.5%	\$18,227 3.5%	\$18,682 2.5%	\$19,149 2.5%	\$19,861 3.72%
School of Medicine and Health Sciences					
Resident	\$23,303 3.5%	\$24,119 3.5%	\$24,722 2.5%	\$25,340 2.5%	\$26,283 3.72%
Minnesota resident ³	\$25,634 3.5%	\$26,532 3.5%	\$27,194 2.5%	\$27,874 2.5%	\$28,911 3.72%
Other nonresident	\$43,134 3.5%	\$44,644 3.5%	\$45,760 2.5%	\$46,904 2.5%	\$48,649 3.72%
Physical therapy ¹⁴					
Resident	\$10,770 3.5%	\$11,147 3.5%	\$11,426 2.5%	\$11,712 2.5%	\$12,148 3.72%
Minnesota resident ³	\$10,770 3.5%	\$11,147 3.5%	\$11,426 2.5%	\$11,712 2.5%	\$12,148 3.72%
Contiguous state/province ⁴	\$14,901 3.5%	\$15,423 3.5%	\$15,809 2.5%	\$16,204 2.5%	\$16,807 3.72%
Other nonresident	\$14,901 3.5%	\$15,423 3.5%	\$15,809 2.5%	\$16,204 2.5%	\$16,807 3.72%
Valley City State University ¹⁵					
Undergraduate					
Resident	\$4,283 3.5%	\$4,433 3.5%	\$4,544 2.5%	\$4,657 2.5%	\$4,839 3.9%
Minnesota resident ³	\$4,480 3.7%	\$4,712 5.2%	\$4,889 3.8%	\$5,175 5.8%	\$5,377 3.9%
Contiguous state/province ⁴	\$5,354 3.5%	\$5,541 3.5%	\$5,680 2.5%	\$5,822 2.5%	\$6,049 3.9%
Other nonresident	\$11,435 3.5%	\$11,835 3.5%	\$12,131 2.5%	\$12,434 2.5%	\$12,919 3.9%

Institution	2009-10 ¹	2010-11 ¹	2011-12	2012-13	2013-14 (Estimated) ¹⁷
Graduate					
Resident	\$5,698 3.5%	\$5,897 3.5%	\$6,044 2.5%	\$6,195 2.5%	\$6,437 3.9%
Minnesota resident ³	\$6,981 3.5%	\$5,897 (15.5%)	\$6,044 2.5%	\$6,195 2.5%	\$6,437 3.9%
Contiguous state/province ⁴	\$7,122 3.5%	\$5,897 (17.2%)	\$6,044 2.5%	\$6,195 2.5%	\$6,437 3.9%
Other nonresident	\$15,212 3.5%	\$5,897 (61.2%)	\$6,044 2.5%	\$6,195 2.5%	\$6,437 3.9%
Williston State College ¹⁶					
Undergraduate					
Resident	\$2,618 0.0%	\$2,618 0.0%	\$2,819 7.7%	\$3,020 7.1%	\$3,020 0.0%
Minnesota resident ³	\$2,618 (25.9%)	\$2,618 0.0%	\$2,819 7.7%	\$3,020 7.1%	\$3,020 0.0%
Contiguous state/province ⁴	\$2,618 0.0%	\$2,618 0.0%	\$2,819 7.7%	\$3,020 7.1%	\$3,020 0.0%
Other nonresident	\$2,618 (33.3%)	\$2,618 0.0%	\$2,819 7.7%	\$3,020 7.1%	\$3,020 0.0%
International	\$2,618 (33.3%)	\$2,618 0.0%	\$3,808 45.5%	\$4,080 7.1%	\$4,080 0.0%

¹The Legislative Assembly in 2009 Senate Bill No. 2003 limited annual tuition rate increases to 4 percent or less during the 2009-11 biennium unless Budget Section approval was received. No institution requested Budget Section approval for an annual tuition rate increase of greater than 4 percent.

²Bismarck State College implemented a per credit tuition model beginning in the 2000-01 academic year. The tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time student.

³Under the current North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate. Beginning with the 2006-07 academic year, the University of North Dakota School of Law and School of Medicine and Health Sciences are removed from the reciprocity agreement. The university is allowed to establish its own tuition rates for Minnesota residents for these programs. 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.

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

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

⁶Beginning with the 2012-13 academic year, the nonresident tuition rate at Dickinson State University is 150 percent of the resident tuition rate rather than 267 percent.

⁷Beginning with the 2009-10 academic year, Lake Region State College charges resident tuition rates to all students except international students.

⁸Beginning with the 2009-10 academic year, Minot State University charges resident tuition rates to all students.

⁹Beginning with the 2012-13 academic year, North Dakota State University charges a differentiated tuition rate for certain programs that combines tuition and program fees. The amounts shown reflect the basic undergraduate and graduate tuition rates.

¹⁰Beginning with the 2002-03 academic year, North Dakota 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:

	2009-10	2010-11	2011-12	2012-13	2013-14 (Estimated)
Undergraduate					
Contiguous state/province	\$3,368	\$3,368	\$3,368	\$3,368	\$3,478
Other nonresidents	\$3,368	\$3,368	\$3,368	\$3,368	\$3,478

¹¹North Dakota State College of Science implemented a per credit tuition model beginning in the 2004-05 academic year. 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.

¹²Beginning with the 2001-02 academic year, North Dakota 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.

¹³The 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 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.

¹⁴Physical 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.

¹⁵Valley City State University implemented a per credit tuition model beginning in the 2005-06 academic year. 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.

¹⁶Williston State College implemented a per credit tuition model beginning in the 2002-03 academic year. From the 2002-03 through the 2010-11 academic year, the institution charged a per credit (part-time) tuition rate for all credit-hours except for the 14th, 15th, and 16th credits, which are at no charge. Beginning with the 2011-12 academic year, the institution charges students for all credits taken except the 15th and 16th credits. Beginning with the 2012-13 academic year, the institution charges students for all credits taken except the 16th credit. 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 except for international students. International students were charged the resident tuition rate during the 2009-10 and 2010-11 academic years and began to be charged an international student tuition rate beginning with the 2011-12 academic year.

¹⁷For the 2013-14 academic year, the State Board of Higher Education set a maximum tuition rate increase for each North Dakota University System institution and authorized each institution president to determine the final tuition rate increase within the maximum amount. The amounts shown are based on campus estimates provided to the Legislative Council office in June 2013, and the same increase has been applied to each tuition category. The tuition rate increase for Minnesota students will be based on the North Dakota/Minnesota tuition reciprocity agreement.

**North Dakota University System Office
Budget No. 215
Senate Bill No. 2003, House Bill No. 1289**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	107.31	\$156,161,976	\$2,299,912	\$158,461,888
2013-15 legislative appropriations	112.91	162,045,136	2,299,912	164,345,048
Legislative increase (decrease) to executive budget	5.60	\$5,883,160	\$0	\$5,883,160
Legislative increase (decrease) to 2011-13 appropriations	12.60	\$60,805,891	(\$454,806)	\$60,351,085

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$101,239,245	\$0	\$101,239,245
2013-15 legislative appropriations	111,561,723	50,483,413	162,045,136
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$10,322,478	\$50,483,413	\$60,805,891
Percentage increase (decrease) to 2011-13 appropriations	10.2%	N/A	60.1%
2013-15 legislative increase (decrease) to executive budget	(\$2,100,253)	\$7,983,413	\$5,883,160
Percentage increase (decrease) to executive budget	(1.8%)	18.8%	3.8%

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

Salaries and Wages

The final legislative appropriations for the North Dakota University System office include funding for salary increases of 4 percent for the first year of the biennium and 3 percent for the second year of the biennium, funding for health insurance increases, and funding to provide for 1 percent employee and employer retirement contributions during the first year of the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding added in the executive budget for University System office FTE positions.	(7.00)	(\$3,056,020)		(\$3,056,020)
Added funding for system governance with specific uses of funds to be determined by the State Board of Higher Education.		2,000,000		2,000,000
Added funding for a systemwide performance funding pool.		5,000,000		5,000,000

Removed funding included in the executive budget for a new program startup pool.		(1,500,000)		(1,500,000)
Reduced funding added in the executive budget for the academic and career and technical education scholarship program.		(3,700,000)		(3,700,000)
Reduced funding added in the executive budget for an education challenge fund from \$30 million to \$29 million.		(1,000,000)		(1,000,000)
Added funding for the professional student exchange program.		171,968		171,968
Transferred funding provided for professional liability insurance to the University of North Dakota (UND) School of Medicine and Health Sciences.		(800,000)		(800,000)
Added funding for a capital projects contingency pool.		5,483,413		5,483,413
Adjusted funding for the employee compensation package for the University System office employees to provide for salary increases of 4 percent for the first year of the biennium and 3 percent for the second year of the biennium and to provide for 1 percent employee and employer retirement contributions during the first year of the biennium only.		(167,267)		(167,267)
Transferred internal audit and legal staff positions from UND and North Dakota State University (NDSU) to the University System Office.	12.60	3,126,066		3,126,066
Added funding to provide assistance to eligible veterans enrolled at or in the process of enrolling at higher education institutions (House Bill No. 1289).		325,000		325,000
Total	<u>5.60</u>	<u>\$5,883,160</u>	<u>\$0</u>	<u>\$5,883,160</u>

FTE Changes

The Legislative Assembly included funding for 112.91 FTE positions, 12.6 more than the 2011-13 biennium. The Legislative Assembly removed 7 new FTE positions added in the executive budget for the University System office and transferred 12.6 FTE legal and internal audit positions from UND and NDSU to the University System office. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for entities under the control of the State Board of Higher Education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$217,358,169 of funding from the general fund as one-time funding for the University System. The Legislative Assembly also identified \$6 million of funding appropriated to Dickinson State University in Section 4 of Senate Bill No. 2018 as one-time funding. These amounts are not to be considered part of the University System's base budget for the 2015-17 biennium, and the University System is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding. The table below summarizes one-time funding provided to the University System from the general fund for the 2013-15 biennium.

Major capital projects and capital projects contingency pool	\$161,174,763
Higher education challenge fund	29,000,000
Deferred maintenance pool	10,000,000
UND School of Medicine and Health Sciences - Startup costs related to the continued implementation of the health care workforce initiative plan	7,414,806
Performance funding pool	5,000,000
Minot State University flood recovery funding	2,500,000
Campus master planning	1,000,000
Campus deferred maintenance and software projects	468,500
Dickinson State University Theodore Roosevelt Center operations	800,000
Dickinson State University - Grant for Theodore Roosevelt Presidential Library ¹	6,000,000
Total	\$223,358,069

¹Senate Bill No. 2003 also includes a contingent general fund appropriation of an additional \$6 million to Dickinson State University for a grant to construct the Theodore Roosevelt Presidential Library.

Competitive Research

The Legislative Assembly provided \$7,050,000 from the general fund for competitive research, the same amount as provided for the 2011-13 biennium. The following is a summary of funding for the competitive research program:

Biennium	General Fund
1995-97	\$1,980,000
1997-99	\$1,980,000
1999-2001	\$1,971,000
2001-03	\$4,000,000
2003-05	\$4,750,000 ¹
2005-07	\$5,190,000
2007-09	\$5,650,000
2009-11	\$7,050,000 ²
2011-13	\$7,050,000
2013-15	\$7,050,000

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

²The Legislative Assembly in 2009 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 \$12,666,502, of which \$10,344,632 is from the general fund and \$288,696 is from special funds, for system governance. The table below details funding for system governance provided for the 2011-13 biennium, funding included in the 2013-15 executive recommendation, and 2013-15 biennium appropriations.

	2011-13 Biennium Legislative Appropriation	2013-15 Biennium Executive Recommendation	2013-15 Biennium Legislative Appropriation
General fund	\$6,588,576	\$10,344,632	\$12,377,806
Special funds	288,696	288,696	288,696
Total	\$6,877,272	\$10,633,328	\$12,666,502

System Information Technology Services

The Legislative Assembly provided \$38,662,551, of which \$38,123,114 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 \$2,655,884 for employee compensation and benefit increases. The table below summarizes funding provided for system information technology services.

	2011-13 Biennium Legislative Appropriation	2013-15 Biennium Executive Recommendation	2013-15 Biennium Legislative Appropriation	2013-15 Biennium Legislative Appropriation Increase (Decrease) From 2013-15 Executive Recommendation	2013-15 Biennium Legislative Appropriation Increase (Decrease) From 2011-13 Biennium Legislative Appropriation
General fund	\$35,467,230	\$38,253,509	\$38,123,114	(\$130,395)	\$2,655,884
Student loan trust fund	539,437	539,437	539,437		
Total	\$36,006,667	\$38,792,946	\$38,662,551	(\$130,395)	\$2,655,884

Student Financial Assistance Grants

The Legislative Assembly provided \$21,245,679 from the general fund for student financial assistance grants. This represents an increase of \$1,871,657 from the 2011-13 biennium appropriation of \$19,374,022. The increased funding will be used to expand the program to provide assistance to part-time students and to increase the maximum grant level award from \$1,500 to \$1,650 per year. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. The following is a summary of funding for student financial assistance grants:

Biennium	General Fund	Federal Funds	Other Funds	Total Funds
1995-97	\$2,032,478	\$400,000	\$1,350,000	\$3,782,478
1997-99	\$1,495,000	\$410,986	\$2,574,400	\$4,480,386
1999-2001	\$1,735,881	\$140,000	\$2,574,400	\$4,450,281
2001-03	\$2,670,881	\$214,000	\$1,338,150	\$4,223,031
2003-05	\$2,730,215	\$200,000	\$0	\$2,930,215
2005-07	\$3,332,402	\$172,000	\$0	\$3,504,402
2007-09	\$5,823,497	\$164,000	\$0	\$5,987,497
2009-11	\$19,025,594	\$348,428	\$0	\$19,374,022
2011-13	\$19,025,594	\$348,428	\$0	\$19,374,022
2013-15	\$21,245,679	\$0	\$0	\$21,245,679

Professional Student Exchange Program

The Legislative Assembly provided \$4,275,015, of which \$3,809,708 is from the general fund and \$465,307 is from the student loan trust fund, for the professional student exchange program. The increased funding of \$953,577 will be used to continue the current number of students in the program (\$781,609) and to expand the program to provide assistance to dental students enrolled in summer school courses (\$171,968). The following is a summary of funding for the professional student exchange program:

Biennium	General Fund	Student Loan Trust Fund	Total Funds
1995-97	\$1,326,756		\$1,326,756
1997-99	\$1,389,801		\$1,389,801
1999-2001	\$1,310,716		\$1,310,716
2001-03	\$1,560,716		\$1,560,716
2003-05	\$1,678,300		\$1,678,300
2005-07	\$1,864,780	\$262,500	\$2,127,280
2007-09	\$2,199,566	\$523,380	\$2,722,946
2009-11	\$2,346,130	\$990,970	\$3,337,100
2011-13	\$2,856,131	\$465,307	\$3,321,438
2013-15	\$3,809,708	\$465,307	\$4,275,015

Scholars Program

The Legislative Assembly provided \$2,113,584 from the general fund for the scholars program, the same amount as provided during the 2011-13 biennium. 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
2013-15	\$2,113,584		\$2,113,584

Native American Scholarship Program

The Legislative Assembly provided \$649,267 from the general fund for Native American scholarships, an increase of \$75,000 from 2011-13 biennium appropriations. The increased funding will be used to provide scholarships to an additional 15 graduate students each 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
2013-15	\$649,267

Education Incentive Programs

The Legislative Assembly provided \$3,349,000 from the general fund for education incentive programs, an increase of \$172,656 from the 2011-13 biennium. The increased funding will be used to continue the same number of students in the education incentive programs. Section 21 of Senate Bill No. 2003 provides the funding may be allocated for education incentive programs as determined by the State Board of Higher Education. The board may determine the program eligibility for education incentive programs and may reduce or eliminate specific programs.

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, the same as the 2011-13 biennium. The Legislative Assembly removed additional funding of \$3.7 million included in the executive recommendation to increase the scholarship award level from \$1,500 to \$2,500 per year.

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:

Career and Technical Education Scholarship	Academic Scholarship
Complete four units of English language arts	Complete four units of English language arts
Complete three units of mathematics, including one unit of Algebra II and two units of other mathematics	Complete one unit of Algebra II and one unit of mathematics for which Algebra II is a prerequisite
Complete three units of science	Complete three units of science
Complete three units of social studies	Complete three units of social studies
Complete one unit of physical education or one-half unit of physical education and one-half unit of health	Complete one unit of physical education or one-half unit of physical education and one-half unit of health
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, the same Native American language, sign language, or career and technical education from a coordinated study plan approved by the Superintendent of Public Instruction
Complete one unit selected from foreign language, Native American language, American sign language, fine arts, or career and technical education	Complete one unit selected from foreign language, Native American language, American 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 any five additional units
Obtain a cumulative grade point average of 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 of 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 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
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
	Fulfill one unit required for the scholarship through an advanced placement course or fulfill one-half unit required for the scholarship through a dual-credit course

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 Construction Lease Payments

The Legislative Assembly provided \$10,436,045 from the general fund for University System capital construction lease payments. The following is a summary of the 2013-15 biennium legislative appropriation compared to the 2011-13 biennium legislative appropriation:

	2011-13 Biennium Legislative Appropriation	2013-15 Biennium Legislative Appropriation	Increase (Decrease) From 2009-11 Biennium
Capital construction lease payments - General fund	\$11,787,519	\$10,436,045	(\$1,351,474)
Capital construction lease payments - Special funds	417,250	0	(417,250)
Total	\$12,204,769	\$10,436,045	(\$1,768,724)

Capital Improvements

The following schedule presents the higher education capital improvement funding contained in the 2013-15 executive recommendation and the appropriations approved by the Legislative Assembly for the 2013-15 biennium:

Entity/Project	2013-15 Executive Recommendation		2013-15 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
University System office				
Deferred maintenance pool	\$10,000,000		\$10,000,000	
Capital projects contingency pool			5,483,413	
Total	\$10,000,000		\$15,483,413	
Bismarck State College				
Communications and Fine Arts Center	\$13,300,000		\$12,635,000	\$6,665,000
Special assessment payments	210,000		210,000	
Extraordinary repairs	207,673		207,673	
Total	\$13,717,673		\$13,052,673	\$6,665,000
Lake Region State College				
Erlandson Technical Center remodel and addition	\$5,947,562		\$5,650,184	
Extraordinary repairs	155,367		155,367	
Total	\$6,102,929		\$5,805,551	
Williston State College				
Campus Drive project	\$1,800,000		\$1,710,000	
Stevens Hall renovation	12,242,478		11,630,354	
Extraordinary repairs	197,801		197,801	
Total	\$14,240,279		\$13,538,155	
UND				
School of Medicine and Health Sciences facility project	\$68,300,000		\$60,450,000 ¹	
Law School building renovation	12,000,000		11,400,000	
College of Business and Public Administration building renovation (reauthorization)		\$20,500,000		\$20,500,000
Indoor track and football practice field (reauthorization)		19,500,000		19,500,000
Purchase resident apartment building that is currently being leased (revenue bonds)		8,300,000		8,300,000
Student housing facility (revenue bonds)		19,187,262		19,187,262
Wilkerson Hall project (reauthorization) (revenue bonds)				29,000,000
School of Medicine and Health Sciences Bismarck Family Practice Center skywalk project			750,000	
North Dakota Museum of Art repairs			190,000	
Special assessment payments	97,245		97,245	
Extraordinary repairs	4,314,321		4,314,321	
Total	\$84,711,566	\$67,487,262	\$77,201,566	\$96,487,262
North Dakota State University				
Science, technology, engineering, and mathematics classroom and laboratory building	\$29,600,000		\$28,120,000	
Low rise lavatory project - Phase I		\$1,000,000		\$1,000,000
Low rise lavatory project - Phase II		1,030,000		1,030,000
Memorial Union food court		975,000		975,000

Entity/Project	2013-15 Executive Recommendation		2013-15 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Nutrition and dietetics and hospitality laboratory		750,000		750,000
Sanford Health Athletic Complex (reauthorization)		35,404,356		35,404,356
Center for Computationally Assisted Science facility renovation				660,000
Extraordinary repairs	2,732,244		2,732,244	
Total	\$32,332,244	\$39,159,356	\$30,852,244	\$39,819,356
State College of Science				
Old Main renovation	\$8,511,452		\$8,085,879	
Football complex renovation (reauthorization)		1,350,000		1,350,000
Special assessment payments	58,666		58,666	
Extraordinary repairs	953,713		953,713	
Total	\$9,523,831	\$1,350,000	\$9,098,258	\$1,350,000
Dickinson State University				
Extraordinary repairs	\$409,078		\$409,078	
Total	\$409,078		\$409,078	
Mayville State University				
Old gymnasium replacement and improvements	\$5,800,000		\$5,510,000	
Campuswide drainage improvements	2,267,000		2,153,650	
Special assessment payments	79,695		79,695	
Extraordinary repairs	279,297		279,297	
Total	\$8,425,992		\$8,022,642	
Minot State University				
Plant services building	\$1,821,905	\$1,785	\$1,730,810	\$1,785
Renovation of campus athletic facilities		11,800,000		11,800,000
Extraordinary repairs	899,620		899,620	
Total	\$2,721,525	\$11,801,785	\$2,630,430	\$11,801,785
Valley City State University				
Vangstad Hall renovation	\$3,636,466		\$3,454,643	
Hillside slope stabilization project	505,800	\$100,000	480,510	\$100,000
W. E. Osmon Fieldhouse addition - Phase II		4,706,837		4,706,837
Former president's house repairs			250,000	
Extraordinary repairs	408,319		408,319	
Total	\$4,550,585	\$4,806,837	\$4,593,472	\$4,806,837
Dakota College at Bottineau				
Campus backup generator	\$395,600		\$375,820	
Thatcher Hall heating repairs			769,500	
Gross Hall updates		\$732,460		\$732,460
Mead Hall updates		1,171,586		1,171,586
Milligan Hall updates		896,743		896,743
Old Main building renovation		4,800,000		4,800,000
Extraordinary repairs	115,507		115,507	
Total	\$511,107	\$7,600,789	\$1,260,827	\$7,600,789

Entity/Project	2013-15 Executive Recommendation		2013-15 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Forest Service				
Towner State Nursery freezer conversion and shop facility	\$785,000		\$785,000	
Extraordinary repairs	44,962		44,962	
Total	\$829,962		\$829,962	
Total Higher Education	\$188,076,771	\$132,206,029	\$182,778,271	\$168,531,029

¹Does not include \$62 million of loan authority provided for Phase II of the School of Medicine and Health Sciences facility project.

Other Income

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions and entities under the control of the State Board of Higher Education during the 2013-15 biennium. Consequently, the legislative appropriations for higher education institutions entities generally do not include a specific appropriation of other funds, except for capital projects.

Other Sections in Senate Bill No. 2003

Contingent appropriations and section repeal - Section 3 provides a contingent general fund appropriation of \$6 million to Dickinson State University and provides a contingent general fund appropriation of \$5 million to the Department of Public Instruction. The Dickinson State University appropriation is for a grant to construct the Theodore Roosevelt Presidential Library and the Department of Public Instruction appropriation is for a grant to construct a children's science education center. The funding is contingent upon general fund revenues exceeding legislative estimates by at least 3.5 percent during the period beginning July 1, 2013, and ending June 30, 2014. Section 20 repeals a section contained in Senate Bill No. 2018 which provides a contingent appropriation for a grant for the Theodore Roosevelt Presidential Library project.

Construction project variance reports - Section 4 amends North Dakota Century Code Section 15-10-47 to change the reporting frequency for higher education capital project variance reports from monthly to semiannually.

Higher Education challenge matching grant program - Legislative Management report - Sections 5 through 10 provide statutory guidelines regarding the use of the \$29 million general fund appropriation provided for a higher education challenge matching grant program. Section 38 requires the State Board of Higher Education to provide a report to the Legislative Management regarding the grants awarded under the program.

University of North Dakota School of Medicine and Health Sciences mission and reporting requirements - Sections 11 through 16 provide for various statutory adjustments to the mission and reporting requirements of the School of Medicine and Health Sciences.

Student financial assistance grants amounts - Section 17 amends Section 15-62.2-02 to increase the maximum needs-based student financial assistance grant amount from \$1,500 to \$1,650 per year.

Tribal college assistance grants - Section 18 amends Section 15-70-04 to provide the State Board of Higher Education may only distribute one-half of the biennial appropriation for tribal college assistance grants during the first year of the biennium.

Unexpended appropriation carryover authority - Section 19 amends Section 54-44.1-11 to extend the authority of the University System to carry over unexpended appropriations at the end of a biennium.

Funding pools transfer authority - Section 21 authorizes the State Board of Higher Education to transfer funds to institutions from the deferred maintenance funding pool, performance funding pool, and the education incentive programs line item.

System information technology services office consolidation - Legislative Management and Legislative Assembly reports - Section 22 requires all System Information Technology Services staff offices of newly hired employees to be consolidated in the joint information technology building on the campus of UND upon the completion of the building. The section does not apply to employees assigned to a specific campus or to the University System office. The section also requires the University System to provide reports to the Legislative Management during the 2013-14 interim on the status of information technology consolidation and requires the University System to provide a comprehensive information technology budget report to the 64th Legislative Assembly.

Research Enterprise and Commercialization building purchase - Section 23 authorizes UND to enter financing and purchase agreements with private entities to purchase the Research Enterprise and Commercialization building located on the campus.

Capital projects contingency pool - Section 24 authorizes the State Board of Higher Education to transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid for an eligible project exceeds legislative appropriations.

Capital project oversight - Section 25 requires institutions to have adequate project oversight for campus capital projects.

Bismarck State College Communications and Creative Arts Center - Section 26 authorizes Bismarck State College to construct a theater as part of the Communications and Creative Arts Center project if sufficient private donations or other income is received.

University of North Dakota School of Medicine and Health Sciences Bismarck Family Practice Center skywalk project - Section 27 requires \$1 of nonstate funds to be used for every \$1 used from the general fund appropriation for the School of Medicine and Health Sciences Bismarck Family Practice Center skywalk project.

University of North Dakota School of Medicine and Health Sciences facility project - Phase II loan authorization - Section 28 authorizes the State Board of Higher Education to borrow up to \$62 million from the Bank of North Dakota for the construction of Phase II of the School of Medicine and Health Sciences facility project. The State Board of Higher Education is to seek funding from the 64th Legislative Assembly to repay the loan.

Theodore Roosevelt Presidential Library facility planning and design - Section 29 authorizes Dickinson State University to use up to \$200,000 of the \$800,000 appropriated for the Theodore Roosevelt Center for the planning and design of a facility to house the Theodore Roosevelt Presidential Library.

Minot State University flood recovery funding - Section 30 provides guidelines for the use of a \$5 million appropriation included in Section 1 of the bill for Minot State University flood recovery funding. The section allows Minot State University to use the funds to address needs of the university, including capital, as it relates to flood recovery.

North Dakota State University Minard Hall project - Section 31 authorizes NDSU to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2013-15 biennium. The section also requires NDSU to provide reports on the status of the project to the Budget Section.

Student loan trust fund - Section 32 provides that \$1,004,744 of the special funds appropriated in the bill is from the student loan trust fund to be used for the professional student exchange program (\$465,307) and for ConnectND positions (\$539,437).

University of North Dakota School of Medicine and Health Sciences funding - Section 33 requires UND to transfer 25 percent of the funding it receives for 2013-15 biennium inflation payments to the School of Medicine and Health Sciences.

Federal, private, and other funds - Section 34 provides an appropriation through June 30, 2015, for federal, private, and other funds, including tuition revenue, that are received by institutions under the control of the State Board of Higher Education. The section also provides an appropriation through June 30, 2015, for funds received under the North Dakota-Minnesota reciprocity agreement.

Transfer authority - Section 35 provides the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 36 authorizes the State Board of Higher Education to adjust FTE positions as needed for institutions and entities under its control.

Bond issue authorization - Section 37 authorizes the State Board of Higher Education to arrange for \$56.5 million of revenue bonds for capital projects at UND.

Legislative Management study - Legal services - Section 39 provides for a Legislative Management study of legal services provided by attorneys in executive branch state agencies.

Related Legislation

Authorization of campus building projects - House Bill No. 1200 removes the authority for the Budget Section to approve higher education capital building projects financed by gifts, grants, or donations during the three months following the close of a regular legislative session

Assessment of University System institutions - House Bill No. 1281 requires the State Board of Higher Education to receive Budget Section approval prior to assessing University System institutions for goods or services provided through the University System office

North Dakota academic and career and technical education scholarship eligibility - House Bill Nos. 1258 and 1291 provide for various adjustments to the eligibility requirements to receive a North Dakota academic and career and technical education scholarship

Higher education energy impact grants - House Bill No. 1358 provides \$4 million from the oil and gas impact grant fund to be distributed by the Energy Infrastructure and Impact Office to higher education institutions affected by oil and gas development

Mandatory student fees - Senate Bill No. 2094 continues on a permanent basis the limitation that mandatory student fees charged to each student at a University System institution may not increase between academic years by more than 1 percent of the undergraduate resident student tuition rate unless evidenced by student demand

Legislative Management study - Professional student exchange programs - Senate Bill No. 2160 provides for a Legislative Management study of the professional student exchange programs financed from state funding

Higher education funding method - Senate Bill No. 2200 implements a per credit-hour funding method to provide equalized general fund appropriations for the operations of University System institutions

Higher Education Commission - House Concurrent Resolution No. 3047 proposes a constitutional amendment to replace the State Board of Higher Education with a three-member Higher Education Commission to oversee and administer University System institutions

**Bismarck State College
Budget No. 227
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	130.96	\$48,714,535	\$0	\$48,714,535
2013-15 legislative appropriations	126.96	45,706,327	6,665,000	52,371,327
Legislative increase (decrease) to executive budget	(4.00)	(\$3,008,208)	\$6,665,000	\$3,656,792
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$12,602,407	(\$1,870,000)	\$10,732,407

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$28,045,987	\$5,057,933	\$33,103,920
2013-15 legislative appropriations	33,071,327	12,635,000	45,706,327
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$5,025,340	\$7,577,067	\$12,602,407
Percentage increase (decrease) to 2011-13 appropriations	17.9%	149.8%	38.1%
2013-15 legislative increase (decrease) to executive budget	(\$2,343,208)	(\$665,000)	(\$3,008,208)
Percentage increase (decrease) to executive budget	(6.6%)	(5.0%)	(6.2%)

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution equalization payments.		(\$3,537,996)		(\$3,537,996)
Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.		2,589,392		2,589,392
Removed funding included in the executive budget for institution inflation and initiative payments.	(4.00)	(3,830,552)		(3,830,552)

Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.	2,335,948		2,335,948
Added funding for campus security.	100,000		100,000
Reduced general fund support for the Communications and Creative Arts Center project by 5 percent and added special funds authority for the project (See Capital Projects section below).	(665,000)	6,665,000	6,000,000
Total	<u>(4.00)</u>	<u>(\$3,008,208)</u>	<u>\$6,665,000</u>
			<u>\$3,656,792</u>

FTE Changes

The Legislative Assembly included funding for 126.96 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 4 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$12,635,000 is for the Communications and Creative Arts Center project at Bismarck State College. This amount is not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations included in the executive recommendation for University System capital projects by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The Legislative Assembly appropriated \$19.3 million for the Bismarck State College Communications and Creative Arts Center project. The Legislative Assembly reduced the general fund appropriation included in the executive recommendation for the project by \$665,000, from \$13,300,000 to \$12,635,000. The Legislative Assembly also added \$6,665,000 of special funds authority for the project. Section 26 of Senate Bill No. 2003 authorizes Bismarck State College to use the special funds appropriation for the project to construct a theater as part of the project and for other project enhancements.

**Lake Region State College
Budget No. 228
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	43.22	\$19,357,137	\$0	\$19,357,137
2013-15 legislative appropriations	40.22	18,234,648	0	18,234,648
Legislative increase (decrease) to executive budget	(3.00)	(\$1,122,489)	\$0	(\$1,122,489)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$8,209,667	\$0	\$8,209,667

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$9,158,981	\$866,000	\$10,024,981
2013-15 legislative appropriations	12,584,464	5,650,184	18,234,648
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$3,425,483	\$4,784,184	\$8,209,667
Percentage increase (decrease) to 2011-13 appropriations	37.4%	552.4%	81.9%
2013-15 legislative increase (decrease) to executive budget	(\$825,111)	(\$297,378)	(\$1,122,489)
Percentage increase (decrease) to executive budget	(6.2%)	(5.0%)	(5.8%)

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution equalization payments.		(\$2,800,171)		(\$2,800,171)
Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.		2,440,986		2,440,986
Removed funding included in the executive budget for institution inflation and initiative payments.	(3.00)	(1,450,423)		(1,450,423)

Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.		884,497		884,497
Added funding for campus security.		100,000		100,000
Reduced general fund support for the Erlandson Technical Center renovation and addition project by 5 percent (see Capital Projects section below).		(297,378)		(297,378)
Total		<u>(3.00)</u>	<u>(\$1,122,489)</u>	<u>\$0</u>
				<u>(\$1,122,489)</u>

FTE Changes

The Legislative Assembly included funding for 40.22 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 3 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustment must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$5,650,184 is for the Lake Region State College Erlandson Technical Center renovation and addition project. This amount is not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides that each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The Legislative Assembly provided a general fund appropriation of \$5,650,184 for the Lake Region State College Erlandson Technical Center renovation and addition project. This represents a decrease of \$297,378 compared to the general fund appropriation of \$5,947,562 included in the executive recommendation for the project.

**Williston State College
Budget No. 229
Senate Bill Nos. 2003 and 2019**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	50.15	\$24,187,242	\$0	\$24,187,242
2013-15 legislative appropriations	44.15	26,321,661	2,500,000	28,821,661
Legislative increase (decrease) to executive budget	(6.00)	\$2,134,419	\$2,500,000	\$4,634,419
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$12,454,175	\$275,000	\$12,729,175

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$9,047,486	\$4,820,000	\$13,867,486
2013-15 legislative appropriations	12,981,307	13,340,354	26,321,661
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$3,933,821	\$8,520,354	\$12,454,175
Percentage increase (decrease) to 2011-13 appropriations	43.5%	176.8%	89.8%
2013-15 legislative increase (decrease) to executive budget	\$2,836,543	(\$702,124)	\$2,134,419
Percentage increase (decrease) to executive budget	28.0%	(5.0%)	8.8%

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution inflation and initiative payments.	(6.00)	(\$1,097,278)		(\$1,097,278)
Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.		689,871		689,871
Added funding for campus security.		743,950		743,950

Added ongoing funding to address extraordinary campus needs resulting from the impact of energy development.		2,500,000		2,500,000
Reduced general fund support for the Campus Drive project by 5 percent (see Capital Projects section below).		(90,000)		(90,000)
Reduced general fund support for the Stevens Hall project by 5 percent (see Capital Projects section below).		(612,124)		(612,124)
Added borrowing authority for the construction of a workforce training facility (Senate Bill No. 2019).			\$2,500,000	2,500,000
Total	<u>(6.00)</u>	<u>\$2,134,419</u>	<u>\$2,500,000</u>	<u>\$4,634,419</u>

FTE Changes

The Legislative Assembly included funding for 44.15 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 6 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustment must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$1,710,000 is for the Campus Drive project and \$11,630,354 is for the Stevens Hall renovation at Williston State College. These amounts are not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The following is a summary of capital projects authorized by the Legislative Assembly at Williston State College:

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Campus Drive project	\$12,242,478		\$12,242,478	\$1,710,000		\$1,710,000
Stevens Hall renovation	1,800,000		1,800,000	11,630,354		11,630,354
Total	\$14,042,478		\$14,042,478	\$13,340,354		\$13,340,354

**University of North Dakota
Budget No. 230
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	642.20	\$243,616,414	\$67,487,262	\$311,103,676
2013-15 legislative appropriations	633.60	230,556,333	96,487,262	327,043,595
Legislative increase (decrease) to executive budget	(8.60)	(\$13,060,081)	\$29,000,000	\$15,939,919
Legislative increase (decrease) to 2011-13 appropriations	(8.60)	\$73,090,137	\$66,037,262	\$139,127,399

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$144,869,050	\$12,597,146	\$157,466,196
2013-15 legislative appropriations	157,766,333	72,790,000	230,556,333
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$12,897,283	\$60,192,854	\$73,090,137
Percentage increase (decrease) to 2011-13 appropriations	8.9%	477.8%	46.4%
2013-15 legislative increase (decrease) to executive budget	(\$5,550,081)	(\$7,510,000)	(\$13,060,081)
Percentage increase (decrease) to executive budget	(3.4%)	(9.4%)	(5.4%)

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution inflation and initiative payments.		(\$18,447,364)		(\$18,447,364)
Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets. Section 33 of Senate Bill No. 2003 requires the State Board of Higher Education to transfer a minimum of 25 percent of the inflation funding to the School of Medicine and Health Sciences.		14,687,048		14,687,048

Transferred internal audit and legal positions currently reporting to the University of North Dakota (UND) to the North Dakota University System office.	(8.60)	(1,789,765)	(1,789,765)
Added one-time funding for extraordinary repairs at the North Dakota Museum of Art.		190,000	190,000
Added one-time funding for the School of Medicine and Health Sciences Bismarck Family Practice Center skywalk project.		750,000	750,000
Reduced general fund support for the Law School project by 5 percent (see Capital Projects section below).		(600,000)	(600,000)
Reduced general fund support for the School of Medicine and Health Sciences facility project (see School of Medicine and Health Sciences Facility section below).		(7,850,000)	(7,850,000)
Added special funds authority and revenue bonding authorization for the Wilkerson Hall dining center renovation project.		\$29,000,000	29,000,000
Total	<u>(8.60)</u>	<u>(\$13,060,081)</u>	<u>\$29,000,000</u>
			<u>\$15,939,919</u>

FTE Changes

The Legislative Assembly included funding for 633.6 FTE positions, 8.6 positions less than the executive budget recommendation and 2011-13 biennium legislative appropriations. The Legislative Assembly transferred 8.6 FTE internal audit and legal positions currently reporting to UND to the University System office. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustment must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the University System. Of this amount, \$72,790,000 is for one-time funding items at UND as follows:

	General Fund
School of Medicine and Health Sciences facility	\$60,450,000
Law School building renovation	11,400,000
Bismarck Family Practice Center skywalk project	750,000
North Dakota Museum of Art deferred maintenance	190,000
Total	\$72,790,000

These amounts are not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

Excluding the School of Medicine and Health Sciences facility project, the Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides that each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The following is a summary of capital projects authorized by the Legislative Assembly for UND:

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
School of Medicine and Health Sciences facility	\$68,300,000		\$68,300,000	\$60,450,000 ¹		\$60,450,000
Law School building renovation	12,000,000		12,000,000	11,400,000		11,400,000
College of Business and Public Administration building renovation and addition (reauthorization from 2009-11 biennium)		\$20,500,000	20,500,000		\$20,500,000	20,500,000
Indoor track and football practice facility (reauthorization from 2009-11 biennium)		19,500,000	19,500,000		19,500,000	19,500,000
Purchase of resident apartment building that is currently leased (revenue bonds)		8,300,000	8,300,000		8,300,000	8,300,000
Student housing facility (revenue bonds)		19,187,262	19,187,262		19,187,262	19,187,262
Wilkerson Hall dining center project (revenue bonds)					29,000,000	29,000,000
Bismarck Family Practice Center skywalk project				750,000		750,000
Total	\$80,300,000	\$67,487,262	\$147,787,262	\$72,600,000	\$96,487,262	\$169,087,262

¹Does not include \$62 million of loan authorization provided for the second phase of the School of Medicine and Health Sciences facility project.

School of Medicine and Health Sciences Facility Project

Section 28 of Senate Bill No. 2003 authorizes the construction of the School of Medicine and Health Sciences facility project to be funded in two phases. The Legislative Assembly appropriated \$60,450,000 for the first phase of the project and authorized the State Board of Higher Education to obtain a loan of \$62 million from the Bank of North Dakota for the second phase of the project. The State Board of Higher Education is to seek funding from the 64th Legislative Assembly to repay any loan obtained for the second phase of the project. The executive budget recommendation provided total funding of \$68.3 million from the general fund for the project.

Other Sections in Bill

Research Enterprise and Commercialization building purchase authorization - Section 33 authorizes UND to enter a purchase and financing agreement or agreements with a private entity to purchase the Research Enterprise and Commercialization building located on the campus.

Bismarck Family Practice Center Skywalk project matching funds - Section 27 requires UND to provide \$1 of nonstate funding for every \$1 of the general fund appropriation used for the Bismarck Family Practice Center skywalk project.

School of Medicine and Health Sciences operating funds - Section 33 requires the State Board of Higher Education to transfer a minimum of 25 percent of the inflation funding payment provided to UND for the 2013-15 biennium to the School of Medicine and Health Sciences for operating costs.

Revenue bonding authorization - Section 37 authorizes the State Board of Higher Education to issue revenue bonds for the Wilkerson Hall dining center project, the student housing facility project, and the purchase of a resident apartment building at UND.

**University of North Dakota School of Medicine and Health Sciences
Budget No. 232
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	156.55	\$55,162,777	\$0	\$55,162,777
2013-15 legislative appropriations	156.55	56,505,634	0	56,505,634
Legislative increase (decrease) to executive budget	0.00	\$1,342,857	\$0	\$1,342,857
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$8,657,663	\$0	\$8,657,663

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$47,747,971	\$100,000	\$47,847,971
2013-15 legislative appropriations	49,090,828	7,414,806	56,505,634
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,342,857	\$7,314,806	\$8,657,663
Percentage increase (decrease) to 2011-13 appropriations	2.8%	7,314.8%	18.1%
2013-15 legislative increase (decrease) to executive budget	\$1,342,857	\$0	\$1,342,857
Percentage increase (decrease) to executive budget	2.8%	0.0%	2.4%

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium. See **School of Medicine and Health Sciences Operating Funds** section below for additional information.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Transferred funding for professional liability insurance premium from the North Dakota University System office to the School of Medicine and Health Sciences.		\$800,000		\$800,000
Added funding for costs to continue new medical student and resident positions added by the Legislative Assembly during the 2011-13 biennium.		542,857		542,857
Total	0.00	\$1,342,857	\$0	\$1,342,857

FTE Changes

The Legislative Assembly included funding for 156.55 FTE positions, the same as the 2011-13 biennium and the 2013-15 executive budget recommendation. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustment must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the University System. Of this amount, \$7,414,806 is for costs related to the health care workforce initiative which adds new medical student and resident positions at the School of Medicine and Health Sciences. This amount is not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

School of Medicine and Health Sciences Operating Funds

Section 33 of Senate Bill No. 2003 requires the State Board of Higher Education to transfer a minimum of 25 percent of the inflation funding payment provided to the University of North Dakota (UND) for the 2013-15 biennium to the School of Medicine and Health Sciences for operating costs. The Legislative Assembly appropriated \$14,687,048 to UND for an inflation funding payment for the 2013-15 biennium.

School of Medicine and Health Sciences Facility Project

Section 28 of Senate Bill No. 2003 authorizes the construction of the School of Medicine and Health Sciences facility project to be funded in two phases. The Legislative Assembly appropriated \$60,450,000 to UND for the first phase of the project and authorized the State Board of Higher Education to obtain a loan of \$62 million from the Bank of North Dakota for the second phase of the project. The State Board of Higher Education is to seek funding from the 64th Legislative Assembly to repay any loan obtained for the second phase of the project. The executive budget recommendation provided total funding of \$68.3 million from the general fund for the project.

Bismarck Family Practice Center Skywalk Project

The Legislative Assembly appropriated \$750,000 from the general fund to UND for a skywalk project at the School of Medicine and Health Sciences Bismarck Family Practice Center. Section 27 of Senate Bill No. 2003 requires UND to provide \$1 of nonstate funding for every \$1 of the general fund appropriation used for the Bismarck Family Practice Center skywalk project.

Other Sections in Bill

School of Medicine and Health Sciences mission and reporting requirements - Sections 11 through 16 provide statutory changes regarding the mission and reporting requirements of the School of Medicine and Health Sciences.

**North Dakota State University
Budget No. 235
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	495.21	\$176,620,483	\$39,159,356	\$215,779,839
2013-15 legislative appropriations	491.21	171,193,784	39,819,356	211,013,140
Legislative increase (decrease) to executive budget	(4.00)	(\$5,426,699)	\$660,000	(\$4,766,699)
Legislative increase (decrease) to 2011-13 appropriations	(4.00)	\$43,173,552	\$3,719,356	\$46,892,908

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$127,747,549	\$272,683	\$128,020,232
2013-15 legislative appropriations	143,073,784	28,120,000	171,193,784
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$15,326,235	\$27,847,317	\$43,173,552
Percentage increase (decrease) to 2011-13 appropriations	12.0%	10,212.3%	33.7%
2013-15 legislative increase (decrease) to executive budget	(\$3,946,699)	(\$1,480,000)	(\$5,426,699)
Percentage increase (decrease) to executive budget	(2.7%)	(5.0%)	(3.1%)

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution equalization payments.		(\$6,431,392)		(\$6,431,392)
Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.		6,431,392		6,431,392
Removed funding included in the executive budget for institution inflation and initiative payments.		(12,841,542)		(12,841,542)

Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.		10,231,144		10,231,144
Transferred internal audit and legal positions currently reporting to the University of North Dakota to the North Dakota University System office.	(4.00)	(1,336,301)		(1,336,301)
Reduced general fund support for the science, technology, engineering, and mathematics classroom building project by 5 percent (see Capital Projects section below).		(1,480,000)		(1,480,000)
Added special funds authority for building upgrades to the Center for Computationally Assisted Science and Technology.			\$660,000	660,000
Total	<u>(4.00)</u>	<u>(\$5,426,699)</u>	<u>\$660,000</u>	<u>(\$4,766,699)</u>

FTE Changes

The Legislative Assembly included funding for 491.21 FTE positions, 4 FTE positions less than the executive budget recommendation and 2011-13 biennium legislative appropriations. The Legislative Assembly transferred 4 FTE internal audit and legal positions currently reporting to North Dakota State University (NDSU) to the University System office. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the University System. Of this amount, \$28,120,000 is for the science, technology, engineering, and mathematics classroom building at NDSU. This amount is not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The following is a summary of capital projects authorized by the Legislative Assembly for NDSU:

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Science, technology, engineering, and mathematics classroom building	\$29,600,000		\$29,600,000	\$28,120,000		\$28,120,000
Nutrition dietetics and hospitality laboratory		\$750,000	750,000		\$750,000	750,000
Memorial Union food court remodeling		975,000	975,000		975,000	975,000
Residence hall lavatory renovations - Phase I		1,000,000	1,000,000		1,000,000	1,000,000
Residence hall lavatory renovations - Phase II		1,030,000	1,030,000		1,030,000	1,030,000
Sanford Health athletic complex renovation (reauthorization of project)		35,404,356	35,404,356		35,404,356	35,404,356
Center for Computationally Assisted Science and Technology building upgrades					660,000	660,000
Total	\$29,600,000	\$39,159,356	\$68,759,356	\$28,120,000	\$39,819,356	\$67,939,356

Other Sections in Bill

North Dakota State University - Minard Hall project - Section 31 authorizes NDSU to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2013-15 biennium. The section also requires NDSU to provide reports on the status of the project to the Budget Section.

**State College of Science
Budget No. 238
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	173.62	\$50,502,178	\$1,350,000	\$51,852,178
2013-15 legislative appropriations	171.87	47,279,714	1,350,000	48,629,714
Legislative increase (decrease) to executive budget	(1.75)	(\$3,222,464)	\$0	(\$3,222,464)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$1,588,660	(\$9,350,000)	(\$7,761,340)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$35,332,388	\$10,358,666	\$45,691,054
2013-15 legislative appropriations	39,193,835	8,085,879	47,279,714
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$3,861,447	(\$2,272,787)	\$1,588,660
Percentage increase (decrease) to 2011-13 appropriations	10.9%	(21.9%)	3.5%
2013-15 legislative increase (decrease) to executive budget	(\$2,796,891)	(\$425,573)	(\$3,222,464)
Percentage increase (decrease) to executive budget	(6.7%)	(5.0%)	(6.4%)

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution equalization payments.		(\$2,249,951)		(\$2,249,951)
Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.		1,125,200		1,125,200
Removed funding included in the executive budget for institution inflation and initiative payments.	(1.75)	(4,541,854)		(4,541,854)

Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.	2,769,714	2,769,714
Added funding for campus security.	100,000	100,000
Reduced general fund support for the Old Main renovation project by 5 percent (See Capital Projects section below).	(425,573)	(425,573)
Total	<u>(1.75)</u>	<u>(\$3,222,464)</u>

FTE Changes

The Legislative Assembly included funding for 171.87 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 1.75 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$8,085,879 is for Old Main building renovation at the State College of Science. This amount is not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The following is a summary of capital projects authorized by the Legislative Assembly for the State College of Science:

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Old Main building renovation project (includes the demolition of Hektner and Burch Halls)	\$8,511,452		\$8,511,452	\$8,085,879		\$8,085,879
Football complex renovations (reauthorization from the 2011-13 biennium)		\$1,350,000	1,350,000		\$1,350,000	1,350,000
Total	\$8,511,452	\$1,350,000	\$9,861,452	\$8,085,879	\$1,350,000	\$9,435,879

**Dickinson State University
Budget No. 239
Senate Bill Nos. 2003 and 2018**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	105.32	\$28,082,814	\$0	\$28,082,814
2013-15 legislative appropriations	100.32	33,508,305	0	33,508,305
Legislative increase (decrease) to executive budget	(5.00)	\$5,425,491	\$0	\$5,425,491
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$9,815,688	\$0	\$9,815,688

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$22,792,617	\$900,000	\$23,692,617
2013-15 legislative appropriations	26,708,305	6,800,000	33,508,305
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$3,915,688	\$5,900,000	\$9,815,688
Percentage increase (decrease) to 2011-13 appropriations	17.2%	655.6%	41.4%
2013-15 legislative increase (decrease) to executive budget	(\$1,374,509)	\$6,800,000	\$5,425,491
Percentage increase (decrease) to executive budget	(4.9%)	N/A	19.3%

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution equalization payments.		(\$2,236,064)		(\$2,236,064)
Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.		1,430,077		1,430,077
Removed funding included in the executive budget for institution inflation and initiative payments.	(5.00)	(3,054,133)		(3,054,133)

Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.		1,846,980		1,846,980
Added funding for campus security.		638,631		638,631
Added one-time funding for operations of the Theodore Roosevelt Center.		800,000		800,000
Added one-time funding for a grant for the construction of a Theodore Roosevelt Presidential Library (Senate Bill No. 2018).		6,000,000		6,000,000
Total	<u>(5.00)</u>	<u>\$5,425,491</u>	<u>\$0</u>	<u>\$5,425,491</u>

FTE Changes

The Legislative Assembly included funding for 100.32 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 5 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget (OMB) prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$800,000 is for the operations of the Theodore Roosevelt Center at Dickinson State University. The Legislative Assembly also provided one-time funding of \$6 million in Senate Bill No. 2018 for a grant for the construction of a Theodore Roosevelt Presidential Library. These amounts are not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Theodore Roosevelt Presidential Library

The Legislative Assembly appropriated \$6 million from the general fund to Dickinson State University in Senate Bill No. 2018 for the purpose of awarding a grant for the construction of a Theodore Roosevelt Presidential Library. The grant may not be awarded until the recipient entity certifies that it has raised \$3 million from non-state sources for the project.

Section 3 of Senate Bill No. 2003 provides an additional contingent general fund appropriation of \$6 million to Dickinson State University for providing a grant for the Theodore Roosevelt Presidential Library project. The funding is available only if actual general fund revenues, including any unobligated general fund balance on July 1, 2013, in excess of legislative estimates, exceed 3.5 percent of the estimated general fund revenues for the period from July 1, 2013, through June 30, 2014, as determined by OMB. For purposes of the contingent appropriation, "actual general fund revenues" and "estimated general fund revenues" exclude the estimated July 1, 2013, unobligated general fund balance and transfers into the general fund from the strategic investment and improvements fund, the Mill and Elevator, the lottery, and the gas tax administration.

Section 29 of Senate Bill No. 2003 authorizes Dickinson State University to use up to \$200,000 of the \$800,000 appropriated for the operations of Theodore Roosevelt Center for the planning and design of a facility to house the Theodore Roosevelt Presidential Library.

**Mayville State University
Budget No. 240
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	65.78	\$23,819,658	\$0	\$23,819,658
2013-15 legislative appropriations	62.78	22,387,066	\$0	22,387,066
Legislative increase (decrease) to executive budget	(3.00)	(\$1,432,592)	\$0	(\$1,432,592)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$9,112,773	\$0	\$9,112,773

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$13,134,780	\$139,513	\$13,274,293
2013-15 legislative appropriations	14,723,416	7,663,650	22,387,066
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,588,636	\$7,524,137	\$9,112,773
Percentage increase (decrease) to 2011-13 appropriations	12.1%	5,393.1%	68.6%
2013-15 legislative increase (decrease) to executive budget	(\$1,029,242)	(\$403,350)	(\$1,432,592)
Percentage increase (decrease) to executive budget	(6.5%)	(5.0%)	(6.0%)

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution equalization payments.		(\$904,705)		(\$904,705)
Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.		452,598		452,598
Removed funding included in the executive budget for institution inflation and initiative payments.		(1,713,173)		(1,713,173)

Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.	(3.00)	1,036,038		1,036,038
Added funding for campus security.		100,000		100,000
Reduced general fund support for the old gymnasium project and campus drainage improvements project by 5 percent (see Capital Projects section below).		(403,350)		(403,350)
Total	<u>(3.00)</u>	<u>(\$1,432,592)</u>	<u>\$0</u>	<u>(\$1,432,592)</u>

FTE Changes

The Legislative Assembly included funding for 62.78 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 3 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$5,510,000 is for the old gymnasium replacement project and \$2,153,650 is for campus drainage improvements at Mayville State University. These amounts are not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The following is a summary of capital projects authorized by the Legislative Assembly for Mayville State University:

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Old gymnasium replacement project	\$5,800,000		\$5,800,000	\$5,510,000		\$5,510,000
Campuswide drainage improvements	2,267,000		2,267,000	2,153,650		2,153,650
Total	\$8,067,000		\$8,067,000	\$7,663,650		\$7,663,650

**Minot State University
Budget No. 241
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	204.76	\$45,286,418	\$11,801,785	\$57,088,203
2013-15 legislative appropriations	201.76	48,940,641	11,801,785	60,742,426
Legislative increase (decrease) to executive budget	(3.00)	\$3,654,223	\$0	\$3,654,223
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$5,299,302	(\$4,232,770)	\$1,066,532

¹Reflects a 2011-13 biennium deficiency appropriation of \$52,745 for flood-related expenditures

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$38,738,594	\$4,902,745	\$43,641,339
2013-15 legislative appropriations	44,709,831	4,230,810	48,940,641
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$5,971,237	(\$671,935)	\$5,299,302
Percentage increase (decrease) to 2011-13 appropriations	15.4%	(13.7%)	12.1%
2013-15 legislative increase (decrease) to executive budget	\$1,245,318	\$2,408,905	\$3,654,223
Percentage increase (decrease) to executive budget	2.9%	132.2%	8.1%

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution inflation and initiative payments.	(3.00)	(\$4,725,919)		(\$4,725,919)
Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.		2,953,818		2,953,818
Added funding for campus security.		517,419		517,419

Added \$2.5 million of ongoing funding and \$2.5 million of one-time funding for campus flood recovery efforts.		5,000,000		5,000,000
Reduced general fund support for the plant services building project by 5 percent (See Capital Projects section below).		(91,095)		(91,095)
Total	<u>(3.00)</u>	<u>\$3,654,223</u>	<u>\$0</u>	<u>\$3,654,223</u>

FTE Changes

The Legislative Assembly included funding for 201.76 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 3 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$1,730,810 is for the plant services building project and \$2.5 million is for flood recovery efforts at Minot State University. These amounts are not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Flood Recovery Funding

The Legislative Assembly appropriated \$5 million from the general fund for flood recovery efforts at Minot State University. Of this amount, \$2.5 million is ongoing funding and \$2.5 million is one-time funding. Section 30 of Senate Bill No. 2003 provides the funding must be used to address housing, budget, and other needs relating to the 2011 flood, including capital, as determined by the university.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The following is a summary of capital projects authorized by the Legislative Assembly for Minot State University:

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Plant services building	\$1,821,905	\$1,785	\$1,823,690	\$1,730,810	\$1,785	\$1,732,595
Renovation of campus athletic facilities		11,800,000	11,800,000		11,800,000	11,800,000
Total	\$1,821,905	\$11,801,785	\$13,623,690	\$1,730,810	\$11,801,785	\$13,532,595

**Valley City State University
Budget No. 242
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	100.29	\$26,655,607	\$4,806,837	\$31,462,444
2013-15 legislative appropriations	97.29	25,284,607	4,806,837	30,091,444
Legislative increase (decrease) to executive budget	(3.00)	(\$1,371,000)	\$0	(\$1,371,000)
Legislative increase (decrease) to 2011-13 appropriations	0.00	(\$3,166,869)	\$3,791,837	\$624,968

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$18,103,060	\$10,348,416	\$28,451,476
2013-15 legislative appropriations	21,099,454	4,185,153	25,284,607
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,996,394	(\$6,163,263)	(\$3,166,869)
Percentage increase (decrease) to 2011-13 appropriations	16.6%	(59.6%)	(11.1%)
2013-15 legislative increase (decrease) to executive budget	(\$1,413,887)	\$42,887	(\$1,371,000)
Percentage increase (decrease) to executive budget	(6.3%)	1.0%	(5.1%)

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution equalization payments.		(\$1,961,854)		(\$1,961,854)
Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.		1,315,713		1,315,713
Removed funding included in the executive budget for institution inflation and initiative payments.	(3.00)	(2,448,427)		(2,448,427)

Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.		1,480,681		1,480,681
Added funding for campus security.		100,000		100,000
Added funding for the operations of the Great Plains Science, Technology, Engineering, and Mathematics Center.		100,000		100,000
Reduced general fund support for the Vangstad Hall and hillside slope stabilization projects by 5 percent (see Capital Projects section below).		(207,113)		(207,113)
Added one-time funding for extraordinary repairs to the former president's house.		250,000		250,000
Total	<u>(3.00)</u>	<u>(\$1,371,000)</u>	<u>\$0</u>	<u>(\$1,371,000)</u>

FTE Changes

The Legislative Assembly included funding for 97.29 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 3 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$3,454,643 is for the Vangstad Hall project, \$480,510 is for the hillside slope stabilization project, and \$250,000 is for extraordinary repairs to the former president's house at Valley City State University. These amounts are not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The following is a summary of capital projects authorized by the Legislative Assembly for Valley City State University:

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Vangstad Hall renovation	\$3,636,466		\$3,636,466	\$3,454,643		\$3,454,643
Hillside slope stabilization project	505,800	\$100,000	605,800	480,510	\$100,000	580,510
W. E. Osmon Fieldhouse addition		4,706,837	4,706,837		4,706,837	4,706,837
Total	\$4,142,266	\$4,806,837	\$8,949,103	\$3,935,153	\$4,806,837	\$8,741,990

**Dakota College at Bottineau
Budget No. 243
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	40.12	\$8,887,496	\$7,600,789	\$16,488,285
2013-15 legislative appropriations	36.12	9,179,870	7,600,789	16,780,659
Legislative increase (decrease) to executive budget	(4.00)	\$292,374	\$0	\$292,374
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$1,874,613	\$7,600,789	\$9,475,402

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$6,605,257	\$700,000	\$7,305,257
2013-15 legislative appropriations	8,006,050	1,173,820	9,179,870
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,400,793	\$473,820	\$1,874,613
Percentage increase (decrease) to 2011-13 appropriations	21.2%	67.7%	25.7%
2013-15 legislative increase (decrease) to executive budget	(\$485,846)	\$778,220	\$292,374
Percentage increase (decrease) to executive budget	(5.7%)	196.7%	3.3%

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

Salaries and Wages

The Legislative Assembly provided inflation funding payments to institutions that are to be used to provide salary increases, health insurance increases, and retirement contribution increases during the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding included in the executive budget for institution equalization payments.		(\$968,128)		(\$968,128)
Provided adjusted institution equity funding payments in accordance with the higher education funding formula included in Senate Bill No. 2200.		740,666		740,666
Removed funding included in the executive budget for institution inflation and initiative payments.	(4.00)	(918,511)		(918,511)

Provided institution inflation funding payments based on 5 percent annual inflation adjustments made to institutions' base budgets.		560,127		560,127
Added funding for campus security.		100,000		100,000
Reduced general fund support for the campus generator project by 5 percent (See Capital Projects section below).		(19,780)		(19,780)
Added one-time funding for campus software updates.		28,500		28,500
Added one-time funding for Thatcher Hall upgrades.		769,500		769,500
Total	<u>(4.00)</u>	<u>\$292,374</u>	<u>\$0</u>	<u>\$292,374</u>

FTE Changes

The Legislative Assembly included funding for 36.12 FTE positions, the same as the 2011-13 biennium. The Legislative Assembly removed 4 FTE positions included in the executive budget recommendation for various campus initiatives. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$375,820 is for a campus backup generator, \$769,500 is for Thatcher Hall upgrades, and \$28,500 is for software updates at Dakota College at Bottineau. These amounts are not to be considered part of the institution's base budget for the 2015-17 biennium, and the institution is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

Section 34 of Senate Bill No. 2003 appropriates on a continuing basis all other funds, including tuition income, received by the institutions of higher education during the 2013-15 biennium. As a result, the legislative appropriations for higher education institutions do not include a specific appropriation of other funds, except for capital projects.

Capital Projects

The Legislative Assembly reduced general fund appropriations for University System capital projects included in the executive budget recommendation by 5 percent. The appropriation for the University System office includes \$5,483,413 from the general fund for a capital projects contingency pool that may be transferred to institutions if the lowest acceptable bid for a project exceeds the legislative appropriation for the project. Section 24 of Senate Bill No. 2003 provides guidelines for the use of funding from the capital projects contingency pool. Section 25 of Senate Bill No. 2003 provides each capital project authorized by the State Board of Higher Education must have adequate project management oversight by either an institution official or a representative of an external entity.

The following is a summary of capital projects authorized by the Legislative Assembly for Dakota College at Bottineau:

	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Campus backup generator	\$395,600		\$395,600	\$375,820		\$375,850
Gross Hall updates		\$732,460	732,460		\$732,460	732,460
Mead Hall updates		1,171,586	1,171,586		1,171,586	1,171,586
Milligan Hall remodel		896,743	896,743		896,743	896,743
Old Main remodel		4,800,000	4,800,000		4,800,000	4,800,000
Thatcher Hall upgrades				769,500		769,500
Total	\$395,600	\$7,600,789	\$7,996,389	\$1,145,320	\$7,600,789	\$8,746,139

**Forest Service
Budget No. 244
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	29.00	\$5,509,022	\$1,650,000	\$7,159,022
2013-15 legislative appropriations	29.00	5,486,189	1,650,000	7,136,189
Legislative increase (decrease) to executive budget	0.00	(\$22,833)	\$0	(\$22,833)
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$1,273,717	\$646,514	\$1,920,231

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$3,962,472	\$250,000	\$4,212,472
2013-15 legislative appropriations	4,701,189	785,000	5,486,189
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$738,717	\$535,000	\$1,273,717
Percentage increase (decrease) to 2011-13 appropriations	18.6%	214.0%	30.2%
2013-15 legislative increase (decrease) to executive budget	(\$22,833)	\$0	(\$22,833)
Percentage increase (decrease) to executive budget	(0.5%)	0.0%	(0.4%)

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

Salaries and Wages

The final legislative appropriations for the Forest Service include funding for salary increases of 4 percent for the first year of the biennium and 3 percent for the second year of the biennium, funding for health insurance increases, and funding to provide for 1 percent employee and employer retirement contributions during the first year of the 2013-15 biennium.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the employee compensation package for Forest Service employees to provide for salary increases of 4 percent for the first year of the biennium and 3 percent for the second year of the biennium and to provide for 1 percent employee and employer retirement contributions during the first year of the biennium only.		(\$22,833)		(\$22,833)
Total	0.00	(\$22,833)	\$0	(\$22,833)

FTE Changes

The Legislative Assembly included funding for 29 FTE positions, 1 FTE position more than the 2011-13 biennium. The Legislative Assembly did not change the executive budget recommendation to add 1 FTE position to implement a forest restoration initiative. Pursuant to Section 36 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for entities under the control of the State Board of Higher Education. Any FTE position adjustments must be reported to the Office of Management and Budget prior to submission of the 2015-17 budget request.

One-Time Funding

In Section 2 of Senate Bill No. 2003, the Legislative Assembly identified \$223,358,169 of funding from the general fund as one-time funding for the North Dakota University System. Of this amount, \$785,000 is for a freezer and shop facility at the Towner State Nursery. This amount is not to be considered part of the Forest Service base budget for the 2015-17 biennium, and the Forest Service is to report to the Appropriations Committees of the 64th Legislative Assembly on the use of this funding.

Other Income Appropriation

The Legislative Assembly approved the executive recommendation to appropriate special funds of \$1,650,000 to the Forest Service, including \$900,000 from the trees for North Dakota program and \$750,000 from nursery tree sales.

Capital Projects

The Legislative Assembly did not change the executive recommendation to appropriate \$785,000 from the general fund for a freezer and shop facility at the Towner State Nursery.

Extraordinary Repairs

The Legislative Assembly did not change the executive recommendation to appropriate \$44,962 from the general fund for extraordinary repairs for Forest Service facilities. This represents an increase in extraordinary repairs funding of \$3,419 compared to 2011-13 biennium appropriations of \$41,543.

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 2013-15 biennium compared to the 2011-13 biennium.

Biennium	General Fund	Other Funds	Total
2013-15	\$1,171,116,129	\$1,778,336,465	\$2,949,452,594
2011-13	961,876,017	1,707,572,238	2,669,448,255
Increase (decrease)	\$209,240,112 ¹	\$70,764,227	\$280,004,339

¹Of this amount, \$93,347,906 relates to additional state matching funds required due to changes in the state's federal medical assistance percentage (FMAP).

FTE positions - The Department of Human Services is authorized a total of 2,201.08 FTE positions for the 2013-15 biennium, an increase of 4 FTE positions compared to the executive budget and an increase of 3.73 FTE positions compared to the 2011-13 biennium. Changes compared to the 2011-13 biennium include:

- Removing .27 FTE position, including a .21 position from the Developmental Center and a .06 position from the State Hospital.
- Removing 1 FTE deputy director position.
- Adding 4 FTE positions.
- Adding 1 FTE state autism coordinator position.

Anticipated salary savings - The Legislative Assembly reduced salaries and wages funding by \$4,283,026 from the general fund in anticipation of savings from vacant positions and employee turnover during the 2013-15 biennium. The total reductions relating to anticipated salary savings are:

	General Fund
State Hospital	\$1,696,987
Developmental Center	\$738,692
Human Service Centers	
Northwest Human Service Center	\$101,389
North Central Human Service Center	266,846
Lake Region Human Service Center	134,837
Northeast Human Service Center	266,495
Southeast Human Service Center	422,179
South Central Human Service Center	180,411
West Central Human Service Center	305,611
Badlands Human Service Center	169,579
Subtotal - Human service centers	\$1,847,347
Total reductions	\$4,283,026

Operating expenses reduction - The Legislative Assembly reduced funding for operating expenses by \$750,000 from the general fund for the Central Office, the State Hospital, and the Developmental Center. The total operating expenses reductions are:

	General Fund
Management	
Administration and support - Central Office	\$250,000
Subtotal - Management	\$250,000
Field Services Division	
State Hospital	\$350,000
Developmental Center	150,000
Subtotal - Field Services Division	\$500,000
Total reductions	\$750,000

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 2013-15 biennium. The department is to report to the Budget Section after June 30, 2014, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the Legislative Assembly in 2015 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 recommendation which provided \$93.3 million of additional general fund support as a result of North Dakota's FMAP reductions projected for the 2013-15 biennium.

Federal Fiscal Year	North Dakota's FMAP	North Dakota's Enhanced FMAP
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	52.27% (actual)	N/A
2014	50.00% (estimate)	N/A
2015	50.00% (estimate)	N/A

Inflationary increases - The Legislative Assembly provided a total of \$68.9 million, of which \$34.6 million is from the general fund, to provide 3 percent per year inflationary increases for human service providers. The executive budget recommended providing 4 percent per year inflationary increases for human service providers. The following is a summary of funding for inflationary increases:

	2013-15 Executive Budget	2013-15 Legislative Appropriations	2013-15 Legislative Appropriation Increase (Decrease) to 2013-15 Executive Budget
General fund	\$40.9 million	\$34.6 million	(\$6.3 million)
Other funds	40.4 million	34.3 million	(6.1 million)
Total	\$81.3 million	\$68.9 million	(\$12.4 million)

Provider wage passthrough - The Legislative Assembly provided a total of \$54.6 million, of which \$29.4 million is from the general fund, to provide \$1 per hour provider wage passthrough increases for nursing facilities, basic care, qualified service providers (QSPs), and development disabilities (DD) service providers. The executive budget recommended providing a 50-cent per hour wage passthrough increase per year to nursing facilities, basic care, QSPs and DD service providers. The following is a summary of funding for provider wage passthrough:

	2013-15 Executive Budget	2013-15 Legislative Appropriations	2013-15 Legislative Appropriation Increase (Decrease) to 2013-15 Executive Budget
General fund	\$14.9 million	\$29.4 million	\$14.5 million
Other funds	12.7 million	25.2 million	12.4 million
Total	\$27.6 million	\$54.6 million	\$26.9 million

PROGRAM AND POLICY

Temporary assistance for needy families (TANF) - Funding for TANF benefits is provided at \$14,516,672, of which \$456,137 is from the general fund, \$8,979,599 is from retained funds, \$3,687,489 is from child support collections, and \$1,393,447 is from federal funds, an increase of \$11,136 from the executive budget and \$2,222,578 less than the 2011-13 legislative appropriation of \$16,739,250. The funding level is anticipated to provide services for an average monthly caseload of 1,799 and to provide an average monthly payment of \$336 per case for the 2013-15 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 (SNAP) 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 SNAP caseload for the previous state fiscal year which reside on federally recognized Indian reservation land not to exceed 90 percent. The Legislative Assembly provided \$5,597,322 for these grants from the general fund, the same as the executive budget and \$606,961 more than the 2011-13 biennium appropriation.

Basic care assistance - The schedule below provides a comparison of funding for basic care assistance. The Legislative Assembly made adjustments to the recommended funding for basic care assistance, including:

- Reduced the inflationary increase included in the executive budget from 4 percent per year to 3 percent each year.
- Increased the provider wage passthrough included in the executive budget from 50 cents per hour to \$1 per hour.

	2011-13 Biennium	2013-15 Executive Budget	2013-15 Legislative Appropriation	2013-15 Legislative Appropriation Increase (Decrease) to 2013-15 Executive Budget	2013-15 Legislative Appropriation Increase (Decrease) to 2011-13
Total basic care assistance	\$25,972,395	\$36,280,327	\$38,884,238	\$2,603,911	\$12,911,843
General fund	\$14,812,502	\$22,927,750	\$24,790,193	\$1,862,443	\$9,977,691
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	\$8,779,531	\$10,972,215	\$11,713,683	\$741,468	\$2,934,152

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:

- Decreased by 50 percent, funding included in the executive recommendation for previously eligible individuals who might now apply for Medicaid coverage.
- Reduced funding to reflect a decrease in projected caseload/utilization rates.
- Added \$157.5 million of federal funding for Medicaid expansion.

	2011-13 Biennium	2013-15 Executive Budget	2013-15 Legislative Appropriation	2013-15 Legislative Appropriation Increase (Decrease) to 2013-15 Executive Budget	2013-15 Legislative Appropriation Increase (Decrease) to 2011-13
Total medical assistance	\$628,482,214	\$609,056,952	\$761,361,354	\$152,304,402	\$132,879,140
General fund	\$197,027,430	\$244,944,194	\$242,346,405	(\$2,597,789)	\$45,318,975
Federal funds	\$396,619,020	\$323,668,089	\$478,570,280	\$154,902,191	\$81,951,260
Health care trust fund	\$200,000	\$0	\$0	\$0	(\$200,000)
Estate collections	\$4,056,000	\$0	\$0	\$0	(\$4,056,000)
County	\$969,850	\$1,652,061	\$1,652,061	\$0	\$682,211
"Retained funds"	\$19,960,714	\$21,181,408	\$21,181,408	\$0	\$1,220,694
Other funds	\$9,649,200	\$17,611,200	\$17,611,200	\$0	\$7,962,000

Medicare Part D "clawback" payments - The Legislative Assembly appropriated \$29,735,664, of which \$28,600,944 is from the general fund and \$1,134,720 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, an increase of \$248,265 from the amount recommended in the executive budget. The amount provided is an increase of \$3,428,185 from the 2011-13 biennium appropriation of \$26,307,479, of which \$25,152,575 was from the general fund and \$1,154,904 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 reduced funding to reflect a decrease in projected caseload/utilization rates.

	2011-13 Biennium	2013-15 Executive Budget	2013-15 Legislative Appropriation	2013-15 Legislative Appropriation Increase (Decrease) to 2013-15 Executive Budget	2013-15 Legislative Appropriation Increase (Decrease) to 2011-13
Total Healthy Steps	\$27,524,402	\$33,344,070	\$32,694,070	(\$650,000)	\$5,169,668
General fund	\$8,517,391	\$11,627,907	\$11,400,407	(\$227,500)	\$2,883,016
Federal funds	\$19,007,011	\$21,716,163	\$21,293,663	(\$422,500)	\$2,286,652

DD grants - The schedule below provides a comparison of funding for DD grants. The Legislative Assembly made adjustments to the recommended funding for medical assistance grants, including:

- Reduced funding to reflect a decrease in projected caseload/utilization rates.
- Reduced the inflationary increase included in the executive budget from 4 percent per year to 3 percent each year.
- Increased the provider wage passthrough included in the executive budget from 50 cents per hour to \$1 per hour.

	2011-13 Biennium	2013-15 Executive Budget	2013-15 Legislative Appropriation	2013-15 Legislative Appropriation Increase (Decrease) to 2013-15 Executive Budget	2013-15 Legislative Appropriation Increase (Decrease) to 2011-13
Total DD grants	\$396,996,033	\$502,420,761	\$504,707,833	\$2,287,072	\$107,711,800
General fund	\$174,231,307	\$247,016,261	\$248,192,924	\$1,176,663	\$73,961,617
Federal funds	\$222,764,726	\$255,404,500	\$256,514,909	\$1,110,409	\$33,750,183

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:

- Reduced funding to reflect a decrease in projected caseload/utilization rates.
- Reduced the inflationary increase included in the executive budget from 4 percent per year to 3 percent each year.
- Increased the provider wage passthrough included in the executive budget from 50 cents per hour to \$1 per hour.
- Added funding relating to provisions for an expedited ratesetting process included in House Bill No. 1170.
- Added funding relating to provisions included in House Bill No. 1172 which give nursing facilities preferred claim status.
- Changed the funding source from the general fund to the health care trust fund for payments to nursing facilities relating to a bed layaway program.

	2011-13 Biennium	2013-15 Executive Budget	2013-15 Legislative Appropriation	2013-15 Legislative Appropriation Increase (Decrease) to 2013-15 Executive Budget	2013-15 Legislative Appropriation Increase (Decrease) to 2011-13
Total nursing facilities	\$459,836,020	\$501,294,823	\$498,348,991	(\$2,945,832)	\$38,512,971
General fund	\$202,407,983	\$249,740,962	\$247,701,738	(\$2,039,224)	\$45,293,755
Health care trust fund	\$746,786	\$0	\$546,786	\$546,786	(\$200,000)
Federal funds	\$256,475,703	\$251,553,861	\$250,100,467	(\$1,453,394)	(\$6,375,236)
Other funds	\$205,548	\$0	\$0	\$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 reduced the inflationary increase included in the executive budget from 4 percent per year to 3 percent each year and increased the provider wage passthrough included in the executive budget from 50 cents per hour to \$1 per hour.

	2011-13 Biennium	2013-15 Executive Budget	2013-15 Legislative Appropriation	2013-15 Legislative Appropriation Increase (Decrease) to 2013-15 Executive Budget	2013-15 Legislative Appropriation Increase (Decrease) to 2011-13
Total SPED and expanded SPED	\$14,725,212	\$15,860,106	\$16,668,240	\$808,134	\$1,943,028
General fund	\$14,036,062	\$15,133,442	\$15,902,656	\$769,214	\$1,866,594
County funds	\$689,150	\$726,664	\$765,584	\$38,920	\$76,434

FIELD SERVICES DIVISION

State Hospital

FTE positions - The Legislative Assembly did not change the executive recommendation to delete a .06 FTE position not used by the department at the State Hospital.

Extraordinary repairs - The Legislative Assembly appropriated \$1.8 million from the general fund for extraordinary repairs, 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 a .21 FTE position not used by the department at the Developmental Center.

Building demolition - The Legislative Assembly provided \$220,000 for the demolition of the Pleasant View and Refectory Buildings, a decrease of \$140,000 from the executive recommendation. The Department of Human Services may request additional funding from the state contingencies appropriation if the amount provided is insufficient for the demolition.

Operating expenses - The Legislative Assembly reduced funding for operating expenses by \$150,000 from the general fund.

Human Service Centers

Statewide human service centers - The Legislative Assembly did not change the executive recommendation to provide \$4,994,616 from the general fund and \$1,075,139 of other funds for statewide human service center funding. Statewide human service center funding is used to provide support to the Field Services Division to carry out programs. Funding for the statewide human service centers was previously included in the budget of one or more of the human service centers and the Administration Division budget.

Transition to independence program - The Legislative Assembly removed funding from the general fund included in the executive recommendation for the transition to independence program. \$40,000 was removed from each human service center for a total of \$320,000.

Transitional living facility - The Legislative Assembly reduced funding included in the executive recommendation for a 16-unit transitional living facility by \$571,000, of which \$428,000 was from the general fund to provide funding of \$729,000, of which \$547,000 is from the general fund for an 8-unit transitional living facility at the Southeast Human Service Center.

Transitional employment grants - The Legislative Assembly added \$240,000 from the general fund for transitional employment grants at the South Central Human Service Center.

Mental illness/chemical dependency crisis facility - The Legislative Assembly removed \$324,156 from the general fund included in the executive recommendation to provide a four-bed mental illness/chemical dependency crisis facility at the West Central Human Service Center.

Department of Human Services

Budget No. 325

House Bill Nos. 1012, 1038, 1302, 1358, and 1422; Senate Bill Nos. 2018, 2205, and 2356

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	2,197.08	\$1,176,869,527	\$1,613,649,730	\$2,790,519,257
2013-15 legislative appropriations	2,201.08	1,171,116,129	1,778,336,465	2,949,452,594
Legislative increase (decrease) to executive budget	4.00	(\$5,753,398)	\$164,686,735	\$158,933,337
Legislative increase (decrease) to 2011-13 appropriations	3.73	\$209,240,112 ¹	\$70,764,227	\$280,004,339 ¹

¹The amount shown reflects a \$20.9 million general fund appropriation approved by the Legislative Assembly in 2013 for additional expenses due to a decrease in the federal medical assistance percentage (FMAP) for the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$948,087,922	\$13,788,095	\$961,876,017
2013-15 legislative appropriations	1,166,482,508	4,633,621	1,171,116,129
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$218,394,586	(\$9,154,474)	\$209,240,112
Percentage increase (decrease) to 2011-13 appropriations	23.0%	(66.4%)	21.8%
2013-15 legislative increase (decrease) to executive budget	(\$760,390)	(\$4,993,008)	(\$5,753,398)
Percentage increase (decrease) to executive budget	(0.1%)	(51.9%)	(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 House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Management				
Provided funding for the following initiatives:	4.00	\$1,243,082	\$159,349,321	\$160,592,403
Expedited ratesetting process - \$1,661,844.				
Recipient liability first claim - \$100,000.				
Supplemental nutrition assistance program (SNAP) and temporary assistance for needy families (TANF) program changes - \$500,304.				
Electronic prescriptions - \$299,324.				

Medical assistance program expansion - \$157,991,337.

Committee on Employment of People with Disabilities - \$39,594.

Administration and Support

Adjusts state employee compensation and benefits package.		(4,395,959)	(1,998,497)	(6,394,456)
Decreased funding from the general fund and increased funding from other funds for Central Office operating expenses.		(250,000)	700,000	450,000
Removed deputy director FTE position (see Other Sections in Bill - Section 19 for additional information).	(1.00)	(248,357)	(62,206)	(310,563)
Removed funding for oil impact allowances.		(3,253,008)	(514,992)	(3,768,000)

Information Technology Services

Decreased funding for the Field Services electronic health records system replacement project to provide a total of \$2.5 million.		(2,500,000)		(2,500,000)
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Subtotal - Management changes	3.00	(\$9,404,242)	\$157,473,626	\$148,069,384
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Program and Policy

Economic Assistance

The Legislative Assembly did not change the executive recommendation for economic assistance in House Bill No. 1012.

Added contingent funding for changes in the eligibility for the child care assistance program and for child care provider incentive grants if funding is not needed for changes in eligibility (House Bill No. 1422).		2,500,000		2,500,000
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Child Support

The Legislative Assembly did not change the executive recommendation for child support.

Medical Services

Decreased by 50 percent, funding for previously eligible individuals who might now apply for Medicaid coverage.		(2,268,289)	(2,268,309)	(4,536,598)
Removed funding for program integrity services.		(158,000)	(158,000)	(316,000)
Decreased overall caseload projections for medical services as follows:		(557,000)	(752,000)	(1,309,000)

Children's health insurance program (CHIP) - \$650,000.

Premiums - \$315,000.

Durable medical equipment - \$30,000.

Private duty nurses - \$64,000.

Transportation - \$250,000.

Added funding for Medicare Part D clawback payments.		248,265		248,265
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Added funding from the strategic investment and improvements fund for grants to critical access hospitals in oil-producing counties or counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities (House Bill No. 1358).		9,600,000	9,600,000
Long-Term Care			
Decreased long-term care caseload projections as follows:	(6,000,000)	(6,000,000)	(12,000,000)
Nursing homes - \$9 million.			
Home and community-based services (HCBS) waiver - \$3 million.			
Decreased developmental disabilities (DD) caseload projections.	(975,000)	(975,000)	(1,950,000)
Added funding to increase nursing facility, basic care, DD and qualified service provider (QSP) wage passthrough increase from 50 cents to \$1 and decrease the inflationary increase from 4 percent each year of the biennium to 3 percent each year.	8,222,603	6,346,987	14,569,590
Added funding for a grant for adaptive skiing.	200,000		200,000
Changed the funding source from the general fund to the health care trust fund for a bed layaway program.	(546,786)	546,786	
Added funding from the health care trust fund for a grant for an expansion for an assisted living facility that accepts low income tenants.		425,000	425,000
Aging Services			
Decreased funding for guardianship services to provide \$215,000 for petitioning costs and \$383,000 for contract staff.	(402,000)		(402,000)
Added funding for senior meals.	750,000		750,000
Children and Family Services			
Added one-time funding for grants to a county social service board that is not on a reservation but is experiencing an increase in caseload from the Spirit Lake Indian Reservation.	300,000		300,000
Removed funding for postadoption services.	(133,520)	(71,896)	(205,416)
Added funding for child care provider incentive grants (\$1,000,000) and early childhood services specialists (\$300,000) (House Bill No. 1422).	1,300,000		1,300,000
Added funding for grants to licensed early childhood service providers that provide care for children with disabilities or developmental delays (Senate Bill No. 2018).	400,000		400,000
Added funding for grants to children's advocacy centers (Senate Bill No. 2356).	300,000		300,000
Mental Health and Substance Abuse Program			
Added funding for additional services to be provided by	296,000		296,000

Robinson Recovery Center.				
Removed funding for grants to be provided by the Governor's Prevention Advisory Council.		(100,000)		(100,000)
Removed peer support funding from all regions.		(300,000)		(300,000)
Added funding for an underage drinking prevention program (House Bill No. 1302).		360,000		360,000
Added funding for a grant to an organization to administer statewide 2-1-1 services that include suicide prevention services (Senate Bill No. 2205).		285,000		285,000
Developmental Disabilities Council				
The Legislative Assembly did not change the executive recommendation for the DD Council.				
Developmental Disabilities Division				
Added funding for guardianship services for developmentally disabled individuals.		100,000		100,000
Autism Services Division				
Added funding for 1 FTE position for a state autism coordinator (\$265,136), statewide autism spectrum disorder training program (\$160,000), autism voucher program pilot project (\$539,186), and autism spectrum Medicaid waiver (\$899,946) (House Bill No. 1038).	1.00	1,201,727	662,541	1,864,268
Vocational Rehabilitation				
Added funding for the older blind program.		100,000		100,000
Subtotal - Program and Policy changes.	1.00	\$5,123,000	\$7,356,109	\$12,479,109
Field Services				
State Hospital				
Reduced funding for operating.		(350,000)		(350,000)
Developmental Center				
Decreased funding for demolition of Pleasant View and Refectory Buildings to provide a total of \$220,000.		(140,000)		(140,000)
Decreased funding for operating expenses.		(150,000)		(150,000)
Human Service Centers				
Statewide Human Service Centers				
The Legislative Assembly did not change the executive recommendation for statewide human service centers funding.				
Northwest				
Removed funding for the transition to independence program.		(40,000)		(40,000)
North Central				
Removed funding for the transition to independence program.		(40,000)		(40,000)
Lake Region				
Removed funding for the transition to independence program.		(40,000)		(40,000)

Northeast

Removed funding for the transition to independence program.	(40,000)		(40,000)
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Southeast

Removed funding for the transition to independence program.	(40,000)		(40,000)
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Decreased funding for a 16-unit transitional living facility to provide for an eight-bed unit.	(428,000)	(143,000)	(571,000)
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South Central

Removed funding for the transition to independence program.	(40,000)		(40,000)
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Added funding for transitional employment grants.	240,000		240,000
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West Central

Removed funding for the transition to independence program.	(40,000)		(40,000)
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Removed funding for four-bed mental illness/chemical dependency crisis facility.	(324,156)		(324,156)
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Badlands

Removed funding for the transition to independence program.	(40,000)		(40,000)
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Subtotal - Field Services	0.00	(\$1,472,156)	(\$143,000)	(\$1,615,156)
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Total - Department of Human Services	4.00	(\$5,753,398)	\$164,686,735	\$158,933,337
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FTE Changes

The 2013-15 biennium appropriation includes funding for 2,201.08 FTE positions, an increase of 4 FTE positions from the executive recommendation and an increase of 3.73 FTE positions from the 2011-13 biennium authorized level of 2,197.35. The Legislative Assembly did not change the executive recommendation to remove .21 FTE position from the Developmental Center and .06 FTE position from the State Hospital. The Legislative Assembly added 1 FTE state autism coordinator position and 4 FTE positions to implement initiatives included in other bills relating to medical assistance program expansion and acceptance of electronic prior authorizations submitted by prescribers through e-prescribing software and removed 1 FTE deputy director position.

One-Time Funding

In Section 2 of House Bill No. 1012, the Legislative Assembly identified \$2,819,714 of one-time funding, of which \$1,733,621 is from the general fund and \$1,086,093 is from special funds. The \$1,700,000 from the general fund is for capital projects at the State Hospital, demolition of buildings at the Developmental Center, and grants, and the special funds of \$1,100,000 consist of \$425,000 from the health care trust fund for a grant to an assisted living facility that accepts low-income tenants and \$661,093 from federal funds and other funds for a mainframe migration project. The Legislative Assembly also provided one-time funding in House Bill No. 1012 for an electronic health records system and in Senate Bill No. 2018 for early childhood service provider grants. These items, summarized as follows, are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Department of Human Services is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

	General Fund	Special Funds	Total
State Hospital capital projects (HB 1012)	\$864,714		\$864,714
Mainframe migration (HB 1012)	148,907	\$661,093	810,000
Demolition of Pleasant View and Refectory Buildings at the Developmental Center (HB 1012)	220,000		220,000
Grants (HB 1012)	500,000	425,000	925,000
Electronic health records (HB 1012)	2,500,000		2,500,000
Grants for early childhood service providers (SB 2018)	400,000		400,000
Total	\$4,633,621	\$1,086,093	\$5,719,714

Other Sections in Bill

Transfers - Section 3 provides the Department of Human Services may transfer appropriation authority between line items within each subdivision and between subdivisions for the 2013-15 biennium. The department is to report to the Budget Section after June 30, 2014, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 63rd Legislative Assembly on any transfers made.

Medicaid management information (MMIS) system replacement project - Section 4 provides for the continuation of the legislative appropriation for the MMIS replacement project in the 2013-15 biennium.

Medicaid upper payment limits - Section 5 provides any appropriated increase for human service providers paid with Medicaid funding may only be provided to the extent the increase does not exceed the upper payment limit for that specific Medicaid service.

Rural health clinics - Section 6 provides the Department of Human Services is to rebase rural health clinics to Medicare rates. Future increases are to be based on approved inflationary increases.

Foster care criminal history record checks - Section 7 amends North Dakota Century Code Section 12-60-24(2)(f) to require a criminal history record check for those seeking approval for a foster care home or facility located on a recognized Indian reservation in North Dakota.

Child support - Section 8 amends Section 14-09-09.10(3) relating to the definition of child support.

Expanded service payments for elderly and disabled (SPED) eligibility - Section 9 amends Section 50-24.7-01(6) relating to definitions for expanded SPED.

Facility construction - Section 10 adds a new section requiring all intermediate care facility providers to submit all facility construction or remodeling proposals to the Department of Human Services prior to entering a contract for the project.

Grant to assisted living center - Section 11 adds one-time funding of \$425,000 from the health care trust fund for a grant to an assisted living center that accepts low-income tenants for an expansion project.

County social service grant - Section 12 adds one-time funding of \$300,000 from the general fund for a grant to a jurisdiction that is most affected by an Indian reservation but does not receive reimbursement payments pursuant to Section 50-01.2-03.2.

Grant for adaptive skiing - Section 13 adds one-time funding of \$200,000 from the general fund for a grant to an organization that provides an adaptive skiing program.

Legislative Management study - Developmental Center - Section 14 provides the Legislative Management consider a study of the Developmental Center in Grafton.

Legislative Management study - North Dakota health care - Section 15 provides the Legislative Management consider a study of the North Dakota health care delivery system, the implementation of the Healthy North Dakota initiative, Medicaid reform, and the feasibility of developing a plan for a private health care model.

Legislative Management study - Brain injury - Section 16 provides the Legislative Management consider a study of the need for a comprehensive system of care for individuals with brain injury, including services available to veterans who are returning from wars.

Report to Budget Section - Section 17 requires the Department of Human Services to provide a report to the Budget Section in December 2014 regarding funding of \$547,000 from the general fund and \$182,000 from other funds included in House Bill No. 1012 for an eight-unit transitional living facility in the Southeast Human Service Center region.

Legislative intent - Section 18 provides legislative intent requiring the Department of Human Services to demolish the Refectory and Pleasant View Buildings at the Developmental Center at a cost of \$220,000. If the funding is insufficient to cover the cost of demolition, the department may request Emergency Commission approval for additional funding from the state contingencies appropriation.

Deputy director position - Section 19 provides legislative intent that the removal of the FTE position in the Administration and Support Division does not preclude the Department of Human Services from using an existing FTE position for the purpose of a deputy director position.

Electronic health records - Section 20 provides legislative intent that the reduction of funding in the Information Technology Division does not preclude the Department of Human Services from procuring an electronic health records system if the department can initiate the project within its 2013-15 biennium appropriation for the Information Technology Division or the Field Services Division.

Funding for initiatives - Section 21 provides funding of \$160.6 million, of which \$1.2 million is from the general fund, and 4 FTE positions for initiatives included in House Bill Nos. 1170, 1172, 1176, 1274, and 1362 and Senate Bill No. 2271 (see **related legislation** section below).

Related Legislation

Deficiency appropriation - House Bill No. 1023 provides a 2011-13 deficiency appropriation of \$20.9 million from the general fund to the department for medical assistance grants relating to the reduction in the state's FMAP.

Health care reform study - House Bill No. 1034 provides for a Legislative Management study of health care reform. The department would be required to provide status reports on the status of health insurance and health-related public assistance.

Bed capacity - House Bill No. 1035 extends the date for the moratoriums on expansion of basic care bed capacity and long-term care bed capacity from July 1, 2013, to July 1, 2015.

Expedited ratesetting process - House Bill No. 1170 provides nursing and basic care facilities with an expedited ratesetting process for costs associated with the federal Patient Protection and Affordable Care Act of 2010 as it relates to providing health insurance policies to the facilities' employees. Funding for this initiative of \$830,922 from the general fund and \$830,922 from federal funds is included in Section 21 of House Bill No. 1012.

Recipient liability first claim - House Bill No. 1172 allows nursing homes or basic care facilities the first preferred claim against a decedent's estate for outstanding recipient liability owed to the facility. Funding to offset the Department of Human Services' loss of estate collections from this initiative of \$49,810 from the general fund and \$50,190 from federal funds is included in Section 21 of House Bill No. 1012.

SNAP and TANF eligibility - House Bill No. 1176 allows individuals convicted of a drug felony to be eligible to participate in SNAP and the TANF program if at least seven years has elapsed since their most recent conviction. Funding for this initiative of \$11,136 from the general fund and \$489,168 from other funds is included in Section 21 of House Bill No. 1012.

Home and community-based services pilot project - House Bill No. 1180 requires the Department of Human Services to establish a pilot program for the provision of independent case management services for home and community-based services within a county located entirely within an Indian reservation for the 2013-15 biennium.

Upper management compensation - House Bill No. 1209 precludes the Department of Human Services from limiting compensation for upper management personnel of a basic care facility, except for a person with at least 5 percent ownership, a person on the governing board, or any person related within the third degree of kinship to top management personnel. **This bill was vetoed by the Governor, and the veto was sustained.**

Electronic prescriptions - House Bill No. 1274 requires North Dakota Medicaid to accept electronic prior authorizations submitted by prescribers through their e-prescribing software. One FTE position and funding for this initiative of \$74,831 from the general fund and \$224,493 of federal funds are included in Section 21 of House Bill No. 1012.

Critical access hospital grants - House Bill No. 1358 provides an appropriation of \$9.6 million from the strategic investment and improvements fund to the Department of Human Services for a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county for the 2013-15 biennium.

Program of all-inclusive care for the elderly (PACE) program expansion - House Bill No. 1360 authorizes the Department of Human Services to provide funding for the expansion of PACE.

Expansion of medical assistance program - House Bill No. 1362 appropriates to the Department of Human Services any amount of federal funds relating to implementing the provisions for the expansion of the medical assistance program from the federal Patient Protection and Affordable Care Act of 2010. Three FTE positions and funding for this initiative of \$248,789 from the general fund and \$157,990,000 are included in Section 21 of House Bill No. 1012. The bill also provides the Legislative Management consider a study of the effects of the federal Patient Protection and Affordable Care Act of 2010 during the 2013-14 interim.

Children's services study - House Bill No. 1378 requires the Department of Human Services to identify the estimated cost to implement a Medicaid waiver or amend an existing Medicaid waiver, to provide coverage for children who have continued and substantial medical and support needs, but who, at the age of three years, no longer qualify for services under the DD waiver. The department is to report its findings to the 64th Legislative Assembly.

Child care stabilization - House Bill No. 1422 provides a \$2.1 million general fund appropriation to the Department of Human Services for a child care stabilization initiative.

Diabetes goals and plans - House Bill No. 1443 requires the Department of Human Services, State Department of Health, Indian Affairs Commission, and Public Employees Retirement System to collaborate to identify goals and benchmarks while also developing individual agency plans to reduce the incidence of diabetes in the state, improve diabetes care, and control complications associated with diabetes. The agencies are to report to the Legislative Management before June 1 of each even-numbered year regarding the collaboration and the financial impact of diabetes to the agencies, the state, and localities.

Bed capacity exchange - Senate Bill No. 2068 allows the department to exchange residential child care facility bed capacity with psychiatric residential treatment facility bed capacity or psychiatric residential treatment facility bed capacity with residential child care facility bed capacity.

Developmental Center name change - Senate Bill No. 2069 changes the name of the Developmental Center, Westwood Park, Grafton, to the Life Skills and Transition Center.

Children's health insurance program eligibility - Senate Bill No. 2109 relates to eligibility determination for CHIP.

Statewide 2-1-1 services - Senate Bill No. 2205 provides a \$285,000 general fund appropriation to the Department of Human Services for a grant to an organization for administering statewide 2-1-1 services for the 2013-15 biennium.

Child care services study - Senate Bill No. 2244 provides the Legislative Management shall consider a study of the availability and access to child care services during the 2013-14 interim.

Committee on Employment of People with Disabilities - Senate Bill No. 2271 requires the Department of Human Services to provide honorariums for public members of the Committee and to provide administrative services to the committee. Funding for this initiative of \$27,594 from the general fund and \$12,000 of other funds is included in Section 21 of House Bill No. 1012.

Reporting of abuse or neglect - Senate Bill No. 2323 requires mandatory reporting by any medical or mental health professional or personnel, law enforcement officer, firefighter, member of the clergy, or caregiver having knowledge that a vulnerable adult has been subjected to abuse or neglect.

Children's advocacy centers - Senate Bill No. 2356 provides a \$300,000 general fund appropriation to the Department of Human Services for providing grants to children's advocacy centers for the 2013-15 biennium.

Home and community-based services study - Senate Bill No. 2375 provides the Legislative Management consider a study of home and community-based services in the state during the 2013-14 interim.

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**Office of Management and Budget
Budget No. 110
House Bill Nos. 1015 and 1041, Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	131.50	\$41,174,940	\$9,589,395	\$50,764,335
2013-15 legislative appropriations	130.50	360,646,688	14,230,630	374,877,318
Legislative increase (decrease) to executive budget	(1.00)	\$319,471,748	\$4,641,235	\$324,112,983
Legislative increase (decrease) to 2011-13 appropriations	(1.00)	\$327,753,989	\$3,716,169	\$331,470,158

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$29,238,699	\$3,654,000	\$32,892,699
2013-15 legislative appropriations	31,746,688	328,900,000	360,646,688
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,507,989	\$325,246,000	\$327,753,989
Percentage increase (decrease) to 2011-13 appropriations	8.6%	8,901.1%	996.4%
2013-15 legislative increase (decrease) to executive budget	\$161,748	\$319,310,000	\$319,471,748
Percentage increase (decrease) to executive budget	0.5%	3,329.6%	775.9%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Management and Budget (OMB) is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$478,233) and from other funds (\$92,179) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$216,852)	(\$43,765)	(\$260,617)
Removed a vacant FTE position in Facilities Management and related funding.	(1.00)	(150,000)		(150,000)

Added special funds authority for the operations of the Central Services Division.		185,000	185,000
Reduced the amount of funding to contract with external auditors for certain audits from \$600,000 to \$300,000.	(300,000)		(300,000)
Reduced one-time funding for Prairie Public Broadcasting from \$700,000 to \$600,000.	(100,000)		(100,000)
Added one-time funding for a state agency energy impact pool to address state employee housing and compensation issues in areas affected by energy development.	4,000,000	4,500,000	8,500,000
Adjusted the transfer from the general fund to property tax relief fund from \$744,800,000 to \$315,210,000 and provided for the transfer to be made during the 2013-15 biennium rather than the 2011-13 biennium.	315,210,000		315,210,000
Added funding for grants to counties for public or private guardianship services (House Bill No. 1041).	828,600		828,600
Added one-time funding to contract with an external entity to conduct an information technology relocation and consolidation study (Senate Bill No. 2021).	200,000		200,000
Total	<u>(1.00)</u>	<u>\$319,471,748</u>	<u>\$4,641,235</u>
			<u>\$324,112,983</u>

FTE Changes

The 2013-15 biennium appropriation includes funding for 130.5 FTE positions, 1 FTE position less than the 2011-13 authorized level and the 2013-15 executive recommendation of 131.5 FTE positions. The Legislative Assembly removed 1 FTE Facilities Management position that was vacant.

One-Time Funding

The following is a summary of one-time general fund appropriations for the 2013-15 biennium for OMB:

	General Fund	Other Funds	Total
Capitol south entrance remodel	\$1,000,000		\$1,000,000
Exterior restoration of judicial and legislative wings	1,500,000		1,500,000
Health insurance pool for temporary employees	1,000,000	\$1,000,000	2,000,000
North Dakota 125 th anniversary coordinator	190,000		190,000
Parking lot remodel and loading dock expansion	4,000,000		4,000,000
Prairie Public Broadcasting equipment upgrades	600,000		600,000
Repair and cleaning of floors in Capitol building	1,200,000		1,200,000
Transfer to property tax relief fund	315,210,000		315,210,000
State agency energy impact pool	4,000,000	4,500,000	8,500,000
Study of information technology relocation and consolidation	200,000		200,000
Total	\$328,900,000	\$5,500,000	\$334,400,000

State Memberships

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

	General Fund
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$145,000
Council of State Governments	188,000
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
Total dues and memberships	\$611,000

Capital Improvements

The Legislative Assembly provided \$8,948,793 from the general fund for the following extraordinary repairs and projects:

	General Fund
Electrical improvements	\$180,000
Electrical shaft door repair	110,000
Exterior restoration of legislative and judicial wings	1,500,000
Life safety improvements	500,000
Mechanical improvements	458,793
Capitol grounds parking lot project and loading dock expansion	4,000,000
Capitol building floor cleaning and repair	1,200,000
Capitol building south entrance remodel project	1,000,000
Total	\$8,948,793

General Fund Transfers

Special funds transfers - The Legislative Assembly provided for the following special funds transfers to the general fund during the 2013-15 biennium:

Strategic investment and improvements fund (Section 4 of House Bill No. 1015)	\$520,000,000
Property tax relief fund (Section 5 of House Bill No. 1013)	341,790,000
Total	\$861,790,000

Mill and Elevator Association transfers - The Legislative Assembly in 2009 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. Section 32 of Senate Bill No. 2014 provides for the mill to transfer the sum of \$6,817,200, or 50 percent of the annual earnings and undivided profits of the Mill and Elevator, whichever is less, to the general fund.

Budget Stabilization Fund

Chapter 54-27.2 provides 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. Section 5 of House Bill No. 1015 provides general fund appropriations of \$720 million included in Senate Bill No. 2176 may not be used in the calculation to determine the maximum balance of the budget stabilization fund. The June 30, 2013, estimated general fund balance is \$1,653,858,821 which allows for a transfer of \$181,060,585 to the budget stabilization fund to provide a fund balance of \$583,545,799, which is the maximum balance allowed based on 9.5 percent of \$6,142,587,354 (total 2013-15 general fund appropriations of \$6,862,587,354 less \$720,000,000 appropriated in Senate Bill No. 2176).

State Agency Energy Impact Pool

Section 6 of House Bill No. 1015 appropriates \$4 million from the general fund and \$4.5 million from other funds for a state agency energy development impact funding pool. The section allows a state agency to submit an application to OMB to receive a transfer of funds from the pool for employee housing rental assistance and for temporary salary increases for employees affected by energy development. The Section provides guidelines regarding the documentation required to be submitted by an agency as part of its application for a transfer of funds from the pool. The Office of Management and Budget is to review any submitted applications and provide a recommendation to the Emergency Commission for final approval or rejection.

State Employee Compensation Package

Section 13 of House Bill No. 1015 provides 2013-15 biennium performance compensation adjustments for regular classified state employees are to be in a range of 3 to 5 percent for the first year of the biennium and in a range of 2 to 4 percent for the second year of the biennium. The section provides that annual market increases for employees are to be up to 2 percent for employees whose salary is in the first quartile of the employee's assigned salary range and up to 1 percent for employees whose salary is in the second quartile of the employee's salary range.

The section also provides intent that the goal of the classified state employee compensation program be a compensation ratio of 95 percent of the market policy point used by OMB for establishing the grade and salary range structure for fiscal year 2013. The Office of Management and Budget, subject to Budget Section approval, may adjust the market policy point based on an estimated inflationary factor during the 2013-15 biennium. The Office of Management and Budget is to develop guidelines for use by state agencies for providing compensation adjustments for regular classified employees in accordance with provisions of this section and Section 54-44.3-01.2. **The Governor vetoed a portion of the section to remove the authority of the Budget Section to approve a change in market policy point.**

Salary increases for non-classified employees are to be based on performance and market and are to be from 3 to 5 percent effective July 1, 2013, and from 2 to 4 percent effective July 1, 2014.

Section 12 of House Bill No. 1015 authorizes agencies to transfer appropriation authority between line items as it relates to compensation increases provided by the Legislative Assembly.

Accrued Leave Payments

Section 14 of House Bill No. 1015 provides guidelines for agency use of funding included in the accrued leave payments line item. The funding is to be used for paying accrued annual leave and sick leave for eligible employees resigning, retiring, or otherwise discontinuing employment with the agency. An agency may seek Emergency Commission approval to transfer funds from an agency's accrued leave payments line item to another line item that includes salaries and wages funding. **The Governor vetoed the provisions of the section regarding the use of funding from the accrued leave payments line item and the authority for the Emergency Commission to transfer funds from an agency's accrued leave payments line item to another line item.**

Other Sections in House Bill No. 1015

Community service supervision grants - Section 7 provides guidelines for the distribution of community service supervision grants. The section also provides appropriation authority for OMB to distribute additional grants from any funds deposited in the community service supervision fund.

Temporary employee health insurance pool - Section 8 authorizes OMB to transfer funds from the temporary employee health insurance pool to other state agencies.

Unexpended appropriation continuation - Section 9 provides amounts appropriated to the Fiscal Management Division in 2009 House Bill No. 1015 are not subject to the provisions of Section 54-44.1-11 which require unexpended appropriations to be canceled at the end of the biennium.

State internship program - Section 11 authorizes the Human Resource Management Services division to transfer funds appropriated for the state student internship program to other agencies.

Racing Commission funds transfer - Section 15 authorizes the Racing Commission to transfer funds from the breeders' fund to the racing promotion fund and the purse fund for additional horse races. Any funds transferred are to be repaid from future deposits designated for the racing promotion fund and purse fund. **The Governor vetoed this section.**

Capitol Grounds Planning Commission continuing appropriation - Section 24 increases the amount available to the Capitol Grounds Planning Commission from the Capitol building fund from \$100,000 to \$175,000 per biennium.

State agency budget submission deadlines - Section 25 provides a state agency submitting a budget request to OMB may receive an extension of up to 60 days to submit the request. **The Governor vetoed this section.**

Submission of political subdivision budget information - Section 26 allows political subdivisions to submit budget information to be included on the OMB website.

Legislative intent - Capitol grounds parking lot project - Section 36 provides legislative intent that the size or number of parking spaces in the parking lot west of the Capitol building may not be reduced as part of the Capitol grounds parking lot project authorized for the 2013-15 biennium.

Study of state agency facility needs - Section 37 provides for a Legislative Management study of the facility needs of state agencies located in the Bismarck area.

Study of state employee salaries and wages appropriations - Section 38 provides for a Legislative Management study of the process of appropriating funds for classified state employee salaries and wages.

Study of state employee health insurance premiums - Section 39 provides for a Legislative Management study of state contributions for state employee health insurance premiums.

Study of foundation aid stabilization fund - Section 40 provides for a Legislative Management study of the foundation aid stabilization fund.

Related Legislation

Part-time and temporary FTE position approval - House Bill No. 1099 requires agencies to provide documentation justifying the need for new FTE positions and to receive specific legislative approval for both permanent full-time and permanent part-time employee positions.

State agency reporting requirements - House Bill No. 1309 adjusts the reporting requirements of state agencies related to employee service awards, employer-paid tuition, and employer-paid dues and memberships.

State employee travel expenses - House Bill No. 1368 amends Section 44-08-04 to adjust state employee meal reimbursement amounts.

State employee suggestion incentive program - Senate Bill No. 2188 increases the maximum award level that may be provided under the state employee suggestion incentive program.

**Information Technology Department
Budget No. 112
Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	340.30	\$20,763,061	\$150,290,886	\$171,053,947
2013-15 legislative appropriations	340.30	21,254,428	149,674,553	170,928,981
Legislative increase (decrease) to executive budget	0.00	\$491,367	(\$616,333)	(\$124,966)
Legislative increase (decrease) to 2011-13 appropriations	4.00	\$2,002,224	(\$14,748,207)	(\$12,745,983)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$17,294,580	1,957,624	19,252,204
2013-15 legislative appropriations	19,939,428	1,315,000	21,254,428
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,644,848	(\$642,624)	\$2,002,224
Percentage increase (decrease) to 2011-13 appropriations	15.3%	(32.8%)	10.4%
2013-15 legislative increase (decrease) to executive budget	(\$108,633)	\$600,000	\$491,367
Percentage increase (decrease) to executive budget	(0.5%)	83.9%	2.4%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Information Technology Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$373,087) and from other funds (\$2,252,997) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$108,633)	(\$616,333)	(\$724,966)
Added one-time funding from the general fund for the Criminal Justice Information Sharing project to complete the updating process.		600,000		600,000
Total	0.00	\$491,367	(\$616,333)	(\$124,966)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included 340.3 FTE positions, which is an increase of 4 FTE positions as compared to the 2011-13 biennium. The increase relates to the transfer of 4 information technology FTE positions from Workforce Safety and Insurance.

One-Time Funding

In Section 2 of Senate Bill No. 2021, the Legislative Assembly provided \$600,000 of one-time funding from the general fund in addition to the \$200,000 of one-time funding included in the executive recommendation for the Criminal Justice Information Sharing project to complete the updating process to allow the integration and electronic sharing of criminal justice information among agencies.

Other Sections in Bill

Transfers - Section 3 authorizes the Office of Management and Budget (OMB) to make transfers of funds between the salaries and wages, operating expense, 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.

Statewide longitudinal data system expenditures - Section 4 provides that the Department of Public Instruction must receive approval from the Information Technology Department to expend federal funds appropriated in House Bill No. 1013 relating to costs associated with the statewide longitudinal data system.

Information technology project planning - Section 5 establishes a new section to North Dakota Century Code Chapter 54-59 to provide each executive branch state agency, excluding entities under control of the State Board of Higher Education, considering the development of an information technology project with an estimated cost of \$100,000 or more is to involve the Information Technology Department in the planning and study of the project. A state agency must receive a recommendation from the Information Technology Department prior to proceeding with any study relating to the project.

Acceptance of funds - Section 6 amends Section 54-59-15 to allow for the deposit of federal or other funds into the information technology operating account or other accounts specified by OMB.

Information technology exemptions - Section 7 amends Section 54-59-22 to remove the exemption that applies to the Public Employees Retirement System and the Retirement and Investment Office from certain information technology services provided by the Information Technology Department.

Information technology relocation and consolidation study - Section 8 appropriates \$200,000 from the general fund to OMB to contract with a private consultant to conduct an information technology relocation and consolidation study.

Information technology desktop support study - Section 9 provides the Information Technology Department conduct a study of all agencies' information technology desktop support to determine the desirability and feasibility of centralization of desktop support services through the Information Technology Department.

Related Legislation

Definition of large information technology projects - Senate Bill No. 2033 provides for an amendment to the definition of large information technology projects from the current amount of \$250,000 or more to \$500,000 or more.

Creation of executive steering committees for information technology projects - Senate Bill No. 2034 provides for the appointment process of the executive steering committee and the committee's responsibilities relating to major information technology projects.

**Office of Administrative Hearings
Budget No. 140
Senate Bill No. 2017**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	5.00	\$0	\$2,824,295	\$2,824,295
2013-15 legislative appropriations	5.00	0	2,818,896	2,818,896
Legislative increase (decrease) to executive budget	0.00	\$0	(\$5,399)	(\$5,399)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$0	\$991,697	\$991,697

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$10,698) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$5,399)	(\$5,399)
Total	0.00	\$0	(\$5,399)	(\$5,399)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2011-13 biennium.

**Legislative Assembly
Budget No. 150
Senate Bill No. 2001**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	0.00	\$14,336,364	\$0	\$14,336,364
2013-15 legislative appropriations	0.00	13,921,971	0	13,921,971
Legislative increase (decrease) to executive budget	0.00	(\$414,393)	\$0	(\$414,393)
Legislative increase (decrease) to 2011-13 appropriations	0.00	(\$345,946)	\$0	(\$345,946)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$12,025,211	\$2,242,706	\$14,267,917
2013-15 legislative appropriations	13,379,971	542,000	13,921,971
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,354,760	(\$1,700,706)	(\$345,946)
Percentage increase (decrease) to 2011-13 appropriations	11.3%	(75.8%)	(2.4%)
2013-15 legislative increase (decrease) to executive budget	(\$17,393)	(\$397,000)	(\$414,393)
Percentage increase (decrease) to executive budget	(0.1%)	(42.3%)	(2.9%)

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

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased funding anticipated to be needed for legislator lodging reimbursements for the 2015 legislative session. The funding included will provide for a monthly reimbursement of up to \$1,502 per month per legislator for the 2015 legislative session. The adjustment is the net effect of:		(\$138,393)		(\$138,393)
<ul style="list-style-type: none"> Increasing the maximum monthly lodging reimbursement rate from 65 to 70 percent of the state employee daily rate multiplied by 30. Decreasing anticipated inflationary increase relating to lodging rates. 				

Increased funding for costs associated with providing legislators with remote access to data, including broadband, data plans for cellular phones, and other methods as determined by the Legislative Management's Legislative Procedure and Arrangements Committee to provide a total of \$425,000.	121,000	121,000
Removed one-time funding for installing audio and video recording equipment in committee rooms. The Legislative Procedure and Arrangements Committee may use funding available for legislative wing improvements to install audio and video recording equipment in committee rooms.	(397,000)	(397,000)
Total	0.00	(\$414,393)

One-Time Funding

In Section 2 of Senate Bill No. 2001, the Legislative Assembly identified a total of \$542,000 from the general fund for one-time funding items. Of this funding, \$500,000 is for legislative wing equipment and improvements and \$42,000 is for information technology projects. This amount is not to be considered part of the agency's 2015-17 biennium base budget, and the Legislative Assembly is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Legislative Pay Increases

The Legislative Assembly approved Senate Bill No. 2001 providing for legislative pay increases. Sections 6 and 7 increase legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation by 3 percent for each year of the 2013-15 biennium. Sections 8 and 9 of the bill increase legislators' interim meeting pay by 3 percent for each year of the 2013-15 biennium. The compensation adjustments are as follows:

	Current Compensation Rate	Rate Effective July 1, 2013	Rate Effective July 1, 2014
Monthly compensation	\$440	\$453	\$467
Leaders' additional monthly compensation	\$316	\$325	\$335
Daily session pay	\$157	\$162	\$167
Interim meeting pay	\$157	\$162	\$167

Other Sections in Bill

Transfers - Section 4 allows transfers of funds between line items of appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management.

Continuation of appropriation authority - Section 5 allows transfers of funds between line items of the 2011-13 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management. In addition, the section also provides unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2011-13 biennium be continued and that unexpended appropriations enacted prior to the 2011-13 biennium may be canceled as directed by the Chairman of the Legislative Management.

Compensation and lodging reimbursement - Sections 6 and 7 increase legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation by 3 percent for each year of the 2013-15 biennium. Sections 8 and 9 increase legislators' interim meeting pay by 3 percent for each year of the 2013-15 biennium. Section 6 provides for increasing the maximum allowable monthly lodging reimbursement for legislators during legislative sessions from 65 to 70 percent of the state employee lodging reimbursement rate multiplied by 30, effective July 1, 2013.

Legislative promotional expenses - Section 10 creates a new section to the North Dakota Century Code relating to legislative promotional expenses. The section requires the Legislative Management to establish a policy regarding promotional expenses made on behalf of the Legislative Assembly. Any expenditure made pursuant to this section must be reported to the Legislative Management and may not be construed as a gift for purposes of Article X, Section 18, of the Constitution of North Dakota.

Limited bill analysis pilot project - Section 11 provides legislative intent that the Legislative Management consider implementing a limited bill analysis pilot project for the 2015 legislative session.

Related Legislation

House Bill No. 1059 - Adjusts the definition of temporary employees and their health insurance coverage premium payments to comply with the shared responsibility provisions of the federal Affordable Care Act.

House Bill No. 1129 - Relates to the authentication of official electronic legislative records if the records are the only published records.

House Bill No. 1368 - Increases the maximum meal reimbursement rates for state employees and legislators for in-state travel from a total of \$30 per day to \$35 per day.

**Legislative Council
Budget No. 160
Senate Bill Nos. 2001 and 2200, House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	34.00	\$12,150,457	\$69,999	\$12,220,456
2013-15 legislative appropriations	37.00	12,862,475	69,999	12,932,474
Legislative increase (decrease) to executive budget	3.00	\$712,018	\$0	\$712,018
Legislative increase (decrease) to 2011-13 appropriations	3.00	\$1,301,317	(\$1)	\$1,301,316

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$10,826,351	\$734,807	\$11,561,158
2013-15 legislative appropriations	12,487,475	375,000	12,862,475
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,661,124	(\$359,807)	\$1,301,317
Percentage increase (decrease) to 2011-13 appropriations	15.3%	(49.0%)	11.3%
2013-15 legislative increase (decrease) to executive budget	\$462,018	\$250,000	\$712,018
Percentage increase (decrease) to executive budget	3.8%	200.0%	5.9%

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 in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$143,087) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$43,039)		(\$43,039)

Decreased funding for legislator lodging reimbursements for interim meetings during the 2013-14 interim due to decreasing the anticipated inflationary increase relating to lodging rates. The funding included will provide for a daily lodging reimbursement rate of \$77 per night plus tax.		(\$44,943)		(\$44,943)
Added funding for three new fiscal analyst positions and related operating expenses, including information technology and equipment.	3.00	525,000		525,000
Added funding for costs relating to legislators attending meetings of the Energy Producing States Coalition.		25,000		25,000
Added one-time funding to contract with consultants and other personnel to complete a study of education funding and accountability (House Bill No. 1013).		100,000		100,000
Added one-time funding for costs associated with a study of higher education funding methods (Senate Bill No. 2200).		150,000		150,000
Total	<u>3.00</u>	<u>\$712,018</u>	<u>\$0</u>	<u>\$712,018</u>

FTE Changes

The Legislative Assembly added 3 FTE fiscal analyst positions for a total of 37 FTE positions during the 2013-15 biennium, 3 FTE positions more than the 2011-13 biennium.

One-Time Funding

In Section 3 of Senate Bill No. 2001, the Legislative Assembly identified a total of \$125,000 from the general fund for one-time funding items. Of this amount, \$50,000 is for office improvements, \$25,000 is for office equipment replacement, and \$50,000 is for information technology projects. The Legislative Assembly also provided in House Bill No. 1013, a \$100,000 general fund appropriation to contract with consultants and other personnel to complete a study of education funding and accountability and in Senate Bill No. 2200, a \$150,000 general fund appropriation for costs associated with a study of higher education funding methods. This funding, summarized as follows, is not to be considered part of the agency's 2015-17 biennium base budget, and the Legislative Council is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Office improvements	\$50,000
Office equipment replacement	25,000
Information technology projects	50,000
Education funding and accountability study	100,000
Higher education funding methods study	150,000
Total	\$375,000

Other Sections in Bill

Transfers - Section 4 allows transfers of funds between line items of appropriations for the Legislative Assembly and Legislative Council as requested by the Chairman of the Legislative Management.

Continuation of appropriation authority - Section 5 allows transfers of funds between line items of the 2011-13 biennium appropriations for the Legislative Assembly and Legislative Council as requested by the Chairman of the Legislative Management. In addition, the section also provides unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2011-13 biennium be continued and that unexpended appropriations enacted prior to the 2011-13 biennium may be canceled as directed by the Chairman of the Legislative Management.

Compensation - Sections 6 and 7 increase legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation by 3 percent for each year of the 2013-15 biennium. Sections 8 and 9 of the bill increase legislator's interim meeting pay by 3 percent for each year of the 2013-15 biennium.

Legislative promotional expenses - Section 10 creates a new section to the North Dakota Century Code relating to legislative promotional expenses. The section provides the Legislative Management must establish a policy regarding promotional expenses made on behalf of the Legislative Assembly. Any expenditure made pursuant to this section must be reported to the Legislative Management and may not be construed as a gift for purposes of Article X, Section 18, of the Constitution of North Dakota.

Limited bill analysis pilot project - Section 11 provides legislative intent that the Legislative Management consider implementing a limited bill analysis pilot project for the 2015 legislative session.

Related Legislation

House Bill No. 1059 - Adjusts the definition of temporary employees and their health insurance coverage premium payments to comply with the shared responsibility provisions of the federal Affordable Care Act.

House Bill No. 1129 - Relates to the authentication of official electronic legislative records if the records are the only published records.

House Bill No. 1368 - Increases the maximum meal reimbursement rates for state employees and legislators for in-state travel from a total of \$30 per day to \$35 per day.

Senate Bill No. 2243 - Provides the Legislative Management consider studying behavioral health needs and authorizes the Legislative Council to contract for consulting and coordination of study services to assist the Legislative Management in conducting the behavioral health study.

**Judicial Branch
Budget No. 180
Senate Bill No. 2002, House Bill No. 1041**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	359.00	\$97,417,252	\$2,175,589	\$99,592,841
2013-15 legislative appropriations	363.00	98,305,993	2,175,589	100,481,582
Legislative increase (decrease) to executive budget	4.00	\$888,741	\$0	\$888,741
Legislative increase (decrease) to 2011-13 appropriations	19.00	\$14,823,631	(\$6,685)	\$14,816,946

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$82,580,882	\$901,480	\$83,482,362
2013-15 legislative appropriations	97,133,117	1,172,876	98,305,993
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$14,552,235	\$271,396	\$14,823,631
Percentage increase (decrease) to 2011-13 appropriations	17.6%	30.1%	17.8%
2013-15 legislative increase (decrease) to executive budget	\$888,741	\$0	\$888,741
Percentage increase (decrease) to executive budget	0.9%	0.0%	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 judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$2,882,987) and from other funds (\$47,986) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Departmentwide changes				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$353,985)		(\$353,985)

Supreme Court changes

Reduced funding for justices' salary increases from 5 percent each year of the biennium to 4 percent the first year and 3 percent the second year of the biennium.		(39,823)		(39,823)
Reduced funding for judges' retirements.		(1,467)		(1,467)
Added funding for developing and providing guardianship training for guardians and public administrators (House Bill No. 1041).		70,000		70,000

District court changes

Reduced funding for judges' salary increases from 5 percent each year of the biennium to 4 percent the first year and 3 percent the second year of the biennium.		(427,880)		(427,880)
Reduced funding for judges' retirements.		(9,856)		(9,856)
Added funding for three new judgeships.	6.00	1,690,950		1,690,950
Removed two deputy clerk positions.	(2.00)	(283,726)		(283,726)
Added funding for temporary employees.		244,528		244,528

Judicial Conduct Commission changes

The Legislative Assembly did not change the appropriation for the Judicial Conduct Commission.

Total	<u>4.00</u>	<u>\$888,741</u>	<u>\$0</u>	<u>\$888,741</u>
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FTE Changes

The 2013-15 biennium appropriation includes funding for 363 FTE positions, an increase of 4 FTE positions from the executive recommendation and an increase of 19 FTE positions from the 2011-13 biennium authorized level of 344 FTE positions. The Legislative Assembly did not change the executive recommendation to add 13 FTE positions, including 6 deputy clerks of court, 4 technology coordinators, 2 juvenile court officers, and 1 court facilitator. The Legislative Assembly removed 2 FTE deputy clerk positions included in the executive recommendation and added 3 FTE judge positions and 3 FTE court reporter positions.

One-Time Funding

In Section 3 of Senate Bill No. 2002, the Legislative Assembly identified \$1,172,876 from the general fund as one-time funding, of which \$331,470 is for office equipment and furniture, \$516,556 is for information technology equipment, \$90,000 is for a juvenile case management system replacement study, \$95,000 is for disaster recovery planning, and \$139,850 is for a criminal justice information sharing publisher project. This amount is not to be considered part of the agency's 2015-17 biennium base budget, and the judicial branch is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Other Sections in Senate Bill No. 2002

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 2013-15 biennium.

Transfers - Section 4 provides the Director of the Office of Management and Budget (OMB) 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.

District judges - Section 5 provides guidelines for the three new judgeships authorized in Section 1 of Senate Bill No. 2002.

Supreme Court justices' salaries - Section 6 provides the statutory changes relating to salaries of justices of the Supreme Court. The Legislative Assembly authorized 2013-15 biennium increases of 4 percent effective July 1, 2013, and 3 percent effective July 1, 2014. Supreme Court justices' annual salaries are increased from the current level of \$138,159 to \$143,685, effective July 1, 2013, and to \$147,996 effective July 1, 2014. The Chief Justice of the Supreme Court is entitled to receive an additional \$4,127 per annum effective July 1, 2013, and \$4,250 per annum effective July 1, 2014, an increase from the current additional amount for the Chief Justice of \$3,968 per annum.

District court judge vacancies - Section 7 amends North Dakota Century Code Section 27-05-02.1(1) to provide that the Supreme Court may order a vacant office be abolished with or without transfer of a district court judgeship.

District judges' salaries - Section 5 provides the statutory changes relating to salaries and expenses of district court judges. The Legislative Assembly authorized 2013-15 biennium increases of 4 percent effective July 1, 2013, and 3 percent effective July 1, 2014. District court judges' annual salaries are increased from the current level of \$126,597 to \$131,661, effective July 1, 2013, and to \$135,611, effective July 1, 2014. A presiding judge of a judicial district is entitled to receive an additional \$3,803 per annum effective July 1, 2013, and \$3,917 per annum effective July 1, 2014, an increase from the current additional amount for presiding judges of \$3,657.

Related Legislation

House Bill No. 1214 removes the expiration date of June 30, 2013, for the parenting coordinator program.

Senate Bill No. 2076 provides each judge appointed to fill the new judgeships created in 2010 shall continue in the office until the next general election following appointment and if elected holds office for the remainder of the term and until a successor is elected and duly qualified.

**Commission on Legal Counsel for Indigents
Budget No. 188
Senate Bill No. 2022**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	33.00	\$12,046,125	\$2,501,677	\$14,547,802
2013-15 legislative appropriations	33.00	11,923,410	2,497,866	14,421,276
Legislative increase (decrease) to executive budget	0.00	(\$122,715)	(\$3,811)	(\$126,526)
Legislative increase (decrease) to 2011-13 appropriations	3.00	\$2,114,980	\$527,014	\$2,641,994

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$9,808,430	\$0	\$9,808,430
2013-15 legislative appropriations	11,923,410	0	11,923,410
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,114,980	\$0	\$2,114,980
Percentage increase (decrease) to 2011-13 appropriations	21.6%	N/A	21.6%
2013-15 legislative increase (decrease) to executive budget	(\$122,715)	\$0	(\$122,715)
Percentage increase (decrease) to executive budget	(1.0%)	N/A	(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 Commission on Legal Counsel for Indigents is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$113,366) and from other funds (\$3,506) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$122,715)	(\$3,811)	(\$126,526)
Total	0.00	(\$122,715)	(\$3,811)	(\$126,526)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 33 FTE positions, an increase of 3 FTE positions from the 2009-11 biennium level of 30 FTE positions. The new FTE positions include one attorney position and two administrative assistant positions.

Other Sections in Bill

Fee for indigent defense services - Section 2 amends Section 2-07-01.1(1) to change the application fee for indigent defense services from \$25 to \$35.

Reimbursement of attorney's fees - Section 3 provides legislative intent that a defendant who has been charged with a felony and for whom counsel is provided by the Commission on Legal Counsel for Indigents pays \$575 for reimbursement of attorney's fees.

**Retirement and Investment Office
Budget No. 190
House Bill No. 1022**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	18.00	\$0	\$4,648,730	\$4,648,730
2013-15 legislative appropriations	19.00	0	4,899,369	4,899,369
Legislative increase (decrease) to executive budget	1.00	\$0	\$250,639	\$250,639
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$0	\$666,415	\$666,415

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$71,541) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$32,914)	(\$32,914)
Added funding for an investment analyst FTE position and related operating costs.	1.00		283,553	283,553
Total	1.00	\$0	\$250,639	\$250,639

FTE Changes

The 2013-15 biennium appropriation includes funding for 19 FTE positions, an increase of 1 FTE position from the 2011-13 biennium authorized level of 18 FTE positions. The Legislative Assembly added 1 FTE investment analyst position.

Other Sections in Bill

Appropriation line item transfers - Section 2 provides the Retirement and Investment Office may transfer funds from its contingencies line item to other line items and provides the agency notify the Office of Management and Budget of each transfer made.

**Public Employees Retirement System
Budget No. 192
House Bill No. 1022, House Bill No. 1452**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	33.00	\$0	\$7,715,503	\$7,715,503
2013-15 legislative appropriations	33.00	0	7,650,450	7,650,450
Legislative increase (decrease) to executive budget	0.00	\$0	(\$65,053)	(\$65,053)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$0	\$782,560	\$782,560

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Public Employees Retirement System is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$103,217) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$87,053)	(\$87,053)
Provided an appropriation from special funds for costs of implementing provisions of House Bill No. 1452 relating to new employees eligible to participate in the defined contribution retirement plan.			22,000	22,000
Total	0.00	\$0	(\$65,053)	(\$65,053)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 33 FTE positions, the same as the 2011-13 biennium.

Other Sections in Bill

Appropriation line item transfers - Section 2 provides that the Public Employees Retirement System may transfer funds from its contingencies line item to other line items and provides that the agency notify the Office of Management and Budget of each transfer made.

Related Legislation

House Bill No. 1058 - Makes changes to the Public Employees Retirement System and retiree health benefits.

House Bill No. 1059 - Redefines the benefits a temporary state employee is eligible to receive if employed after December 31, 2013.

House Bill No. 1452 - Allows new state employees to elect to participate in the state defined contribution retirement plan.

Department of Trust Lands
Budget No. 226
Senate Bill No. 2013, House Bill No. 1358

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	31.00	\$0	\$221,504,286	\$221,504,286
2013-15 legislative appropriations	31.00	0	247,506,969	247,506,969
Legislative increase (decrease) to executive budget	0.00	\$0	\$26,002,683	\$26,002,683
Legislative increase (decrease) to 2011-13 appropriations	6.25	(\$65,000,000)	\$107,041,780	\$42,041,780

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$0	\$65,000,000	\$65,000,000
2013-15 legislative appropriations	0	0	0
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$0	(\$65,000,000)	(\$65,000,000)
Percentage increase (decrease) to 2011-13 appropriations	N/A	(100.0%)	(100.0%)
2013-15 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 Department of Trust Lands is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$108,541) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$47,317)	(\$47,317)
Added funding from the strategic investment and improvements fund to conduct a study included in House Bill No. 1338 of private lands owned adjacent to lands under the control of the United States Corps of Engineers.			50,000	50,000

Increased funding for oil and gas impact grants for a total of \$240 million (House Bill No. 1358).			26,000,000	26,000,000
Total	0.00	\$0	\$26,002,683	\$26,002,683

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 31 FTE positions, an increase of 6.25 FTE positions from the 2011-13 biennium level of 24.75 FTE positions. New FTE positions authorized by the Legislative Assembly include 1 land manager, 1 mineral titlist, 1 audit technician, and 1.25 administrative assistants for lands and minerals management and 1 grants administrator and 1 account budget specialist to administer the energy impact grant program.

Increased Costs Relating to Oil Activity

The Legislative Assembly did not change the executive recommendation to provide additional funding for the Department of Trust Lands for the following increased costs relating to expansion of the Department of Trust Lands operations as a result of increasing oil activity in the state:

	Funding Increase
Operating costs	\$494,767
Additional FTE positions for lands and minerals management (4.25 FTE positions) and the energy impact grant program (2 FTE positions)	1,035,578
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	100,000
Total special funds appropriation increase	\$1,630,345

Other Sections in Bill

Unexpended appropriations - Energy infrastructure and impact grants - Section 3 allows unexpended appropriations made for energy infrastructure and impact grants to continue into the 2015-17 biennium. This exemption was also included in 2011 House Bill No. 1013, providing any unexpended appropriations made for energy development and impact grants to continue into the 2013-15 biennium.

Unexpended appropriations - Flood-impacted political subdivision infrastructure grants - Section 4 allows unexpended appropriations made for flood-impacted political subdivision infrastructure development grants to continue into the 2015-17 biennium.

Transfer from contingencies line item - Section 5 provides, upon approval of the Board of University and School Lands, the Commissioner of University and School Lands may transfer from the contingencies line item to all other line items. The Commissioner shall notify the Office of Management and Budget of each transfer made pursuant to this section.

Fund distributions - Section 6 provides permanent fund income distributions to state institutions as follows:

	2011-13 Legislative Appropriation	2013-15 Legislative Appropriation	Increase (Decrease)
Common schools	\$92,514,000	\$130,326,000	\$37,812,000
North Dakota State University	1,424,000	2,066,000	642,000
University of North Dakota	1,310,000	1,814,000	504,000
Youth Correctional Center	528,000	810,000	282,000
School for the Deaf	454,000	720,000	266,000
North Dakota State College of Science	523,429	731,428	207,999
State Hospital	603,429	803,428	199,999
Veterans' Home	279,429	325,428	45,999
Valley City State University	286,000	372,000	86,000
North Dakota Vision Services - School for the Blind	247,429	331,428	83,999

Mayville State University	184,000	236,000	52,000
Dakota College at Bottineau	31,429	49,428	17,999
Dickinson State University	31,429	49,428	17,999
Minot State University	31,429	49,428	17,999
Total	\$98,448,003	\$138,683,996	\$40,235,993

Appeals board - Section 8 removes the Board of University and School Lands' responsibility to serve as an appeals board to reconsider grant applications denied by the Director of the Energy Infrastructure and Impact Office.

Dust control study - Section 9 authorizes the Board of University and School Lands to approve up to \$3 million of additional oil and gas impact grants to counties for dust control if the dust control project provided for in House Bill No. 1358 is deemed effective by the Director of the Energy Infrastructure and Impact Office.

Oil and gas impact grant distribution - Other uses - Section 10 authorizes the Director of the Energy Infrastructure and Impact Office to include within recommendations to the Board of University and School Lands for oil and gas impact grants up to \$5 million of the funds designated for counties experiencing oil and gas development in House Bill No. 1358 to any eligible political subdivision if, by January 1, 2015, the funds have not been committed to counties meeting the eligibility requirements for this funding, under provisions of House Bill No. 1358.

Related Legislation

House Bill No. 1358 includes the following provisions relating to the Board of University and School Lands:

- Section 2 increases the allocation of oil and gas gross production taxes to the oil and gas impact grant fund from \$100 million to \$240 million for the 2013-15 biennium. The allocation to the oil and gas impact grant fund will return to \$100 million after the 2013-15 biennium.
- Section 3 amends North Dakota Century Code Section 57-62-05 to remove the requirements that 35 percent of money in the oil and gas impact grant fund be awarded to incorporated cities with a population of 10,000 or more and 65 percent of funds available be awarded to counties, school districts, and other political subdivisions impacted by oil and gas development.
- Section 9 appropriates \$239,299,174 (\$240,000,000 less \$700,826 appropriated for administrative costs in Senate Bill No. 2013) from the oil and gas impact grant fund to the board for oil and gas impact grants for the 2013-15 biennium and includes provisions relating to the designation of \$103,500,000 of the funds appropriated as follows:

\$5 million for grants to eligible counties experiencing new oil and gas development activities.

\$60 million for grants to airports impacted by oil and gas development.

\$4 million in grants to public institutions of higher education impacted by oil and gas development.

\$3 million for grants of \$1 million each to three counties in oil-impacted areas for a pilot project for dust control.

\$7 million for grants to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.

\$7 million for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact.

\$3.5 million for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact.

\$14 million for grants to hub cities to be distributed as follows--\$2 million to the hub city (Williston) receiving the greatest percentage of allocations to hub cities from oil and gas gross production tax revenue, \$7 million to the hub city (Dickinson) receiving the second greatest percentage of allocations, and \$5 million to the hub city (Minot) receiving the third greatest percentage of allocations.

Senate Bill No. 2312 removes the statutory royalty minimums for coal and permits the Board of University and School Lands to negotiate a royalty rate. The bill also permits the board to renegotiate existing coal leases on trust or state land.

**State Library
Budget No. 250
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	29.75	\$6,221,585	\$2,400,847	\$8,622,432
2013-15 legislative appropriations	29.75	\$5,875,988	\$2,394,145	\$8,270,133
Legislative increase (decrease) to executive budget	0.00	(\$345,597)	(\$6,702)	(\$352,299)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$612,013	\$259,535	\$871,548

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$5,263,975	\$0	\$5,263,975
2013-15 legislative appropriations	5,875,988	0	5,875,988
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$612,013	\$0	\$612,013
Percentage increase (decrease) to 2011-13 appropriations	11.6%	N/A	11.6%
2013-15 legislative increase (decrease) to executive budget	(\$70,597)	(\$275,000)	(\$345,597)
Percentage increase (decrease) to executive budget	(1.2%)	(100.0%)	(5.6%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Library is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$66,251) and from other funds (\$9,103) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$70,597)	(\$6,702)	(\$77,299)
Removed one-time funding for library repair and maintenance grants included in the executive budget.		(275,000)		(275,000)
Total	0.00	(\$345,597)	(\$6,702)	(\$352,299)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 29.75 FTE positions, the same as the 2011-13 biennium.

Other Sections in Bill

State aid to public libraries - Section 18 provides that the grants line item for the State Library includes \$1,766,500 from the general fund for aid to public libraries, an increase of \$266,500 from the \$1,500,000 appropriated for the 2011-13 biennium. No more than one-half of the 2013-15 legislative appropriation may be expended during the first year of the biennium.

**School for the Deaf
Budget No. 252
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	44.61	\$7,771,990	\$2,575,668	\$10,347,658
2013-15 legislative appropriations	44.61	7,799,379	2,571,187	10,370,566
Legislative increase (decrease) to executive budget	0.00	\$27,389	(\$4,481)	\$22,908
Legislative increase (decrease) to 2011-13 appropriations	0.67	\$1,080,607	\$483,180	\$1,563,787

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$6,614,972	\$103,800	\$6,718,772
2013-15 legislative appropriations	7,799,379	0	7,799,379
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,184,407	(\$103,800)	\$1,080,607
Percentage increase (decrease) to 2011-13 appropriations	17.9%	(100.0%)	16.1%
2013-15 legislative increase (decrease) to executive budget	\$27,389	\$0	\$27,389
Percentage increase (decrease) to executive budget	0.4%	N/A	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 School for the Deaf is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$128,980) and from other funds (\$5,866) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$114,853)	(\$4,481)	(\$119,334)

Added funding for a full-time superintendent position contingent on the retirement of the current superintendent shared with the North Dakota Vision Services - School for the Blind.	142,242	142,242
Total	<u>0.00</u>	<u>\$27,389</u>
	<u>(\$4,481)</u>	<u>\$22,908</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 44.61 FTE positions, .67 FTE position more than the 2011-13 biennium. The Legislative Assembly did not change the executive recommendation to add a .67 FTE position to increase a former part-time teaching position to provide one adult services position.

One-Time Funding

In Section 2 of House Bill No. 1013, the Legislative Assembly identified \$1,002,259 of one-time funding from special funds for extraordinary repairs, including dormitory and kitchen repairs and sidewalk improvements. This amount is not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the School for the Deaf is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Other Sections in Bill

Superintendent contingent funding authorization - Section 11 provides \$142,242 from the general fund included in the salaries and wages line item is appropriated for funding a full-time superintendent at the School for the Deaf. The funding is contingent on the Superintendent of Public Instruction certifying to the Director of the Office of Management and Budget that the position has been filled by a full-time superintendent. Funding for the full-time position must be prorated based on the retirement of the current superintendent shared with the School for the Blind.

Higher education interpreter grant program - Section 20 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 grants 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 hearing-impaired for the 2013-15 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 develop a formula for distribution of the funds based on a uniform hourly reimbursement 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 during the biennium incurred hourly expenses in excess of the formula reimbursement level.

**North Dakota Vision Services - School for the Blind
Budget No. 253
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	29.50	\$4,875,866	\$859,355	\$5,735,221
2013-15 legislative appropriations	30.00	7,694,093	853,756	8,547,849
Legislative increase (decrease) to executive budget	0.50	\$2,818,227	(\$5,599)	\$2,812,628
Legislative increase (decrease) to 2011-13 appropriations	0.50	\$3,896,853	\$18,665	\$3,915,518

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$3,727,240	\$70,000	\$3,797,240
2013-15 legislative appropriations	4,501,593	3,192,500	7,694,093
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$774,353	\$3,122,500	\$3,896,853
Percentage increase (decrease) to 2011-13 appropriations	20.8%	4,460.7%	102.6%
2013-15 legislative increase (decrease) to executive budget	\$56,227	\$2,762,000	\$2,818,227
Percentage increase (decrease) to executive budget	1.3%	641.6%	57.8%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the School for the Blind is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$81,113) and from other funds (\$6,350) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$88,443)	(\$5,599)	(\$94,042)

Added a .5 FTE superintendent position to provide for a full-time superintendent position and additional funding contingent on the retirement of the current superintendent shared with the School for the Deaf.	0.50	144,670		144,670
Added one-time funding to remodel the west wing of the school building currently occupied by the Grand Forks Public Schools.		2,762,000		2,762,000
Total	<u>0.00</u>	<u>\$2,818,227</u>	<u>(\$5,599)</u>	<u>\$2,812,628</u>

FTE Changes

The Legislative Assembly added a .5 FTE superintendent position to provide for a full-time superintendent position for a total of 30 FTE positions during the 2013-15 biennium, .5 FTE position more than the 2011-13 biennium.

One-Time Funding

In Section 2 of House Bill No. 1013, the Legislative Assembly identified \$3,302,829 as one-time funding for the 2013-15 biennium, of which \$3,192,500 is from the general fund. The Legislative Assembly did not change the executive recommendation for one-time funding from special funds for equipment (\$20,200) and extraordinary repairs (\$90,129) and from the general fund for window replacement (\$189,000) and the installation of an elevator (\$241,500). In addition, the Legislative Assembly provided \$2,762,000 from the general fund for renovations to the west wing of the school building currently occupied by the Grand Forks Public Schools. These amounts are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the North Dakota Vision Services - School for the Blind is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Other Sections in Bill

Superintendent contingent funding and FTE authorization - Section 12 provides \$144,670 from the general fund, included in the salaries and wages line item, is appropriated for a full-time superintendent at the School for the Blind. The funding is contingent on the Superintendent of Public Instruction certifying to the Director of the Office of Management and Budget that the position has been filled by a full-time superintendent. Funding for the full-time position must be prorated based on the retirement of the current superintendent shared with the School for the Deaf. In addition, a .5 FTE position is added contingent on a determination made by the Superintendent of Public Instruction that the position should be filled by a full-time superintendent.

Subscription and Braille fees - Section 19 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
Senate Bill No. 2019, House Bill No. 1228**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	27.00	\$30,833,972	\$10,290,485	\$41,124,457
2013-15 legislative appropriations	27.00	32,392,916	10,287,795	42,680,711
Legislative increase (decrease) to executive budget	0.00	\$1,558,944	(\$2,690)	\$1,556,254
Legislative increase (decrease) to 2011-13 appropriations	(0.50)	\$4,411,237	(\$479,093)	\$3,932,144

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$27,981,679	\$0	\$27,981,679
2013-15 legislative appropriations	31,392,916	1,000,000	32,392,916
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$3,411,237	\$1,000,000	\$4,411,237
Percentage increase (decrease) to 2011-13 appropriations	12.2%	N/A	15.8%
2013-15 legislative increase (decrease) to executive budget	\$558,944	\$1,000,000	\$1,558,944
Percentage increase (decrease) to executive budget	1.8%	N/A	5.1%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Career and Technical Education is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$81,028) and from other funds (\$15,449) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$91,056)	(\$2,690)	(\$93,746)
Provided funding for science, technology, engineering, and mathematics (STEM) programs.		150,000		150,000
Provided funding for additional workforce training grants.		1,000,000		1,000,000
Provided funding for the STEM network.		140,000		140,000

Provided additional funding for the STEM Network (House Bill No. 1228).		160,000		160,000
Increased funding for new and expanding programs.		200,000		200,000
Total	0.00	\$1,558,944	(\$2,690)	\$1,556,254

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 27 FTE positions, which is a decrease of a .5 FTE position as compared to the 2011-13 biennium. The Legislative Assembly did not change the executive recommendation to remove a .5 FTE administrative assistant position and the related funding.

One-Time Funding

In Section 2 of Senate Bill No. 2019, the Legislative Assembly provided \$1 million of one-time funding from the general fund with a matching funds requirement for workforce training grants to the TrainND program. The four TrainND quadrants shall use the funding for the purchase of appropriate equipment specific to each of the four quadrants' workforce training needs.

STEM Funding

The Legislative Assembly provided the following funding for the STEM network, grants, and programs:

Bill/Agency	Amount	Description
House Bill No. 1228 - Department of Career and Technical Education	\$160,000	Provides funding from the general fund to the Department of Career and Technical Education for STEM advancement grants
Senate Bill No. 2003 - North Dakota University System	1,000,000	Includes base funding from the general fund for Dickinson State University, Mayville State University, Minot State University, and Valley City State University for STEM programs
Senate Bill No. 2003 - University System	100,000	Provides funding for the Great Plains STEM Center at Valley City State University
Senate Bill No. 2019 - Department of Career and Technical Education	150,000	Includes funding for STEM programs at the secondary and postsecondary level and requires matching funds from private industry grants
Senate Bill No. 2019 - Department of Career and Technical Education	140,000	Appropriates one-time funding from the strategic investment and improvements fund for the STEM network
Total	\$1,550,000	

Funding to Maintain Reimbursement Percentage

The Legislative Assembly did not change the executive recommendation to provide \$350,000 from the general fund for costs to maintain the reimbursement percentages paid to support career and technical education programs.

Other Sections in Bill

Report to Budget Section - Section 3 provides for a report on the performance measures of the STEM program to the Budget Section during the 2013-14 interim.

STEM program grants - Section 4 provides the State Board for Career and Technical Education use \$150,000 of the 2013-15 appropriation as matching grants to STEM programs.

Workforce training grants - Section 5 authorizes the use of the \$1 million included in Section 1 of the bill to provide matching grants to the TrainND program for the appropriate equipment specific to each quadrant's workforce training needs.

Williston State College borrowing authority - Section 6 authorizes Williston State College to borrow up to \$2.5 million from the Bank of North Dakota and appropriates the loan proceeds for the construction of a new workforce training facility.

State Department of Health

Budget No. 301

Senate Bill Nos. 2004, 2030, 2226, and 2354, and House Bill Nos. 1038 and 1135

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	354.00	\$45,985,263	\$140,216,701	\$186,201,964
2013-15 legislative appropriations	354.00	46,001,508	139,568,434	185,569,942
Legislative increase (decrease) to executive budget	0.00	\$16,245	(\$648,267)	(\$632,022)
Legislative increase (decrease) to 2011-13 appropriations	10.00	\$11,561,728 ¹	(\$21,380,319)	(\$9,818,591)

¹This amount reflects 2011-13 supplemental appropriations from the general fund totaling \$426,000 for salaries and wages (\$126,000) and litigation (\$300,000). The litigation funding is provided to pay expenses associated with possible litigation and other administrative proceedings involving the United States Environmental Protection Agency which is considered to be one-time funding.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$33,039,780	\$1,400,000	\$34,439,780
2013-15 legislative appropriations	44,921,508	1,080,000	46,001,508
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$11,881,728	(\$320,000)	\$11,561,728
Percentage increase (decrease) to 2011-13 appropriations	36.0%	(22.9%)	33.6%
2013-15 legislative increase (decrease) to executive budget	(\$453,755)	\$470,000	\$16,245
Percentage increase (decrease) to executive budget	(1.0%)	77.0%	0.04%

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$707,673) and from other funds (\$1,515,616) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$654,506)	(\$558,267)	(\$1,212,773)

Added funding for recommended followup colorectal screenings to provide a total of \$762,800 from the general fund for the colorectal screening initiative, an increase of \$285,200 from the 2011-13 biennium.		160,200		160,200
Increased funding for continued implementation of the statewide integrated stroke system of care to provide a total of \$856,324 from the general fund.		383,000		383,000
Removed funding for Workforce Safety and Insurance for volunteers. The additional payment was determined to be unnecessary by Workforce Safety and Insurance.		(84,000)		(84,000)
Removed oil impact funding for grants to local public health units in oil-impacted areas of the state.		(1,184,000)		(1,184,000)
Increased funding for local public health units to provide a total of \$4 million from the general fund to be distributed statewide, \$1 million more than the 2011-13 biennium.		250,000		250,000
Decreased funding for operating expenses departmentwide.		(25,000)	(100,000)	(125,000)
Reduced funding for professional services to contract with the University of North Dakota School of Medicine and Health Sciences to perform autopsies in the eastern part of the state to provide a total of \$480,000. The Legislative Assembly identified the funding as one-time funding.		(160,000)		(160,000)
Adjusted the funding source of one-time funding for a food and lodging licensing management system from the general fund to special funds from food and lodging fees.		(110,000)	110,000	
Removed funding for 1 FTE laboratory services position (\$101,638) and related operating expenses (\$85,543).	(1.00)	(187,181)		(187,181)
Added contingent funding for family violence services and prevention grants. The funding is contingent on a reduction in federal funds resulting from sequestration.		80,000		80,000
Reduced federal funding for operating expenses due to the repeal of North Dakota Century Code Chapter 23-17.5 related to health care provider cooperative agreements.			(100,000)	(100,000)
Added funding for 1 FTE position and related operating expenses to establish and administer an autism spectrum disorder database (House Bill No. 1038).	1.00	235,732		235,732
Added funding for a grant to an organization to provide mobile dental care services to underserved children in areas of the state with limited or unavailable dental services (House Bill No. 1135).		100,000		100,000

Added funding to plan for or establish regional public health networks (Senate Bill No. 2030).	700,000	700,000
Increased funding for the comprehensive state trauma system to provide a total of \$432,000 from the general fund (Senate Bill No. 2226).	332,000	332,000
Added funding for a loan repayment program for dentists who practice in a public setting or nonprofit dental clinic using a sliding fee scale schedule to bill patients (Senate Bill No. 2354).	180,000	180,000
Total	<u>0.00</u>	<u>\$16,245</u>
		<u>(\$648,267)</u>
		<u>(\$632,022)</u>

FTE Changes

The 2013-15 biennium appropriation includes funding for 354 FTE positions, the same as the executive recommendation and an increase of 10 FTE positions from the 2011-13 biennium authorized level of 344 FTE positions. The following table summarizes FTE position changes included in the 2013-15 executive budget and the legislative appropriation:

Position	Executive Budget FTE Changes	Legislative FTE Changes	Legislative Increase (Decrease) From Executive Budget
Air quality environmental scientist II	1.00	1.00	0.00
Laboratory administrative assistant II	1.00	0.00	(1.00)
Municipal facilities environmental engineer II	2.00	2.00	0.00
Municipal facilities environmental scientist II	1.00	1.00	0.00
Waste management environmental scientist II	1.00	1.00	0.00
Water quality environmental scientist II	3.00	3.00	0.00
Community paramedic coordinator	1.00	1.00	0.00
Autism spectrum disorder database coordinator (House Bill No. 1038)		1.00	1.00
Total	10.00	10.00	0.00

One-Time Funding

In Section 2 of Senate Bill No. 2004, the Legislative Assembly identified \$1,245,000, of which \$980,000 is from the general fund, as one-time funding for the 2013-15 biennium. In addition, the Legislative Assembly provided in House Bill No. 1135 one-time funding of \$100,000 from the general fund for a mobile dental care services grant. The Legislative Assembly did not change the executive recommendation for one-time funding from the general fund for expenses associated with litigation and other administrative proceedings involving the United States Environmental Protection Agency (\$500,000) and identified \$480,000 provided to contract with the University of North Dakota School of Medicine and Health Sciences to perform autopsies in the eastern part of the state as one-time funding from the general fund. The Legislative Assembly adjusted the funding source of one-time funding included in the executive recommendation for a food and lodging licensing management system (\$110,000) from the general fund to special funds. These amounts are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the State Department of Health is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Emergency Medical Services Funding

The Legislative Assembly did not change the executive recommendation for rural emergency medical services grants. Senate Bill No. 2004 provides a total of \$7,340,000, of which \$6,090,000 is from the general fund and \$1,250,000 is from the insurance tax distribution fund, for rural emergency medical services grants, including training grants (\$940,000). This level of funding represents an increase of \$2.15 million from the general fund compared to the 2011-13 biennium. In addition, House Bill No. 1358 provides \$7 million from the oil and gas impact grant fund for grants to emergency medical services providers for extraordinary

expenditures that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties, including the need for increased emergency medical services providers services, staff, funding, equipment, coverage, and personnel training.

Tobacco Prevention and Control Funding

Senate Bill No. 2004 provides a total tobacco prevention appropriation of \$5,544,251, of which \$3,220,354 is from the community health trust fund and \$2,323,897 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 \$15,815,828 provided from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Committee.

Other Sections in Bill

Family violence services and prevention grants - Section 3 provides that additional funding in the grants line item for family violence services and prevention grants of \$80,000 from the general fund is contingent on the State Department of Health certifying to the Director of the Office of Management and Budget that federal funds available to the department for family violence grants have been reduced due to federal sequestration. The department may spend these funds to the extent that federal funds are reduced.

Environment and rangeland protection fund - Section 4 authorizes the department to spend \$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.

Indirect cost recoveries - Section 5 allows the State Department of Health to deposit indirect cost recoveries from federal programs and special funds in its operating account.

Colorectal screening initiative - Section 6 provides that the grants line item includes \$160,200 from the general fund for recommended followup colorectal screenings and that followup colorectal screenings are included as part of the colorectal screening initiative. The cost of recommended followup screenings may not exceed \$1,800 per screening.

Abortion control - Sections 7 and 8 provide further amendments to North Dakota Century Code sections related to abortion control as created and amended in Senate Bill No. 2368.

State autopsy funding - Section 9 provides for a Legislative Management study of funding provided by the state for autopsies and state and county responsibility for the cost of autopsies, including the feasibility and desirability of counties sharing in the cost of autopsies performed by the State Department of Health and the University of North Dakota School of Medicine and Health Sciences.

Distribution of emergency medical services financial assistance - Section 10 repeals Section 23-46-05, relating to a distribution limit on state financial assistance for emergency medical services.

Related Legislation

2011-13 deficiency appropriation - House Bill No. 1023 provides a 2011-13 deficiency appropriation to the State Department of Health for additional food and lodging for staff in western North Dakota (\$126,000) and loan repayment relating to the Environmental Protection Agency lawsuit (\$300,000).

Autism spectrum disorder database - House Bill No. 1038 appropriates \$235,732 from the general fund for 1 FTE position and related operating expenses to establish and administer an autism spectrum disorder database. A fiscal note prepared by the State Department of Health identified the need for 2 FTE positions (\$291,464) and operating expenses (\$100,000) for a total fiscal impact of \$391,464 from the general fund.

Mobile dental care services grant - House Bill No. 1135 provides a one-time appropriation of \$100,000 from the general fund to the State Department of Health for a grant to an organization to provide mobile dental care services, including dental treatment, prevention, and education services to low-income and underserved children in areas of the state.

Comprehensive emergency cardiovascular medical system - House Bill No. 1175 requires the State Department of Health to establish and maintain a comprehensive emergency cardiovascular medical system. The bill also requires the department to form an acute cardiovascular emergency medical system of care advisory committee. The fiscal note prepared by the department indicates this bill has no fiscal impact on the State Department of Health as the responsibilities are covered by a position included in the executive recommendation and approved by the Legislative Assembly.

Oil and gas impact grants to emergency medical services providers - House Bill No. 1358 provides \$7 million from the oil and gas impact grant fund for grants to emergency medical services providers for extraordinary expenditures that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties, including the need for increased emergency medical services providers services, staff, funding, equipment, coverage, and personnel training.

Diabetes goals and plans development - House Bill No. 1443 requires the State Department of Health to collaborate with the Department of Human Services, Indian Affairs Commission, and Public Employees Retirement System to develop diabetes goals and plans while completing an assessment and comparison to other chronic diseases and conditions. A fiscal note prepared by the State Department of Health indicates a fiscal impact of \$14,000 from the general fund.

Regional public health networks - Senate Bill No. 2030 provides an appropriation of \$700,000 from the general fund to the State Department of Health to plan for or establish regional public health networks.

Comprehensive state trauma system - Senate Bill No. 2226 provides an appropriation of \$332,000 from the general fund to the State Department of Health for a comprehensive state trauma system.

Regulation of septic system servicing - Senate Bill No. 2308 defines terms related to the regulation of septic system servicing, increases the civil penalties for violations, and repeals similar language in Chapter 23-19. A fiscal note prepared by the State Department of Health indicates the bill does not have a fiscal impact as the department is already completing the inspections and issuing permits for septic system servicing.

Public health dentist loan repayment program - Senate Bill No. 2354 provides an appropriation of \$180,000 from the general fund for a loan repayment program for dentists who practice in a public health setting or nonprofit dental clinic using a sliding fee schedule to bill patients.

**Tobacco Prevention and Control Executive Committee
Budget No. 305
Senate Bill No. 2024**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	5.00	\$0	\$13,016,197	\$13,016,197
2013-15 legislative appropriations	8.00	0	15,815,828	15,815,828
Legislative increase (decrease) to executive budget	3.00	\$0	\$2,799,631	\$2,799,631
Legislative increase (decrease) to 2011-13 appropriations	3.00	\$0	\$2,893,214	\$2,893,214

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$8,391) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$9,493)	(\$9,493)
Increased funding for comprehensive tobacco control for signage costs related to House Bill No. 1253 (\$250,000) and grants (\$2,750,000).			3,000,000	3,000,000
Transitioned 3 temporary positions to FTE positions, including 1 FTE field coordinator position, 1 FTE statewide programs manager position, and 1 FTE evaluation program manager position.	3.00			
Reduced temporary salaries.			(190,876)	(190,876)
Total	3.00	\$0	\$2,799,631	\$2,799,631

FTE Changes

The Legislative Assembly transitioned 3 temporary positions to FTE positions, including 1 FTE field coordinator position, 1 FTE statewide programs manager position, and 1 FTE evaluation program manager position, to provide a total of 8 FTE positions during the 2013-15 biennium, 3 FTE positions more than the 2011-13 biennium.

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 Legislative Assembly in Section 39 of 2009 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:

	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund
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	22.6 million
Estimated 2013-15 biennium	22.6 million
Estimated 2015-17 biennium	27.6 million
Total	\$110.4 million

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:

2013-15 Biennium	Community Health Trust Fund	Tobacco Prevention and Control Trust Fund	Federal Funds	Total
State Department of Health (SB 2004) Tobacco prevention and control	\$3,220,354		\$2,323,897	\$5,544,251
Tobacco Prevention and Control Executive Committee (SB 2024) Tobacco prevention and control		\$15,815,828		15,815,828
Total 2013-15 biennium funding	\$3,220,354	\$15,815,828	\$2,323,897	\$21,360,079 ¹

¹According to the Centers for Disease Control and Prevention, the best practices recommended level of funding for tobacco prevention and control in North Dakota, not adjusted for inflation or population changes, is \$9.3 million per year, or \$18.6 million for the biennium.

Other Sections in Bill

Comprehensive statewide tobacco prevention and control plan study - Section 2 provides Legislative Management consider studying the comprehensive statewide tobacco prevention and control plan used in the state. The study may include reviews of the:

- Service delivery system for the comprehensive statewide tobacco prevention and control programs provided by the two agencies, whether the delivery system is fiscally efficient, and how the delivery system is consistent with the Centers for Disease Control's best practices for comprehensive tobacco control programs;
- Effectiveness of the comprehensive statewide tobacco prevention and control programs provided in the state and ways to improve the health and policy outcomes of the programs; and
- Comprehensive statewide tobacco prevention and control programs provided by the two agencies address the Native American population on the Indian reservations.

In addition, the Tobacco Prevention and Control Executive Committee and Department of Health must work together to create a single assessment of programs in both agencies including funding sources for the programs, service providers, areas and populations served by the programs, and effectiveness of the programs on improving the health and policy environment in the state. The Tobacco Prevention and Control Executive Committee and Department of Health must present the assessment to the Legislative Management.

Related Legislation

Public smoke-free signage - House Bill No. 1253 requires the Tobacco Prevention and Control Advisory Committee provide the signage necessary to comply with the smoke-free law in public places and places of employment.

**Veterans' Home
Budget No. 313
Senate Bill No. 2007**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	120.72	\$8,088,294	\$15,773,626	\$23,861,920
2013-15 legislative appropriations	120.72	7,722,353	16,429,800	24,152,153
Legislative increase (decrease) to executive budget	0.00	(\$365,941)	\$656,174	\$290,233
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$2,169,030	\$1,086,477	\$3,255,507

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$5,553,323	\$0	\$5,553,323
2013-15 legislative appropriations	7,161,853	560,500	7,722,353
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,608,530	\$560,500	\$2,169,030
Percentage increase (decrease) to 2011-13 appropriations	29.0%	N/A	39.1%
2013-15 legislative increase (decrease) to executive budget	(\$365,941)	\$0	(\$365,941)
Percentage increase (decrease) to executive budget	(4.9%)	0.0%	(4.5%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Veterans' Home is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$177,368) and from other funds (\$280,828) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$315,941)		(\$315,941)
Added funding from the Melvin Norgard memorial fund for a shop addition to the Veterans' Home facility.			\$788,200	788,200
Decreased funding for operating expenses.		(50,000)		(50,000)

Reduced funding for pay grade changes resulting from the implementation of the Hay Group plan to provide \$300,000 from special funds operating revenue for pay grade changes.			(132,026)	(132,026)
Total	<u>0.00</u>	<u>(\$365,941)</u>	<u>\$656,174</u>	<u>\$290,233</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 120.72 FTE positions, the same as the 2011-13 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2007, the Legislative Assembly identified \$1,121,000 of one-time funding for the demolition of the old Veterans' Home, of which \$560,500 is from the general fund. In addition, the Legislative Assembly provided \$788,200 of one-time funding from the Melvin Norgard memorial fund for a shop addition to the Veterans' Home facility. These amounts are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Veterans' Home is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Other Sections in Bill

Electronic health record system - Section 3 allows the Veterans' Home to continue into the 2013-15 biennium funds appropriated for an electronic health record system in 2009 and continued into the 2011-13 biennium. The Veterans' Home anticipates continuing the total amount provided of \$98,400 for the electronic health record system into the 2013-15 biennium.

Veterans' Home construction project funding exemption - Section 4 allows the Veterans' Home to continue into the 2013-15 biennium funds appropriated for the construction of the Veterans' Home facility in 2009 and continued into the 2011-13 biennium. The Veterans' Home anticipates up to \$600,000 of the construction costs may be unpaid as of June 30, 2013.

Salaries and wages line item transfer - Section 5 allows the Veterans' Home to transfer \$170,000 from the operating expenses line item to the salaries and wages line item during the 2011-13 biennium to provide for a shift from contract nursing services to temporary nursing positions. Section 9 provides the transfer is an emergency measure.

Shop addition project - The Legislative Assembly provided \$788,200 from the Melvin Norgard memorial fund for a shop addition to the Veterans' Home facility. Section 6 provides that construction of the shop addition may not begin until the balance in the Melvin Norgard memorial fund is sufficient to provide for all of the costs of the project.

2015-17 appropriation bill - Section 7 provides legislative intent that the Office of Management and Budget present separate budget bills for the Department of Veterans' Affairs and the Veterans' Home for the 2015 legislative session rather than a combined funding bill.

**Indian Affairs Commission
Budget No. 316
Senate Bill No. 2005**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	5.00	\$1,033,482	\$0	\$1,033,482
2013-15 legislative appropriations	5.00	1,027,558	0	1,027,558
Legislative increase (decrease) to executive budget	0.00	(\$5,924)	\$0	(\$5,924)
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$204,680	\$0	\$204,680

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$822,878	\$0	\$822,878
2013-15 legislative appropriations	1,027,558	0	1,027,558
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$204,680	\$0	\$204,680
Percentage increase (decrease) to 2011-13 appropriations	24.9%	N/A	24.9%
2013-15 legislative increase (decrease) to executive budget	(\$5,924)	\$0	(\$5,924)
Percentage increase (decrease) to executive budget	(0.6%)	N/A	(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 Indian Affairs Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$8,421) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$5,924)		(\$5,924)
Total	0.00	(\$5,924)	\$0	(\$5,924)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, an increase of 1 FTE position from the 2011-13 biennium authorized level of 4 FTE positions. The new FTE position is for a Native American health system program administrator (\$184,284).

Other Sections in Bill

Native American health system program administrator - Section 2 provides for a report to the Appropriations Committees of the 64th Legislative Assembly relating to the activities of the 1 new FTE position, the Native American health system program administrator.

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 2013-15 biennium, the same as the 2011-13 biennium. The Indian Affairs Commission conducts a one-week school each year of the biennium for Indian youth to encourage students to attend college and to take leadership roles in their communities.

Related Legislation

Diabetes goals and plans collaboration - House Bill No. 1443 provides for a report to the Legislative Management by the Department of Human Services, the State Department of Health, the Indian Affairs Commission, and the Public Employees Retirement System relating to the impact of diabetes on the state, the benefit of prevention programs, and the development of an action plan with a budget.

Committee on Tribal and State Relations - Senate Bill No. 2047 relates to the duties of the Committee on Tribal and State Relations. This bill removes the expiration date and removes the requirement for the committee to study whether the members of the North Dakota Tribal Governments' Task Force should be voting members of the Committee on Tribal and State Relations.

Cooperative purchasing and public transportation - Senate Bill No. 2119 expands the definition of a transportation provider to include tribal agencies and allows tribal agencies to enter cooperative purchasing contracts.

Department of Veterans' Affairs
Budget No. 321
Senate Bill Nos. 2007 and 2344, House Bill Nos. 1405 and 1439

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	8.00	\$1,343,167	\$0	\$1,343,167
2013-15 legislative appropriations	8.00	1,715,703	0	1,715,703
Legislative increase (decrease) to executive budget	0.00	\$372,536	\$0	\$372,536
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$298,484	\$0	\$298,484

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,099,626	\$317,593	\$1,417,219
2013-15 legislative appropriations	1,420,703	295,000	1,715,703
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$321,077	(\$22,593)	\$298,484
Percentage increase (decrease) to 2011-13 appropriations	29.2%	(7.1%)	21.1%
2013-15 legislative increase (decrease) to executive budget	\$92,536	\$280,000	\$372,536
Percentage increase (decrease) to executive budget	7.0%	1,866.7%	27.7%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Veterans' Affairs is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$10,123) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$17,464)		(\$17,464)
Added funding for two "stand down" events to coordinate benefits and provide services to needy veterans in this state.		10,000		10,000

Added one-time funding to purchase two vans to transport veterans.	30,000	30,000
Added funding for grants to assist in the identification of and the provision of services to North Dakota veterans who had been exposed to Agent Orange during the Vietnam Conflict (House Bill No. 1405).	50,000	50,000
Added funding for a transfer of \$250,000 from the general fund to the veterans' postwar trust fund to increase the principal balance of the fund (House Bill No. 1439).	250,000	250,000
Added funding to train service dogs to assist North Dakota veterans with posttraumatic stress disorder (Senate Bill No. 2344).	50,000	50,000
Total	<u>0.00</u>	<u>\$372,536</u>
	<u>\$0</u>	<u>\$372,536</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE national service officer position to provide a total of 8 FTE positions during the 2013-15 biennium, 1 FTE position more than the 2011-13 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2007, the Legislative Assembly identified a total of \$45,000 from the general fund, of which \$15,000 is for website upgrades and \$30,000 is for two vans to transport veterans. The Legislative Assembly also provided in House Bill No. 1439 a one-time \$250,000 transfer from the general fund to the veterans' postwar trust fund to increase the principal balance of the fund. This funding is not to be considered part of the department's 2015-17 biennium base budget, and the Department of Veterans' Affairs is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Other Sections in Bill

2015-17 appropriation bill - Section 7 provides legislative intent that the Office of Management and Budget present separate budget bills for the Department of Veterans' Affairs and the Veterans' Home for the 2015 legislative session rather than a combined funding bill.

Transport van replacement plan - Section 8 provides legislative intent that the Department of Veterans' Affairs prepare and provide a transport van replacement plan to the 64th Legislative Assembly and introduce legislation seeking state funding for the replacement of transport vans based on the plan.

Related Legislation

Disabled veterans homestead property tax credit - House Bill No. 1306 expands the disabled veterans homestead property tax credit.

Services to North Dakota veterans who were exposed to Agent Orange - House Bill No. 1405 provides a general fund appropriation of \$50,000 to the Department of Veterans' Affairs for grants to identify and provide services to North Dakota veterans who were exposed to Agent Orange. The department must provide a report to the Budget Section during the 2013-14 interim regarding any funds received; the status of the grant program, including information on the use of the grants awarded; and outcomes of the services provided.

Veterans' postwar trust fund transfer - House Bill No. 1439 provides for a transfer of \$250,000 from the general fund to the veterans' postwar trust fund to increase the principal balance of the fund to generate additional income for programs authorized by law to benefit and serve veterans.

Veterans' service dog training - Senate Bill No. 2344 provides a general fund appropriation of \$50,000 to the Department of Veterans' Affairs to train service dogs to assist North Dakota veterans with posttraumatic stress disorder. Payments may only be made upon the completion of a service dog's training and may not exceed \$12,500 per service dog. The department must provide a report to the Legislative Management during the 2013-14 interim regarding the status of the service dog training program, including benefits to veterans, number of applicants, and number of service dogs provided.

**Protection and Advocacy Project
Budget No. 360
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	27.50	\$2,652,735	\$3,233,612	\$5,886,347
2013-15 legislative appropriations	27.50	2,531,562	3,233,612	5,765,174
Legislative increase (decrease) to executive budget	0.00	(\$121,173)	\$0	(\$121,173)
Legislative increase (decrease) to 2011-13 appropriations	(1.00)	\$546,197	\$114,724	\$660,921

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,985,365	\$0	\$1,985,365
2013-15 legislative appropriations	2,531,562	0	2,531,562
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$546,197	\$0	\$546,197
Percentage increase (decrease) to 2011-13 appropriations	27.5%	N/A	27.5%
2013-15 legislative increase (decrease) to executive budget	(\$121,173)	\$0	(\$121,173)
Percentage increase (decrease) to executive budget	(4.6%)	N/A	(4.6%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Protection and Advocacy Project is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$45,519) and from other funds (\$48,071) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$121,173)		(\$121,173)
Total	0.00	(\$121,173)	\$0	(\$121,173)

FTE Changes

The Legislative Assembly did not change the executive recommendation which provided funding for 27.5 FTE positions, a decrease of 1 FTE position from the 2011-13 biennium authorized level of 28.5 FTE positions. Funding of \$70,000 from a federal Help America Vote Act grant relating to the position removed was redirected as a grant to counties for providing voter training.

**Job Service North Dakota
Budget No. 380
Senate Bill No. 2016, House Bill No. 1358**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	250.76	\$1,915,990	\$78,479,603	\$80,395,593
2013-15 legislative appropriations	250.76	2,030,235	77,797,528	79,827,763
Legislative increase (decrease) to executive budget	0.00	\$114,245	(\$682,075)	(\$567,830)
Legislative increase (decrease) to 2011-13 appropriations	(11.00)	\$144,496 ¹	\$7,680,722	\$7,831,065

¹Reflects a deficiency appropriation of \$5,847 approved by the Legislative Assembly in 2013 for the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,885,739	\$0	\$1,885,739
2013-15 legislative appropriations	1,910,235	120,000	\$2,030,235
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$24,496	\$120,000	\$144,496
Percentage increase (decrease) to 2011-13 appropriations	1.3%	N/A	7.7%
2013-15 legislative increase (decrease) to executive budget	(\$5,755)	\$120,000	\$114,245
Percentage increase (decrease) to executive budget	(0.3%)	N/A	5.9%

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$9,313) and from other funds (\$1,470,555) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$5,755)	(\$682,075)	(\$687,830)
Provided funding for upgrading collection and use of employment data (House Bill No. 1358).		120,000		120,000
Total	0.00	\$114,245	(\$682,075)	(\$567,830)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 250.76 FTE positions, a decrease of 11 FTE positions from the 2011-13 biennium authorized level of 261.76 FTE positions.

Federal Fiscal Stimulus Funding

The Legislative Assembly did not change the executive recommendation to provide for the continuation of \$496,496 of federal fiscal stimulus funding not expended in the 2011-13 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 2015-17 biennium, and Job Service North Dakota is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Workforce 20/20

The Legislative Assembly did not change the executive recommendation to provide \$1,541,924 from the general fund for the Workforce 20/20 program. The funding of \$1,541,924 represents an increase in funding from the general fund of \$10,764 compared to the 2011-13 general fund appropriation for the Workforce 20/20 program of \$1,531,160.

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.

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.

Related Legislation

Deficiency appropriation - House Bill No. 1023 provides deficiency appropriation of \$5,847 for operating expenses to pay interest on loans relating to disaster unemployment benefits for the 2011-13 biennium.

Liens to collect unemployment compensation - House Bill No. 1112 provides for use of liens to collect contributions owed to Job Service North Dakota.

Penalty - Senate Bill No. 2111 provides for a penalty to be imposed on any individual guilty of making false statements in order to obtain unemployment insurance benefits.

**Industrial Commission
Budget No. 405
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	98.75	\$22,419,118	\$40,937,857	\$63,356,975
2013-15 legislative appropriations	98.75	22,494,125	40,973,792	63,467,917
Legislative increase (decrease) to executive budget	0.00	\$75,007	\$35,935	\$110,942
Legislative increase (decrease) to 2011-13 appropriations	24.69	\$4,418,512	(\$5,792,964)	(\$1,374,452)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$14,776,213	\$3,299,400	\$18,075,613
2013-15 legislative appropriations	21,333,325	1,160,800	22,494,125
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$6,557,112	(\$2,138,600)	\$4,418,512
Percentage increase (decrease) to 2011-13 appropriations	44.4%	(64.8%)	24.4%
2013-15 legislative increase (decrease) to executive budget	\$475,007	(\$400,000)	\$75,007
Percentage increase (decrease) to executive budget	2.3%	(25.6%)	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 Industrial Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$323,357) and from other funds (\$24,339) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015. (The amount shown includes \$445,186, of which \$409,333 is from the general fund, which was inadvertently added for salary adjustments.) The correct adjustment should have been an increase of \$4,005, of which \$3,923 is from the general fund.		\$413,256	\$35,935	\$449,191

Added funding to allow the Department of Mineral Resources to hire five of its new FTE positions during the 2011-13 biennium.	61,751	61,751
Removed funding for housing allowances for employees in oil-impacted areas.	(400,000)	(400,000)
Total	0.00	\$75,007
		\$35,935
		\$110,942

FTE Changes

The 2013-15 biennium appropriation includes funding for 98.75 FTE positions, an increase of 24.69 FTE positions from the 2011-13 biennium authorized level of 74.06 FTE positions. The Legislative Assembly did not change the executive recommendation to remove 1 FTE carbon dioxide storage facility administrator position and add the following FTE positions:

- 4 engineer technicians which were authorized by the Emergency Commission as contingent FTE positions for the 2011-13 biennium.
- 4 engineering technicians, 1 geology analyst, and 1 account budget specialist for the Bismarck office.
- 1 geologist to conduct preapplication waste disposal site reviews.
- 3 petroleum engineer field inspectors.
- 3 engineering technician field inspectors.
- 1 engineering technician for the core library.
- 1 petroleum engineer production supervisor.
- 1 engineering technician measurement analyst.
- 1 administrative assistant for legal and audit duties.
- 1 administrative assistant for filing and receptionist duties.
- .69 administrative position to add to a .31 position, currently authorized, to create a full-time position for the Industrial Commission office.
- 3 contingent engineering technician field inspectors upon notification to the Office of Management and Budget (OMB) that the number of wells capable of production or injection exceed 15,000.

One-Time Funding

In Section 2 of Senate Bill No. 2014, the Legislative Assembly identified \$1,160,800 from the general fund as one-time funding, of which \$1,000,000 is for possible federal agency litigation, \$80,000 is for an oil-bearing rock study, \$50,000 is for a temperature profiles study, and \$25,000 is for architect services for the core library. This amount is not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Industrial Commission is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Lease Payments

The Legislative Assembly did not change the executive recommendation to provide \$19,809,969 for lease payments on outstanding bonded indebtedness, a decrease of \$5,579,764 from the 2011-13 biennium appropriation of \$25,389,733. The following schedule lists the 2011-13 and 2013-15 biennium lease payments:

	2011-13 Biennium	2013-15 Biennium	Increase (Decrease)
Higher education institutions	\$12,254,770	\$10,436,045	(\$1,818,725)
Department of Corrections and Rehabilitation - State Penitentiary	1,337,752	1,289,450	(48,302)
State Department of Health	672,898	642,688	(30,210)
Job Service North Dakota	710,735	540,376	(170,359)
Adjutant General	70,225	28,586	(41,639)
Information Technology Department - ConnectND	5,406,666	2,504,100	(2,902,566)

OMB	665,143	665,272	129
Attorney General	765,704	765,851	147
State Historical Society	1,392,069	1,392,337	268
Department of Parks and Recreation	73,613	73,627	14
Research and Extension Service	571,290	571,400	110
Veterans' Home	520,475	408,840	(111,635)
Subtotal	\$24,441,340	\$19,318,572	(\$5,122,768)
North Dakota University System energy conservation projects	\$929,789	\$491,397	(\$438,392)
Department of Corrections and Rehabilitation energy conservation projects	18,604		(18,604)
Total	\$25,389,733	\$19,809,969	(\$5,579,764)

Lignite Research Grants

The Legislative Assembly did not change the executive recommendation providing \$19,971,300 for lignite research grants, a decrease of \$3,000,000 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 2011-13 biennium	\$15,058,394
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	1,149,700
Five percent of the general fund share of coal conversion tax	2,500,000
Interest income	25,000
Total	\$24,658,094

Section 17 of Senate Bill No. 2014 provides that up to \$4.5 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

Department of Commerce appropriations - Section 12 provides \$500,000 from the general fund to the Department of Commerce for a study to evaluate value-added market opportunities for renewable energy resources and oil and gas. Section 16 directs the Department of Commerce to conduct this study. Section 13 provides \$2 million from the general fund to the Department of Commerce for providing grants to homeless shelters. Section 14 provides \$2.6 million from the general fund to the Department of Commerce for providing grants to child care facilities.

State Treasurer's office appropriation - Section 15 provides \$13,247 from the general fund to the State Treasurer's office for defraying additional information technology development costs relating to changes in oil revenue distributions and other changes.

Oil and gas development impact studies - Section 18 authorizes the Industrial Commission to use \$150,000 from the oil and gas research fund for nonmatching followup studies to provide updates and refinements to employment models used to track and forecast changes in the oil and gas industry

workforce and estimate housing and populations in the Williston Basin and to make a comprehensive assessment of the demographic makeup of the current and expected oil and gas industry workforce.

Contingency funding - Department of Mineral Resources - Section 19 provides that \$430,518 included in the salaries and wages line item and \$155,712 in the operating line item in Section 1 of the bill may be used by the Oil and Gas Division to hire 3 FTE positions upon certification to OMB that the total number of wells in the state capable of production or injection exceeds \$15,000.

Oil and Gas Research Council - Section 24 amends North Dakota Century Code (NDCC) Section 54-17.6-05 to reduce the size of the Oil and Gas Research Council from eight to seven members by removing the representative from an organization that is no longer active--the Northern Alliance of Independent Producers.

Engineering technicians unclassified - Section 25 amends NDCC Section 54-44.3-20(17) to include engineering technicians in the list of unclassified employees of the Department of Mineral Resources.

Energy conservation grant fund - Section 26 adds a new section to NDCC Chapter 54-45.5 to create an energy conservation grant fund and provide a continuing appropriation to the Department of Commerce to provide grants to political subdivisions for energy conservation projects in nonfederal public buildings.

Transfer of funds in resources trust fund - Section 29 amends NDCC Section 57-51.1-07 to provide for a transfer of 5 percent of the oil extraction tax deposited in the resources trust fund to the renewable energy development fund, not to exceed \$3 million per biennium and one-half of 1 percent to the energy conservation fund, not to exceed \$1.2 million per biennium.

Oil and gas research fund - Section 30 amends NDCC Section 57-51.1-07.3 to increase the amount allocated to the oil and gas research fund from up to \$4 million to up to \$10 million per biennium.

Legislative intent - Oil and gas research fund - Section 33 provides legislative intent that the Industrial Commission give special emphasis to value-added processing of oil and gas projects in the awarding of funds from the oil and gas research fund during the 2013-15 biennium.

Legislative intent - Reserve pits - Section 34 provides legislative intent that the Industrial Commission's Department of Mineral Resources Oil and Gas Division include in its next administrative rules review and revision process, the effect of provisions included in North Dakota Administrative Code Section 43-02-03-19.5 relating to reserve pits for drilling mud and drill cuttings from shallow wells drilled and completed outside of the Bakken and Three Forks Formations for the biennium beginning July 1, 2013, and ending June 30, 2015.

Related Legislation

House Bill No. 1134 provides an exemption from the oil and gas gross production tax for natural gas to encourage use of gas that might otherwise be flared.

House Bill No. 1333 allocates a portion of the first 1 percent of oil and gas gross production tax to the abandoned oil and gas well plugging and site reclamation fund, not to exceed \$5 million per fiscal year and not in an amount that would bring the balance of the fund to more than \$75 million.

**Labor Commissioner
Budget No. 406
House Bill No. 1007**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	13.00	\$1,887,217	\$437,926	\$2,325,143
2013-15 legislative appropriations	13.00	1,847,425	437,926	2,285,351
Legislative increase (decrease) to executive budget	0.00	(\$39,792)	\$0	(\$39,792)
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$307,300	\$13,415	\$320,715

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,540,125	\$0	\$1,540,125
2013-15 legislative appropriations	1,847,425	0	1,847,425
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$307,300	\$0	\$307,300
Percentage increase (decrease) to 2011-13 appropriations	20.0%	N/A	20.0%
2013-15 legislative increase (decrease) to executive budget	(\$39,792)	\$0	(\$39,792)
Percentage increase (decrease) to executive budget	(2.1%)	N/A	(2.1%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Labor Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$32,626) and from other funds (\$6,983) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$39,792)		(\$39,792)
Total	0.00	(\$39,792)	\$0	(\$39,792)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 13 FTE positions, an increase of 1 FTE position from the 2011-13 biennium authorized level of 12 FTE positions. The new FTE position is for a compliance investigator (\$110,963).

Related Legislation

Department of Labor and Human Rights - House Bill No. 1369 renames the Department of Labor the Department of Labor and Human Rights.

**Aeronautics Commission
Budget No. 412
Senate Bill No. 2006**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	6.00	\$550,000	\$12,467,139	\$13,017,139
2013-15 legislative appropriations	6.00	6,550,000	12,463,427	19,013,427
Legislative increase (decrease) to executive budget	0.00	\$6,000,000	(\$3,712)	\$5,996,288
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$5,995,500	(\$70,261)	\$5,925,239

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$550,000	\$4,500	\$554,500
2013-15 legislative appropriations	550,000	6,000,000	6,550,000
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$0	\$5,995,500	\$5,995,500
Percentage increase (decrease) to 2011-13 appropriations	0.0%	133,233.3%	1,081.2%
2013-15 legislative increase (decrease) to executive budget	\$0	\$6,000,000	\$6,000,000
Percentage increase (decrease) to executive budget	0.0%	N/A	1,090.9%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Aeronautics Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$10,772) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$3,712)	(\$3,712)
Provided one-time funding for grants to airports.		\$6,000,000		6,000,000
Total	0.00	\$6,000,000	(\$3,712)	\$5,996,288

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 6 FTE positions, the same as the 2011-13 biennium.

One-Time Funding

The 2013-15 legislative appropriation includes \$6 million of one-time funding from the general fund for grants to airports.

Air Service (Air Carrier) Airport Grants

The Legislative Assembly did not change the executive recommendation to provide \$4,000,000, of which \$550,000 is from the general fund and \$3,450,000 is from other funds, for the air service airport grant program. This is an increase of \$800,000 from the funding provided for the 2011-13 biennium of \$3,200,000, which included \$550,000 from the general fund and \$2,650,000 from other funds.

General Aviation (Secondary Airport) Grant Program

The Legislative Assembly did not change the executive recommendation to provide \$4 million of other funds for the general aviation grant program. This is an increase of \$1,570,000 from the funding for the 2011-13 biennium of \$2,430,000 of other funds.

Additional Airport Grants

The 2013-15 legislative appropriation includes \$6 million of one-time funding from the general fund for additional grants to airports.

Related Legislation

Airport funding assistance - Senate Bill No. 2278 expands the eligibility for airport grants provided by the state general fund to all public airports in the state.

Grants to airports impacted by oil and gas development - House Bill No. 1358 provides \$60 million from the oil and gas impact grant fund to the Commissioner of the Board of University and School Lands for grants to airports impacted by oil and gas development. The grants include cost-share requirements and give priority to airports that are eligible to receive federal funding.

**Department of Financial Institutions
Budget No. 413
Senate Bill No. 2008**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	29.00	\$0	\$7,640,294	\$7,640,294
2013-15 legislative appropriations	29.00	0	7,580,217	7,580,217
Legislative increase (decrease) to executive budget	0.00	\$0	(\$60,077)	(\$60,077)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$0	\$743,899	\$743,899

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$120,783) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action: Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$60,077)	(\$60,077)
Total	0.00	\$0	(\$60,077)	(\$60,077)

FTE Changes

The Legislative Assembly did not change the executive recommendation to provide funding for 29 FTE positions, the same as the 2011-13 biennium.

Related Legislation

Nationwide multistate licensing system - House Bill No. 1084 provides for the Department of Financial Institutions to change from its current Consumer Division licensing system to the nationwide multistate licensing system.

**Securities Department
Budget No. 414
House Bill No. 1011**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	9.00	\$2,125,192	\$195,850	\$2,321,042
2013-15 legislative appropriations	9.00	2,127,782	170,000	2,297,782
Legislative increase (decrease) to executive budget	0.00	\$2,590	(\$25,850)	(\$23,260)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$218,562	(\$147,199)	\$71,363

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,909,220	\$0	\$1,909,220
2013-15 legislative appropriations	2,063,005	64,777	2,127,782
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$153,785	\$64,777	\$218,562
Percentage increase (decrease) to 2011-13 appropriations	8.1%	100.0%	11.4%
2013-15 legislative increase (decrease) to executive budget	(\$23,260)	\$25,850	\$2,590
Percentage increase (decrease) to executive budget	(1.1%)	66.4%	0.1%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Securities Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. The executive budget included one-time funding of \$38,927 from the general fund for accrued leave payments which was reallocated to an accrued leave payments line item.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$23,260)		(\$23,260)

Adjusted the funding source for information technology upgrades from the investor education and technology fund to the general fund.

25,850 (\$25,850)

Total

0.00

\$2,590

(\$25,850)

(\$23,260)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 9 FTE positions, the same as the 2011-13 biennium.

One-Time Funding

In Section 2 of House Bill No. 1011, the Legislative Assembly identified \$25,850 of one-time funding from the general fund for information technology upgrades. The 2013-15 biennium appropriations for the Securities Department also includes one-time funding of \$38,927 from the general fund for retirement leave payouts which is included in the accrued leave payments line item.

**Bank of North Dakota
Budget No. 471
Senate Bill Nos. 2014 and 2187**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	179.50	\$0	\$52,452,928	\$52,452,928
2013-15 legislative appropriations	179.50	0	103,150,147	103,150,147
Legislative increase (decrease) to executive budget	0.00	\$0	\$50,697,219	\$50,697,219
Legislative increase (decrease) to 2011-13 appropriations	3.00	(\$54,400,000)	\$46,296,992	(\$8,103,008)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$9,400,000	\$45,000,000	\$54,400,000
2013-15 legislative appropriations	0	0	0
2013-15 legislative increase (decrease) to 2011-13 appropriations	(\$9,400,000)	(\$45,000,000)	(\$54,400,000)
Percentage increase (decrease) to 2011-13 appropriations	(100.0%)	(100.0%)	(100.0%)
2013-15 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 Bank of North Dakota is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$881,231) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015. (The amount shown includes \$923,440 which was inadvertently added for salary adjustments.) (The correct adjustment should have been a reduction of \$226,221 of other funds.)			\$697,219	\$697,219

Added funding from the strategic investment and improvements fund for a medical facility infrastructure loan program (Senate Bill No. 2187).			50,000,000	50,000,000
Total	0.00	\$0	\$50,697,219	\$50,697,219

FTE Changes

The 2013-15 biennium appropriation includes funding for 179.5 FTE positions, an increase of 3 FTE positions from the 2011-13 biennium authorized level of 176.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE loan officer position, 1 FTE compliance officer position, and 1 FTE collection officer position.

Economic Development

The Legislative Assembly did not change the executive budget recommended level of funding for the partnership in assisting community expansion fund (PACE), Ag PACE, biofuels PACE, or the beginning farmer revolving loan fund from transfers from Bank of North Dakota profits rather than the general 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:

	2011-13 Appropriation	2013-15 Executive Recommendation	2013-15 Appropriation
PACE fund	\$6,000,000	\$28,000,000	\$28,000,000
Ag PACE fund	1,000,000	2,000,000	2,000,000
Biofuels PACE fund	1,000,000	2,000,000	2,000,000
Beginning farmer revolving loan fund	1,400,000	6,000,000	6,000,000
Total	\$9,400,000	\$38,000,000	\$38,000,000
Funding sources			
General fund	\$9,400,000	\$0	\$0
Other funds - Bank of North Dakota current earnings and undivided profits	\$0	\$38,000,000	\$38,000,000

Other Transfers

Section 3 of Senate Bill No. 2132 provides for a transfer of \$5 million from the current and undivided profits of the Bank of North Dakota to the rebuilders loan program fund for the 2013-15 biennium (see **Related Legislation** section below).

The following schedule provides an analysis of the Bank of North Dakota's estimated capital structure for the 2013-15 biennium:

June 30, 2013, estimated capital level	\$515,000,000
Estimated 2013-15 biennium profits	160,000,000 ¹
2013-15 biennium transfers relating to economic development (Sections 7 through 10 of Senate Bill No. 2014)	(38,000,000)
Estimated capital on June 30, 2015	\$637,000,000

¹Actual calendar year 2012 profits were \$81.6 million.

Other Sections in Bill

Transfer to PACE fund - Section 7 provides for a transfer of \$28 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2013-15 biennium.

Transfer to Ag PACE fund - Section 8 provides for a transfer of \$2 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2013-15 biennium.

Transfer to biofuels PACE fund - Section 9 provides for a transfer of \$2 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2013-15 biennium.

Transfer to the beginning farmer revolving loan fund - Section 10 provides for a transfer of \$6 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2013-15 biennium.

Beginning entrepreneur loan guarantee program - Section 20 amends North Dakota Century Code Section 6-09.15-01(1) to allow the Bank of North Dakota to determine the net worth criteria for loan applicants, Section 21 adds a new subsection to Section 6-09.15-01 to add a definition for child care providers for the beginning entrepreneur loan guarantee program, and Section 22 adds a new section to Chapter 6-09.15 to require that a beginning entrepreneur who receives a loan for a child care facility must be a child care provider.

Emergency measure - Section 36 declares Sections 7 through 10 to be an emergency measure.

Related Legislation

House Bill No. 1078 increases the amount the Bank of North Dakota may invest in North Dakota alternative and venture capital investments and early-stage capital funds from \$10 million to \$15 million.

House Bill No. 1079 extends the use of the Flex PACE program to assist with financing of affordable multifamily housing units through June 30, 2015, and increases the maximum amount that may be used for the interest rate buydown from \$300,000 to \$500,000 per loan.

House Bill No. 1185 allows unexpended appropriations made for the rebuilders loan program for the 2011-13 biennium to continue into the 2013-15 biennium.

Senate Bill No. 2096 provides a continuing appropriation for funds received by the Bank of North Dakota relating to the federal student loan program.

Senate Bill No. 2132 provides for payments from the rebuilders loan program of up to \$35 million to be transferred to replenish the Bank of North Dakota's profits which were deposited in the rebuilders loan program fund and provides for a transfer of \$5 million from the Bank's current earnings and undivided profits to the rebuilders loan program fund. Payments in excess of \$35 million are to be deposited in the general fund and allows unexpended appropriations made for the rebuilders loan program for the 2011-13 biennium to continue into the 2013-15 biennium.

Senate Bill No. 2187 provides for a medical facility infrastructure loan program to be administered by the Bank of North Dakota, provides a continuing appropriation to the Bank for funds in the newly created medical facility infrastructure fund, provides for a transfer of \$50 million from the strategic investment and improvements fund to the medical facility infrastructure fund, provides for a transfer of any balance remaining in the medical infrastructure fund on July 1, 2017, to the strategic investment and improvements fund, and provides for a report by the Bank to the 64th and 65th Legislative Assemblies on the status of the loan program. In addition, **Section 60 of 2013 House Bill No. 1013 provides** if, as of December 31, 2014, any portion of the \$150 million provided to the Department of Public Instruction for school construction loans remains uncommitted for the purpose of providing school construction loans, the Board of University and School Lands may authorize up to \$50 million of the uncommitted amount for the purpose of providing medical facility infrastructure loans in accordance with Senate Bill No. 2187.

Senate Bill No. 2361 requires the Bank of North Dakota to administer a student loan consolidation program, including a rural physician student loan consolidation program.

**Housing Finance Agency
Budget No. 473
Senate Bill No. 2014, House Bill No. 1016**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	46.00	\$0	\$40,862,039	\$40,862,039
2013-15 legislative appropriations	46.00	15,400,000	42,507,491	57,907,491
Legislative increase (decrease) to executive budget	0.00	\$15,400,000	\$1,645,452	\$17,045,452
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$15,400,000	\$3,917,445	\$19,317,445

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$0	\$0	\$0
2013-15 legislative appropriations	0	15,400,000	15,400,000
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$0	\$15,400,000	\$15,400,000
Percentage increase (decrease) to 2011-13 appropriations	N/A	N/A	N/A
2013-15 legislative increase (decrease) to executive budget	\$0	\$15,400,000	\$15,400,000
Percentage increase (decrease) to executive budget ¹	N/A	N/A	N/A

¹The executive budget recommendation included a \$30 million transfer from the general fund to the housing incentive fund for the 2011-13 biennium. The Senate amended this transfer to occur in the 2013-15 biennium and the conference committee reduced the transfer from \$30 million to \$15.4 million.

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Housing Finance Agency is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$147,806) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015. (The amount shown includes \$239,503 which was inadvertently added for salary adjustments.) (The correct adjustment should have been a reduction of \$94,051 of other funds.)			\$145,452	\$145,452

Provided for a transfer to the housing incentive fund		\$15,400,000		\$15,400,000
Provided funding from the state disaster relief fund for grants for flood-impacted housing assistance (House Bill No. 1016).			1,500,000	\$1,500,000
Total	<u>0.00</u>	<u>\$15,400,000</u>	<u>\$1,645,452</u>	<u>\$17,045,452</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation, which included funding for 46 FTE positions, the same as the 2011-13 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2014, the Legislative Assembly identified \$15.4 million of one-time funding from the general fund for a transfer to the housing incentive fund for the 2013-15 biennium. This amount is not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Housing Finance Agency is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Housing Incentive Fund

The Legislative Assembly in 2011 Senate Bill No. 2210 created a special revolving housing incentive fund, provided a continuing appropriation to the Housing Finance Agency for disbursements from the fund, and authorized a tax credit for income and financial institution tax purposes for contributions to the fund, not to exceed an aggregate amount of \$4 million per biennium for all eligible contributors. Senate Bill No. 2371 (2011) increased the aggregate tax credit to \$15 million per biennium. The Legislative Assembly in 2013 Senate Bill No. 2014 provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund. The bill created a new subsection to North Dakota Century Code Section 57-35.3-05 to provide for an income tax credit in an amount equal to any contribution to the housing incentive fund. The bill continues the housing incentive fund tax credit through the first two taxable years after December 31, 2012, and increases the aggregate amount of tax credits allowed to all eligible contributors from \$15 million to \$20 million per biennium. Similar provisions are also included in 2013 House Bill No. 1029.

Related Legislation

Senate Bill No. 2079 - Authorizes the Housing Finance Agency to act as a wholesale servicing mortgage lender.

**Mill and Elevator Association
Budget No. 475
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	135.00	\$0	\$52,255,124	\$52,255,124
2013-15 legislative appropriations	135.00	0	52,123,557	52,123,557
Legislative increase (decrease) to executive budget	0.00	\$0	(\$131,567)	(\$131,567)
Legislative increase (decrease) to 2011-13 appropriations	4.00	\$0	\$5,051,680	\$5,051,680

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$575,807) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015. (The amount shown includes \$135,905 which was inadvertently added for salary adjustments.) (The correct adjustment should have been a reduction of \$34,792 of other funds.)			\$101,113	\$101,113
Reduced funding for overtime pay.			(232,680)	(\$232,680)
Total	0.00	\$0	(\$131,567)	(\$131,567)

FTE Changes

The 2013-15 biennium appropriation includes funding for 135 FTE positions, an increase of 4 FTE positions from the 2011-13 biennium authorized level of 131 FTE positions. The Legislative Assembly did not change the executive recommendation to add a second shift supervisor, car checker, sales representative, and information system analyst.

Other Sections in Bill

Emergency Commission request - Section 31 authorizes the Mill and Elevator Association to request additional appropriation authority from the Emergency Commission if the funds provided for overtime pay are not sufficient for the 2013-15 biennium.

Transfer to general fund - Section 15 amends North Dakota Century Code Section 6-09-46 to allow the Industrial Commission to transfer 50 percent of the Mill and Elevator's annual profits or \$6,817,200, whichever is less, to the general fund for the 2013-15 biennium.

**Workforce Safety and Insurance
Budget No. 485
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	250.14	\$0	\$63,131,407	\$63,131,407
2013-15 legislative appropriations	250.14	0	63,322,422	63,322,422
Legislative increase (decrease) to executive budget	0.00	\$0	\$191,015	\$191,015
Legislative increase (decrease) to 2011-13 appropriations	3.00	\$0	\$4,909,129	\$4,909,129

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Workforce Safety and Insurance is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$1,662,965) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$558,985)	(\$558,985)
Added contingent funding for litigation costs relating to the unsuccessful Advanced Information Management computer system project.			\$750,000	750,000
Total	0.00	\$0	\$191,015	\$191,015

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 250.14 FTE positions, an increase of 3 FTE positions from the 2011-13 biennium. The following table summarizes FTE position changes included in the 2013-15 executive budget and legislative appropriation:

Position	Executive Budget FTE Changes	Legislative FTE Changes	Legislative Increase (Decrease) From Executive Budget
Claims adjuster II	1.00	1.00	0.00
Claims supervisor	1.00	1.00	0.00
Vocational rehabilitation counselor III	1.00	1.00	0.00
Medical case manager supervisor (registered nurse III)	1.00	1.00	0.00
Underwriter	1.00	1.00	0.00
Compliance officer I	1.00	1.00	0.00
Loss control specialist (safety consultant)	1.00	1.00	0.00
Position transfer to Information Technology Department	(1.00)	(1.00)	0.00

Position transfer to Information Technology Department	(1.00)	(1.00)	0.00
Position transfer to Information Technology Department	(1.00)	(1.00)	0.00
Position transfer to Information Technology Department	(1.00)	(1.00)	0.00
Total	3.00	3.00	0.00

Other Sections in Bill

Litigation contingency - Settlement funds - Section 2 provides \$750,000 for litigation funding, included in Section 1, to pursue civil action for damages relating to the unsuccessful Advanced Information Management computer system project. The Legislative Assembly authorized Workforce Safety and Insurance to spend any remaining unused portion of the litigation funding for the development or operation of information technology projects. Any money received by Workforce Safety and Insurance as a result from a settlement or court awards relating to this project must be retained in the Workforce Safety and Insurance fund and reported to the 64th Legislative Assembly.

Information technology projects funding - Section 3 provides that up to \$4,725,000, appropriated in Section 1, be used for a business process analysis and appropriate information technology equipment, development, and operational costs of information technology projects.

Business process analysis - Section 4 provides for Workforce Safety and Insurance to contract with the Information Technology Department and a private consultant to conduct a business process analysis, including a review of the Workforce Safety and Insurance business process and its use of information technology to support the business process and related information technology services.

Related Legislation

Premium payments - Senate Bill No. 2080 authorizes Workforce Safety and Insurance to require the premium, including an advance premium, within any reasonable time in order to secure the payment of premium by the employer. If the employer fails to make payment of premiums, Workforce Safety and Insurance may assess penalties and fees accordingly and may assess a penalty of \$2,000 each premium period the employer is uninsured.

**Highway Patrol
Budget No. 504
Senate Bill No. 2011**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	213.00	\$49,805,623	\$13,783,677	\$63,589,300
2013-15 legislative appropriations	213.00	47,608,042	13,392,542	61,000,584
Legislative increase (decrease) to executive budget	0.00	(\$2,197,581)	(\$391,135)	(\$2,588,716)
Legislative increase (decrease) to 2011-13 appropriations	15.00	\$12,182,898 ¹	\$1,867,217	\$14,050,115

¹Reflects a general fund deficiency appropriation of \$300,000 made in House Bill No. 1023 for Highway Patrol operations.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$34,049,144	\$1,376,000	\$35,425,144
2013-15 legislative appropriations	42,261,042	5,347,000	47,608,042
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$8,211,898	\$3,971,000	\$12,182,898
Percentage increase (decrease) to 2011-13 appropriations	24.1%	288.6%	34.4%
2013-15 legislative increase (decrease) to executive budget	(\$500,581)	(\$1,697,000)	(\$2,197,581)
Percentage increase (decrease) to executive budget	(1.2%)	(24.1%)	(4.4%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Highway Patrol is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$866,641) and from other funds (\$244,010) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$376,099)	(\$103,189)	(\$479,288)

Reduced funding for State Fleet Services mileage rates to reflect an estimated mileage rate of 72 cents per mile rather than 74 cents per mile as included in the executive budget recommendation.	(124,112)	(34,316)	(158,428)
Removed funding for housing subsidies for employees living in areas affected by energy development.	(261,000)	(39,000)	(300,000)
Reduced funding for Phase I of the law enforcement training academy facility project.	(1,436,370)	(214,630)	(1,651,000)
Total	<u>0.00</u>	<u>(\$2,197,581)</u>	<u>(\$2,588,716)</u>

FTE Changes

The 2013-15 biennium appropriations include funding for 213 FTE positions, 15 FTE positions more than the 2011-13 biennium. The Legislative Assembly did not change the executive budget recommendation to add 15 FTE trooper positions.

One-Time Funding

The following is a summary of one-time funding included in the 2013-15 legislative appropriations for the Highway Patrol:

	General Fund	Other Funds	Total
Vehicle emergency lighting equipment upgrades	\$585,000	\$87,000	\$672,000
Replacement of taser equipment	176,000	26,000	202,000
Two trailer scale systems	131,000	19,000	150,000
Extraordinary repairs to the law enforcement training academy building	105,000	16,000	121,000
Construction of Phase I of the law enforcement training academy facility	4,350,000	650,000	5,000,000
Total	\$5,347,000	\$798,000	\$6,145,000

Other Sections in Bill

Funding from highway tax distribution fund - Section 3 provides that \$6,841,066 of the special funds appropriation for the Highway Patrol is from the highway tax distribution fund.

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 2011-13 biennium.

Related Legislation

Retirement contribution increases - House Bill No. 1452 increases the state and employee contributions into the Highway Patrolmen's retirement plan by 1 percent each on January 1, 2014.

**Department of Corrections and Rehabilitation
Budget No. 530
Senate Bill Nos. 2012 and 2015**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	814.29	\$179,983,725	\$30,673,355	\$210,657,080
2013-15 legislative appropriations	814.29	180,915,389	36,134,922	217,050,311
Legislative increase (decrease) to executive budget	0.00	\$931,664	\$5,461,567	\$6,393,231
Legislative increase (decrease) to 2011-13 appropriations	20.00	\$21,349,470	\$4,528,772	\$25,878,242

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$157,901,861	\$1,664,058	\$159,565,919
2013-15 legislative appropriations	177,774,343	3,141,046	180,915,389
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$19,872,482	\$1,476,988	\$21,349,470
Percentage increase (decrease) to 2011-13 appropriations	12.6%	88.8%	13.4%
2013-15 legislative increase (decrease) to executive budget	\$598,016	\$333,648	\$931,664
Percentage increase (decrease) to executive budget	0.3%	11.9%	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 Corrections and Rehabilitation is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$4,407,553) and from other funds (\$231,976) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adult Services Division				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$1,931,462)	(\$116,433)	(\$2,047,895)
Added funding to replace locks on the West Cellhouse.		400,000		400,000

Added funding to provide for increased inmate populations.	636,000		636,000
Removed funding for oil impact assistance for employees in areas impacted by oil development. Agencies may request funding from a funding pool appropriated to the Office of Management and Budget for oil impact assistance.	(187,967)		(187,967)
Reduced funding for operating expenses.	(93,750)		(93,750)
Changed the funding source for a portion of salaries and operating expenses for new parole and probation officer FTE positions from the general fund to other funds received from an increase in supervision fees.	(678,000)	678,000	
Added funding for Roughrider Industries for a general license plate issue (Senate Bill No. 2012).		4,900,000	4,900,000
Added funding for a study regarding the relocation of the Missouri River Correctional Center to the Youth Correctional Center site.	200,000		200,000
Added funding for increased probation and incarceration requirements due to provisions of House Bill No. 1302 relating to driving under the influence laws.	3,000,000		3,000,000
Youth Services Division			
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation guidelines included in House Bill No. 1015.	(303,522)		(303,522)
Removed funding for oil impact assistance for employees in areas impacted by oil development. Agencies may request funding from a funding pool appropriated to the Office of Management and Budget for oil impact assistance.	(78,385)		(78,385)
Reduced funding for operating expenses.		(31,250)	(31,250)
Total	<u>0.00</u>	<u>\$931,664</u>	<u>\$5,461,567</u>
			<u>\$6,393,231</u>

FTE Changes

The 2013-15 biennium appropriation includes funding for 814.29 FTE positions, an increase of 20 FTE positions from the 2011-13 biennium authorized level of 794.29 FTE positions. The Legislative Assembly did not change the executive recommendation to add 11 FTE correctional officer positions, 3 FTE correctional caseworker positions, and 6 FTE parole officer positions.

One-Time Funding

In Section 2 of Senate Bill No. 2015, the Legislative Assembly identified \$3,439,046, of which \$3,141,046 is from the general fund as one-time funding. Of this amount, \$349,950 is for capital projects, \$1,683,296 is for extraordinary repairs, \$552,900 is for equipment, \$652,900 is for information technology upgrades, and \$200,000 is for a study regarding the relocation of the Missouri River Correctional Center. These amounts are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Department of Corrections and Rehabilitation is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Capital Projects and Extraordinary Repairs

Project	2013-15 Executive Budget			2013-15 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									
Repairs and maintenance	\$425,000		\$425,000	\$425,000		\$425,000			
Total - Youth Services Division	\$425,000		\$425,000	\$425,000		\$425,000			
Adult Services Division									
Prisons Division									
Penitentiary repairs and maintenance	\$981,696		\$981,696	\$1,381,696		\$1,381,696	\$400,000		\$400,000
James River Correctional Center repairs and maintenance	872,750		872,750	872,750		872,750			
Missouri River Correctional Center flood hazard mitigation	349,950		349,950	349,950		349,950			
Total - Adult Services Division	\$2,204,396		\$2,204,396	\$2,604,396		\$2,604,396	\$400,000		\$400,000
Total Department of Corrections and Rehabilitation	\$2,629,396		\$2,629,396	\$3,029,396		\$3,029,396	\$400,000		\$400,000

Inmate Population

The following table summarizes the 2013-15 biennium inmate population projections used to develop the legislative appropriation--an increase of 87 male inmates and 20 female inmates from the projected inmate population used to develop the executive recommendation:

	Male	Female	Total
Fiscal year 2014			
July	1,389	175	1,564
August	1,391	176	1,567
September	1,392	176	1,568
October	1,394	177	1,571
November	1,396	177	1,573
December	1,398	178	1,576
January	1,399	179	1,578
February	1,401	179	1,580
March	1,403	180	1,583
April	1,405	180	1,585
May	1,407	181	1,588
June	1,408	181	1,589
Fiscal year 2015			
July	1,410	182	1,592
August	1,412	182	1,594
September	1,414	183	1,597
October	1,415	184	1,599
November	1,417	184	1,601
December	1,419	185	1,604
January	1,421	185	1,606
February	1,423	186	1,609
March	1,424	186	1,610
April	1,426	187	1,613
May	1,428	187	1,615
June	1,430	188	1,618

The following table shows the actual average male and female inmate populations for July 2011 through June 2013 as compared to the legislative population estimates for the 2011-13 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 2012						
July	1,369	1,315	(54)	182	154	(28)
August	1,371	1,322	(49)	183	157	(26)
September	1,373	1,328	(45)	183	152	(31)
October	1,376	1,308	(68)	183	144	(39)
November	1,378	1,307	(71)	184	145	(39)
December	1,380	1,297	(83)	184	147	(37)
January	1,382	1,292	(90)	184	152	(32)
February	1,385	1,305	(80)	185	160	(25)
March	1,387	1,296	(91)	185	157	(28)
April	1,389	1,288	(101)	185	159	(26)
May	1,391	1,296	(95)	185	161	(24)
June	1,394	1,309	(85)	186	164	(22)
Fiscal year 2013						
July	1,396	1,316	(80)	186	169	(17)
August	1,398	1,315	(83)	186	167	(19)
September	1,400	1,315	(85)	187	158	(29)
October	1,403	1,326	(77)	187	169	(18)
November	1,405	1,332	(73)	187	181	(6)
December	1,407	1,360	(47)	188	176	(12)
January	1,409	1,374	(35)	188	172	(16)
February	1,412	1,381	(31)	188	174	(14)
March	1,414	1,376	(38)	189	171	(18)
April	1,416	1,385	(31)	189	175	(14)
May	1,418	1,396	(22)	189	175	(14)
June	1,396			186		

Male Inmate Contract Housing

The Legislative Assembly provided \$26,002,845 for contract housing and transitional facilities for male inmates, a decrease of \$1,600,000 from the 2011-13 biennium appropriation. This amount includes \$23,452,692 from the general fund and \$2,550,153 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 \$8,966,204 from the general fund for a contract to house female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England, an increase of \$507,521 from the 2011-13 biennium appropriation.

Prison Facility Project

The Legislative Assembly in 2009 provided an appropriation of \$64,000,000, 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 Legislative Assembly in 2011 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. The department secured a loan of \$1.1 million from the Bank in June 2013. The project is substantially complete and ready for occupancy in June 2013. Projects that remain to be completed include landscaping and demolition of the East Cellhouse after inmate relocation to the new cellhouse.

Other Sections in Bill

Exemption - Section 3 continues appropriation authority for funding related to the prison expansion project until June 30, 2014.

Missouri River Correctional Center relocation study - Report to the Legislative Management - Section 4 provides for a land use study of the Missouri River Correctional Center site and for the development of a plan for relocating the center to a site adjacent to the Youth Correctional Center.

James River Correctional Center and State Hospital property - Section 5 provides the Legislative Management consider studying the use of the structures and property of the James River Correctional Center and the State Hospital.

Refusal of admission of inmates - Section 6 authorizes the Department of Corrections and Rehabilitation to refuse to admit inmates sentenced to the physical custody of the department when the admission of inmates will exceed the maximum operational capacity of the Penitentiary and its affiliated facilities and requires the department to develop a prison population management plan to prioritize admissions based on sentences and the availability of space in the Penitentiary and its affiliated facilities. The department must report annually to the Budget Section on the prison population management plan and inmate admissions and the number of inmates the department has not admitted after sentencing.

Supervision fees - Section 7 amends Section 12.1-32-07(2) to increase an offender's probation supervision fee from \$45 to \$55 per month.

Related Legislation

Appointment of Warden - House Bill No. 1118 authorizes the Director of the Department of Corrections and Rehabilitation, rather than the Director of the Adult Services Division, to appoint the Warden and all other officers and employees.

Admission of visitors - House Bill No. 1119 authorizes the Warden, with approval from the Director of the Department of Corrections and Rehabilitation, to limit the admission of visitors.

Driving under the influence - House Bill No. 1302 provides for increased probation and incarceration requirements for driving under the influence.

License plate issue - Senate Bill No. 2012 provides an appropriation of \$4.9 million from special funds and other income received to the Department of Corrections and Rehabilitation relating to a general license plate issue.

Adjutant General, including the National Guard and the Department of Emergency Services
Budget No. 540
House Bill No. 1016, Senate Bill No. 2353

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	246.00	\$31,795,634	\$250,073,683	\$281,869,317
2013-15 legislative appropriations	246.00	31,150,829	249,844,597	280,995,426
Legislative increase (decrease) to executive budget	0.00	(\$644,805)	(\$229,086)	(\$873,891)
Legislative increase (decrease) to 2011-13 appropriations	4.00	(\$47,402,726)	(\$47,259,781)	(\$94,662,507)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$24,035,127	\$54,518,428	\$78,553,555
2013-15 legislative appropriations	26,824,589	4,326,240	31,150,829
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,789,462	(\$50,192,188)	(\$47,402,726)
Percentage increase (decrease) to 2011-13 appropriations	11.6%	(92.1%)	(60.3%)
2013-15 legislative increase (decrease) to executive budget	\$330,195	(\$975,000)	(\$644,805)
Percentage increase (decrease) to executive budget	1.2%	(18.4%)	(2.0%)

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$360,289) and from other funds (\$735,704) for permanent employees' compensation and benefits is reallocated to accrued leave payments line items for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$119,805)	(\$229,086)	(\$348,891)
Reduced funding for the statewide seamless base map project.		(650,000)		(650,000)

Reduced funding for the construction of new State Radio towers.	(325,000)	(325,000)
Added funding for the Adjutant General to coordinate the writing, publishing, and distribution of a book of all veterans having a relationship with the state.	50,000	50,000
Added contingent funding for National Guard tuition assistance.	375,000	375,000
Added funding for the operations of the Statewide Interoperability Executive Committee (Senate Bill No. 2353).	25,000	25,000
Total	<u>0.00</u>	<u>(\$644,805)</u>
		<u>(\$229,086)</u>
		<u>(\$873,891)</u>

Contingent Appropriation for National Guard Tuition Assistance

Section 3 of House Bill No. 1015 provides a contingent general fund appropriation of \$375,000 to the Adjutant General to provide tuition assistance to eligible members of the North Dakota National Guard. The appropriation is contingent upon the Adjutant General certifying to the Office of Management and Budget (OMB) that the National Guard has received a new assignment in association with the Grand Forks Air Force Base.

FTE Changes

The 2013-15 biennium appropriation includes funding for 246 FTE positions, an increase of 4 FTE positions from the 2011-13 biennium. The Legislative Assembly did not change the executive recommendation to add 4 FTE communications specialist positions in the State Radio Dispatch Center.

One-Time Funding

The following is a summary of one-time funding included in the 2013-15 legislative appropriations for the Adjutant General:

	General Fund	Other Funds	Total
State Radio towers	\$1,175,000		\$1,175,000
Statewide seamless base map	650,000	\$500,000	1,150,000
State Radio Communications Center project	1,201,240		1,201,240
Computer-aided dispatch upgrade	340,000		340,000
Voice incident recorder	150,000		150,000
State Radio fire suppression project	210,000		210,000
Disaster coordination contract		1,500,000	1,500,000
Veterans' bonus program	600,000		600,000
Total	\$4,326,240	\$2,000,000	\$6,326,240

Tuition and Enlistment Compensation

The Legislative Assembly did not change the executive recommendation to provide \$2,517,500 from the general fund for the tuition and enlistment compensation program, \$110,000 more than the 2011-13 biennium. The increased funding will be used to replace decreasing federal funds for the program. The tuition and enlistment compensation program is a scholarship program providing approximately \$1,000 per semester for eligible students taking 12 or more credits. Students taking fewer than 12 credits receive lower payments. In addition, under North Dakota Century Code Section 37-07.1-03, the accredited postsecondary institution waives 25 percent of the total tuition cost for each eligible student.

Veterans' Cemetery

The Legislative Assembly provided funding of \$662,824, of which \$286,433 is from the general fund and \$376,391 is special funds from the Veterans' Cemetery maintenance fund, for the operation of the Veterans' Cemetery. This represents an increase of \$85,908 from the 2011-13 biennium appropriation of \$576,916, of which \$328,216 was from the general fund and \$248,700 was special funds from the Veterans' Cemetery maintenance fund. Consistent with the legislative compensation package that \$15,819 of funding provided for the Veterans' Cemetery was reallocated to an accrued leave payments line item. Section 5 of House Bill No. 1016 provides 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.

Capital Projects and Assets

The Legislative Assembly provided funding of \$35,028,872 to the Adjutant General for 2013-15 biennium capital projects and assets as follows:

	General Fund	Other Funds	Total
Federal construction projects		\$22,000,000	\$22,000,000
Federal extraordinary repairs		8,000,000	8,000,000
National Guard facility equipment replacement	\$22,000		22,000
Grand Forks Armory bond payments	28,586		28,586
Payments in lieu of taxes	40,000		40,000
Special assessment payments	110,046		110,046
State Radio expansion project and equipment	1,201,240		1,201,240
State Radio fire suppression project	210,000		210,000
State Radio towers	1,175,000		1,175,000
Statewide seamless base map project	650,000	500,000	1,150,000
Emergency equipment		682,000	682,000
Voice incident recorder	150,000		150,000
Computer-aided dispatch equipment	260,000		260,000
Total	\$3,846,872	\$31,182,000	\$35,028,872

Compared to the executive budget recommendation, the Legislative Assembly reduced funding for capital assets by \$975,000. The Legislative Assembly reduced the recommended general fund appropriation for the State Radio towers project by \$325,000 and the recommended general fund appropriation for the statewide seamless base map project by \$650,000.

Other Sections in House Bill No. 1016

Flood impacted housing assistance - Section 4 appropriates \$1.5 million from the state disaster relief fund to the Housing Finance Agency to provide grants for flood-impacted housing assistance. The section also provides eligibility requirements to receive grant funds.

Maintenance and repairs transfers - Section 6 provides the Adjutant General may transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2013-15 biennium. Any amounts transferred must be reported to OMB.

Employee compensation increase transfers - Section 7 authorizes the Adjutant General to transfer funds between line items and subdivisions in Section 1 as it relates to state employee compensation increases authorized by the 63rd Legislative Assembly.

Exemption - Computer-aided dispatch project - Section 8 provides any unexpended general fund appropriations for the computer-aided dispatch project contained in 2009 House Bill No. 1016 are not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2013-15 biennium.

Exemption - Veterans' bonus program - Section 9 provides any unexpended general fund appropriation authority 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 2015-17 biennium.

Exemption - State Radio towers and statewide seamless base map - Section 10 provides any unexpended general fund or special funds appropriation authority in the capital assets line item relating to State Radio towers and the statewide seamless base map for the 2011-13 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2013-15 biennium.

Exemption - Flood relief and disaster mitigation - Section 11 provides any unexpended general fund or special funds appropriation authority in 2011 Senate Bill No. 2369 relating to flood relief, disaster mitigation, and grants to political subdivisions for matching federal funds on road grade raising projects and federal emergency relief funding for the 2011-13 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2013-15 biennium.

Exemption - Flood-impacted housing rehabilitation - Section 12 provides any unexpended general fund or special funds appropriation authority in 2011 Senate Bill No. 2371 relating to grants to cities and counties for flood-impacted housing rehabilitation for the 2011-13 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2013-15 biennium.

Exemption - Tuition assistance - Section 13 provides any unexpended general fund appropriation authority in the tuition, recruiting, and retention line item relating to tuition assistance for the 2011-13 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2013-15 biennium.

Related Legislation

National Guard pay enhancement - House Bill No. 1056 provides each National Guard commissioned officer or enlisted member with a pay enhancement of \$100 for every 14 consecutive days spent on state active duty.

Adjutant General coins and retirement flags - House Bill No. 1057 authorizes the Adjutant General to present an Adjutant General coin or disaster response coin to individuals providing exceptional service during times of disaster or emergency in the state. The bill also provides that a North Dakota state flag may be presented to retiring members of the North Dakota National Guard who have provided 20 or more years of service.

State disaster relief fund uses - Senate Bill No. 2292 allows funds from the state disaster relief fund to be used for wide area search and rescue activities.

Statewide seamless base map fees continuing appropriation - Senate Bill No. 2334 provides a continuing appropriation to the Division of State Radio for any access fees received related to the statewide seamless base map.

Statewide Interoperability Board - Senate Bill No. 2353 creates a Statewide Interoperability Executive Committee to develop an integrated radio system in the state and provides a \$25,000 general fund appropriation to the Adjutant General for expenses of the board.

**Department of Commerce
Budget No. 601
Senate Bill Nos. 2018, 2014, and 2218, House Bill Nos. 1211 and 1358**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	69.25	\$56,325,031	\$68,241,034	\$124,566,065
2013-15 legislative appropriations	69.25	64,457,060	75,363,022	139,820,082
Legislative increase (decrease) to executive budget	0.00	\$8,132,029	\$7,121,988	\$15,254,017
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$22,697,195	(\$248,271,915)	(\$225,574,720)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$29,134,865	\$12,625,000	\$41,759,865
2013-15 legislative appropriations	42,157,060	22,300,000	64,457,060
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$13,022,195	\$9,675,000	\$22,697,195
Percentage increase (decrease) to 2011-13 appropriations	44.7%	76.6%	54.4%
2013-15 legislative increase (decrease) to executive budget	\$10,007,029	(\$1,875,000)	\$8,132,029
Percentage increase (decrease) to executive budget	31.1%	(7.8%)	14.4%

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$187,753) and from other funds (\$56,014) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		\$155,881	\$45,988	\$201,869
Removed one-time funding of \$5 million from the general fund for child care facility grants provided in the executive recommendation.		(5,000,000)		(5,000,000)

Added funding of \$2.6 million from the general fund for child care facility grants in Senate Bill No. 2014.	2,600,000		2,600,000
Reduced funding provided in the executive budget for the State Data Center by \$98,852, from \$498,852 to \$400,000.	(98,852)		(98,852)
Reduced funding from the general fund provided in the executive recommendation for the InnovateND program by \$50,000, from \$500,000 to \$450,000.	(50,000)		(50,000)
Removed one-time funding of \$350,000 from the general fund provided in the executive recommendation for an Upper Great Plains Transportation Institute transportation study.	(350,000)		(350,000)
Reduced one-time funding from the general fund provided in the executive recommendation for tourism large infrastructure grants by \$575,000, from \$1,325,000 to \$750,000.	(575,000)		(575,000)
Removed one-time funding of \$1 million from the general fund provided in the executive recommendation for the North Dakota planning initiative.	(1,000,000)		(1,000,000)
Added one-time funding of \$250,000 from the general fund for Visual North Dakota.	250,000		250,000
Added one-time funding of \$300,000 from the general fund for innovation grants.	300,000		300,000
Added one-time funding of \$2.5 million from the strategic investment and improvements fund for an enhanced use lease grant program.		2,500,000	2,500,000
Changed the funding source from the strategic investment and improvements fund to the general fund to provide a total of \$5 million from the general fund as one-time funding for the Unmanned Aircraft System program.	4,000,000	(4,000,000)	
Added one-time federal funding for flood grants and loans to provide a total of \$18,358,866.		6,576,000	6,576,000
Added funding from the general fund in House Bill No. 1211 for matching funds for rural health care workforce needs.	400,000		400,000
Added funding from the strategic investment and improvements fund in House Bill No. 1358 for nursing home grants in oil-impacted areas.		2,000,000	2,000,000
Added funding of \$2 million from the general fund for grants to homeless shelters and one-time funding of \$500,000 from the general fund for a renewable energy and oil and gas study in Senate Bill No. 2014.	2,500,000		2,500,000

Added funding from the general fund in Senate Bill No. 2218 for grants to tribal colleges for workforce development.		5,000,000		5,000,000
Total	0.00	\$8,132,029	\$7,121,988	\$15,254,017

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 69.25 FTE positions, an increase of 1 FTE position from the 2011-13 biennium authorized level of 68.25 FTE positions. The new FTE position is for a demographer at the State Data Center (\$279,102).

One-Time Funding

In Section 2 of Senate Bill No. 2018, the Legislative Assembly identified \$43,455,636 of funding as one-time funding items for the Department of Commerce, of which \$21,800,000 is from the general fund and \$21,655,636 is from other funds. The Legislative Assembly also provided one-time funding of \$500,000 from the general fund to the Department of Commerce in Senate Bill No. 2014 for a renewable energy and oil and gas study. The table below summarizes one-time funding provided by the Legislative Assembly to the Department of Commerce for the 2013-15 biennium.

	General Fund	Other Funds	Total
Workforce enhancement fund	\$2,000,000		\$2,000,000
Flood impact grants and loans (federal funding)		\$18,358,866	18,358,866
Research North Dakota	12,000,000		12,000,000
Unmanned aircraft system	5,000,000		5,000,000
Base retention grants	1,500,000		1,500,000
Tourism large infrastructure grants	750,000		750,000
Visual North Dakota	250,000		250,000
Innovation grants	300,000		300,000
Federal fiscal stimulus		796,770	796,770
Enhanced use lease grant (strategic investment and improvements fund)		2,500,000	2,500,000
Renewable energy and oil and gas study (Senate Bill No. 2014)	500,000		500,000
Total	\$22,300,000	\$21,655,636	\$43,955,636

Centers of Excellence and Centers of Research Excellence

The Legislative Assembly in 2013 did not appropriate any new funding for either the centers of excellence program, established in Chapter 15-69 by the Legislative Assembly in 2003, or the centers of research excellence program, established in Chapter 54-65 by the Legislative Assembly in 2011. The Legislative Assembly in 2011 provided an expiration date of July 31, 2023 for the centers of excellence program. Postaward monitoring will continue for both programs and may continue for up to 10 years after the designation of a center.

Research North Dakota Grant Program

The Legislative Assembly in 2013 established the Research North Dakota grant program and the Research North Dakota venture program.

Section 15 of Senate Bill No. 2018 establishes the Research North Dakota grant program to provide grants to research universities for research, development, and commercialization activities in collaboration with a private sector partner. The Department of Commerce and the Centers of Excellence Commission are to develop guidelines for the grant application, which must include a detailed partnership agreement and proof of dollar-for-dollar matching funds which must be cash. The partnership agreement must include the scope and location of the work, a budget, and intellectual property agreements.

The Research North Dakota fund is established in Section 17 of Senate Bill No. 2018 and provides a new continuing appropriation from the fund to the Department of Commerce for administering Research North Dakota. The Legislative Assembly provided one-time funding of \$12 million as a transfer from the general fund to the Research North Dakota fund in Section 30 of Senate Bill No. 2018. Of the \$12 million, \$4 million is designated for biotechnology grants up to \$2 million is designated for venture grants (see Research North Dakota venture program below), and \$6 million is available without any specific designation for. The purpose of the biotechnology grants is to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment of, or cure for cancer; virally infectious diseases; or other pathogens, including bacteria, mycobacteria, fungi, and parasites.

Research North Dakota Venture Program

The Research North Dakota venture program is divided into two parts--the Research North Dakota venture grant program and the Research North Dakota venture investment program.

Section 16 of Senate Bill No. 2018 establishes the Research North Dakota venture grant program to provide grants to research universities to further commercialize technology developed through a research university. The Department of Commerce and the Centers of Excellence Commission are to develop guidelines for the grants. Of the \$12 million appropriated for Research North Dakota, up to \$2 million is designated for the Research North Dakota venture grant program in Section 30 of Senate Bill No. 2018.

The Research North Dakota venture investment program is established in Section 9 of Senate Bill No. 2018 to provide funding from the development fund for investments to startup or spinoff businesses that utilize technology developed through a research university. A business is limited to an individual investment of no more than \$250,000, and the development corporation will establish guidelines for the investments. Section 42 of Senate Bill No. 2018 provides a statement of legislative intent to designate funding of up to \$1 million from the development fund for the Research North Dakota venture investment program.

Unmanned Aircraft Systems Program

The Legislative Assembly in 2013 established the Unmanned Aircraft Systems (UAS) program and provided one-time funding of \$5 million from the general fund for the program. Of the \$5 million appropriated for the UAS program, Section 33 of Senate Bill No. 2018 designates \$1 million for costs related to obtaining Federal Aviation Administration (FAA) approval of a test site and designates \$4 million for the operations of the test site. The appropriation of \$4 million is contingent upon FAA approval of the test site. Section 13 of Senate Bill No. 2018 requires the Department of Commerce to establish the UAS program in collaboration with the University of North Dakota, the North Dakota Aeronautics Commission, the Adjutant General, and private parties; to administer the UAS test site upon receiving FAA approval; and to provide semiannual reports to Legislative Management. The UAS program fund is established in Section 14 of Senate Bill No. 2018 and provides a new continuing appropriation to defray the expenses of the UAS program. The executive recommendation provided \$1 million from the general fund and \$4 million from the strategic investment and improvements fund for a total of \$5 million of funding for the UAS program.

Operation Intern Program

The Operation Intern program provides a 50 percent match up to \$3,000 per semester per position for a business's expenses related to an internship, an apprenticeship, or a work experience opportunity involving North Dakota students enrolled in an institution of higher education. The Legislative Assembly provided \$1.5 million from the general fund for the Operation Intern program, the same as the executive recommendation. This level of funding reflects an increase of \$600,000 from the 2011-13 biennium. Section 29 of Senate Bill No. 2018 provides that the \$1.5 million appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund.

InnovateND Program

InnovateND provides coaching, training, and incentives to assist entrepreneurs in developing, marketing, and commercializing their ideas for products and services. The Legislative Assembly provided \$450,000 from the general fund for the InnovateND program for the 2013-15 biennium. This level of funding reflects an overall decrease of \$100,000, but an increase of \$50,000 from the general fund compared to the 2011-13 biennium. The 2011-13 biennium appropriation included \$400,000 from the general fund and \$150,000 from special funds raised from private sources. The executive budget recommendation included \$500,000 from the general fund for the 2013-15 biennium for this program.

North Dakota Trade Office

The North Dakota Trade Office creates global partnerships to expand trade opportunities for North Dakota businesses through advocacy, education, and expertise. The Legislative Assembly in 2013 provided \$2,613,400 from the general fund for the North Dakota Trade Office, the same as the executive recommendation and the 2011-13 biennium. The following is a summary of funding for the North Dakota Trade Office:

Biennium	General Fund	Special Funds	Total
2003-05	\$75,000 ¹	\$0	\$75,000
2005-07	\$0	\$700,000 ²	\$700,000
2007-09	\$1,500,000 ³	\$0	\$1,500,000
2009-11	\$2,064,000 ⁴	\$0	\$2,064,000

Biennium	General Fund	Special Funds	Total
2011-13	\$2,613,400 ⁵	\$0	\$2,613,400
2013-15	\$2,613,400 ⁵	\$0	\$2,613,400

¹Section 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 trade authority for the 2003-05 biennium. Section 22 of House Bill No. 1019 (2003) 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.

²The Legislative Assembly in 2005 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.

³Section 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.

⁴Section 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.

⁵Section 26 of Senate Bill No. 2057 (2011) and Section 31 of Senate Bill No. 2018 (2013) provide that the Department of Commerce may spend 70 percent of funding appropriated to the North Dakota Trade Office 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. 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.

Agricultural Products Utilization Commission

The purpose of the Agricultural Products Utilization Commission (APUC) is to provide grants to develop and expand the use of agricultural products in accordance with Chapter 4-14.1. The APUC receives funding from the general fund, special funds, and federal funds. The Legislative Assembly provided an appropriation of \$3,240,494 for the APUC for the 2013-15 biennium, consisting of \$1,202,210 from the general fund, \$1,738,284 from the agricultural products utilization fund, and \$300,000 from federal funds. The appropriation of \$3,240,494 reflects an overall increase of \$500,727 compared to the 2011-13 biennium, as shown in the schedule below.

	General Fund	Agricultural Products Utilization Fund ¹	Federal Funds	Total Appropriation ²
2011-13 Biennium	\$1,701,483	\$738,284	\$300,000	\$2,739,767 ²
2013-15 Biennium	1,202,210	1,738,284	300,000	3,240,494 ²
Increase (Decrease)	(\$499,273)	\$1,000,000	\$0	\$500,727

¹The Legislative Assembly (2013) renamed the agricultural fuel tax fund the agricultural products utilization fund.

²These amounts do not include carryover authority. The carryover authority from the 2009-11 biennium to the 2011-13 biennium was \$1,518,859. The carryover authority from the 2011-13 biennium to the 2013-15 biennium is estimated to be \$1.7 million.

The Legislative Assembly and the executive recommendation renamed the agricultural fuel tax fund the agricultural products utilization fund in Sections 6, 7, 8, 11, 18, 20, and 21 of Senate Bill No. 2018. The executive budget recommendation included a new continuing appropriation for the agricultural products utilization fund; however, the Legislative Assembly did not approve the continuing appropriation; therefore, funding for the APUC will continue to be appropriated by the Legislative Assembly. Section 19 of Senate Bill No. 2018 removes the requirement that two cents per gallon of the motor vehicle fuel tax refund for agricultural purposes be deposited in the agricultural products utilization fund. As a result of this change, the 2013-15 biennium remaining funding sources for the agricultural products utilization fund are an annual transfer of 5 percent of the state mill and elevator profits and one-half cent per gallon of the motor vehicle fuel tax refund for industrial purposes. The Legislative Assembly also provided an exemption for APUC in Section 23 of Senate Bill No. 2018 allowing

unexpended funds from the 2011-13 biennium to continue and to be spent during the 2013-15 biennium, the same as the executive recommendation. The executive budget recommendation included an appropriation of \$3,246,536. The Legislative Assembly reduced this amount by \$6,042 due to a reallocation of funding to an accrued leave payments line item.

Ethanol Production Incentives

The ethanol production incentive fund is administered by the Department of Commerce to provide production incentives to ethanol production facilities in accordance with Chapter 17-02. Forty percent of the revenue from the registration of farm vehicles is transferred to the ethanol production incentive fund from the highway tax distribution fund in accordance with Section 39-04-39. The balance of the ethanol production incentive fund cannot exceed \$7.5 million, which may limit the amount transferred from the highway distribution fund. The Legislative Assembly and the executive recommendation in Sections 10 and 19 of Senate Bill No. 2018 removed the requirement that one cent per gallon of the motor vehicle fuel tax refunds be deposited in the ethanol production incentive fund. The schedule below provides information on the estimated revenues for the ethanol production incentive fund for the 2011-13 and 2013-15 bienniums.

	2011-13 Estimated Funding	2013-15 Estimated Funding	Increase (Decrease)
Forty percent of the revenue from farm vehicle transferred from the highway tax distribution fund	\$3,900,000	\$4,400,000	\$500,000
One cent of the motor vehicle fuel tax refund deposited in the ethanol production incentive fund	100,000	0	(100,000)
Total	\$4,000,000	\$4,400,000	\$400,000

Other Grant Programs

Early childhood service provider grant program - In Section 3 of Senate Bill No. 2018, the Legislative Assembly provided an appropriation of \$400,000 from the general fund to the Department of Human Services for grants to licensed early childhood service providers serving children with disabilities or developmental delays. The funds from the grant program are available for equipment, facility renovation, staff, and technical assistance in accordance with Section 50-11.1-18.

Base retention grant program - The requirements for the base retention grant program in Section 32 of Senate Bill No. 2018 provide for grants of up to \$500,000 to each community with an Air Force base or Air National Guard facilities. The Legislative Assembly did not change the executive recommendation to provide \$1.5 million from the general fund to the Department of Commerce for the grants. The Legislative Assembly removed the dollar-for-dollar matching requirement provided by the executive recommendation and added the requirement that the Department of Commerce award the grants as direct grants and not cost reimbursement grants. The funding for the base retention grant program is considered a one-time funding item.

Innovation grant program - In Section 34 of Senate Bill No. 2018, the Legislative Assembly created a new grant program to provide one-time funding of \$300,000 from the general fund to the Department of Commerce for innovation grants to entrepreneurial centers associated with a research university. The requirements provide that the Department of Commerce develop guidelines for the grants and that the grants be awarded equally among eligible centers.

Enhanced use lease grant program - The enhanced use lease grant program was created in Section 35 of Senate Bill No. 2018. The Legislative Assembly provided one-time funding of \$2.5 million from the strategic investment and improvements fund for grants to construct infrastructure for an enhanced use lease private sector business development project with the requirement that the project be located on or adjacent to the Grand Forks Air Force Base. The grants are contingent upon the private sector business providing a signed commitment to locate in the development and a signed enhanced use lease agreement.

Workforce grant program - Section 28 transfers \$2 million for one-time funding from the general fund to the workforce enhancement fund for workforce enhancement grants during the 2013-15 biennium. The program provides dollar-for-dollar matching funds to Bismarck State College, Lake Region State College, North Dakota State College of Science, and Williston State College to purchase equipment to enhance programs that address workforce needs.

Rural health care grant program - The Legislative Assembly provided funding of \$400,000 from the general fund to address rural health care workforce needs in House Bill No. 1211. The purpose of the funding is to provide matching funds to an organization that assists in the recruitment, distribution, and efficiency of health care personnel in rural areas of the state. The grant recipient must provide dollar-for-dollar matching funds.

Nursing home grant program - Section 8 of House Bill No. 1358 provides one-time funding of \$2 million from the strategic investment and improvements fund to the Department of Commerce for a grant program to provide funding to nursing homes, basic care facilities, and providers that serve individuals with developmental disabilities located in oil-producing counties. The grants will be awarded in January of each year of the biennium based on the number of full-time

equivalent positions at each eligible facility, and the grants must be excluded from ratesetting. The Department of Commerce is required to report to the Budget Section annually and to the Appropriations Committees of the 64th Legislative Assembly regarding the use of the funds.

Homeless shelter grant program - Section 13 of Senate Bill No. 2014 provides an appropriation of \$2 million from the general fund to the Department of Commerce for a grant program to provide funding to homeless shelters during the 2013-15 biennium.

Tribal college workforce grant program - The Legislative Assembly provided \$5 million from the general fund to the Department of Commerce for grants to tribal colleges for workforce development in Section 6 of Senate Bill No. 2218. The purpose of the grant funding is to develop certificate- or degree-based training programs that assist students to obtain jobs needed within the state and to assist students attending the college with establishing a new business. The tribal colleges must provide annual reports to the Department of Commerce on the use of the grant funding and on the impact of the grants. Section 22 of Senate Bill No. 2018 amends Section 1 of Senate Bill No. 2218 to remove the requirement that an eligible tribal college not be located on an Indian reservation or be located on an Indian reservation with an unemployment rate greater than 30 percent.

Child Care Infrastructure Funding

In Section 14 of Senate Bill No. 2014, the Legislative Assembly provided \$2.6 million from the general fund for child care facility grants. This funding level reflects a reduction of \$2.4 million from the executive recommendation, which provided one-time funding of \$5 million from the general fund. Grant recipients are required to provide \$1 of matching funds for every \$3 of grant funds, and each grant recipient may receive up to \$187,500.

In addition to the funding provided in Senate Bill No. 2014, House Bill No. 1013 provides \$125,000 to the Department of Public Instruction for grants to schools to assist in making safety compliant space available for licensed prekindergarten programs. The grants are limited to \$5,000 per classroom. House Bill No. 1113 continues a program to provide financing to early childhood facilities from the development fund. This program is funded through a continuing appropriation. Sections 20, 21, and 22 of Senate Bill No. 2014 expand the beginning entrepreneur loan guarantee program to assist child care providers in securing loans to construct or remodel child care facilities. The fiscal impact of this program expansion cannot be determined, because the number of child care providers that will utilize the program is unknown. The schedule below summarizes the funding for the 2013-15 biennium for child care-related infrastructure.

	General Fund	Special Funds	Total
Child care facility grants (SB 2014)	\$2,600,000		\$2,600,000
Grants to schools for safety compliant space (HB 1013)	125,000		125,000
Early childhood facility financing from the development fund (HB 1113)		500,000	500,000
Expansion of the beginning entrepreneur loan guarantee program (SB 2014)		Unknown	Unknown
Total	\$2,725,000	\$500,000	\$3,225,000

Theodore Roosevelt Presidential Library

The Theodore Roosevelt Center promotes an increased understanding of President Theodore Roosevelt and collects and digitizes Roosevelt-related artifacts. Section 43 of Senate Bill No. 2018 provides legislative intent that the Theodore Roosevelt Center, which is part of Dickinson State University, become an independent nonprofit organization and be renamed the Theodore Roosevelt Presidential Library. The Legislative Assembly provided one-time funding of \$6 million from the general fund for the construction of a facility to house the Theodore Roosevelt Presidential Library in Section 4 of Senate Bill No. 2018 and provided an additional \$6 million as contingent one-time funding from the general fund for the facility in Section 3 of Senate Bill No. 2003. The additional funding is contingent upon the actual general fund revenues and the amount by which the July 1, 2013, unobligated general fund balance is more than the legislative estimate collectively exceeding the estimated general fund revenues for fiscal year 2014 by at least 3.5 percent, excluding transfers. The funding is appropriated to Dickinson State University for a grant to either the Theodore Roosevelt Center or the Theodore Roosevelt Presidential Library. The grant recipient is required to raise \$3 million from nonstate sources before receiving any grant funding.

Section 5 of Senate Bill No. 2018, which was repealed in Section 20 of Senate Bill No. 2003, would have provided \$6 million as contingent one-time funding from the general fund for the construction of the Theodore Roosevelt Presidential Library facility. The funding was to be contingent upon actual general fund revenues exceeding the estimated general fund revenues for fiscal year 2014 by at least 5 percent, excluding transfers.

Exemptions

The Legislative Assembly provided exemptions in Senate Bill No. 2018 to allow unexpended 2011-13 funds to continue and to be spent during the 2013-15 biennium as follows:

- **Agricultural Products Utilization Commission** - Section 23 provides an exemption for the Agricultural Products Utilization Commission.
- **Discretionary funds** - The exemption in Section 24 relates to the discretionary funds line item.
- **Technology-based entrepreneurship** - Section 25 provides an exemption for \$700,000 of the \$1 million appropriated by the Legislative Assembly in 2011 for the technology-based entrepreneurship grant program, but designates up to \$300,000 for a grant to the Incubator for Developing Entrepreneurial Activity (IDEA) Center with the remaining amount available for the technology-based entrepreneurship grant program.
- **USS North Dakota** - Section 26 provides an exemption for the promotion and marketing of the *USS North Dakota*.
- **Antiballistic missile site acquisition base realignment grants** - Section 27 provides an exemption for the funding appropriated in Section 18 of Chapter 50 of the 2011 Session Laws for the antiballistic missile site acquisition grant and the base realignment grant. The Legislative Assembly designated \$100,000 for the promotion and marketing of the *USS North Dakota*. The remaining amounts are designated for the antiballistic missile site acquisition grant and the base realignment grant with the requirement that the base realignment grant be awarded as a direct grant and not a cost reimbursement grant.

Studies and Reports

2020 and Beyond Initiative - In Section 36 of Senate Bill No. 2018, the Legislative Assembly provided for a report to Legislative Management regarding progress made toward the recommendations provided as part of the 2020 and Beyond Initiative.

Experimental Program to Stimulate Competitive Research and the Research North Dakota programs - Section 37 of Senate Bill No. 2018 provides for a report to the Budget Section regarding the progress of the Experimental Program to Stimulate Competitive Research and the progress of the Research North Dakota programs.

Child care services - Section 38 of Senate Bill No. 2018 provides for a Legislative Management study of child care services including the current and potential workforce needs related to child care and the current quality of child care.

Intellectual property - Section 39 of Senate Bill No. 2018 provides for a Legislative Management study of intellectual property at research universities with consideration of the current and potential income generated through intellectual property, federal legislation related to intellectual property, and best practices.

Children's science center - Section 40 of Senate Bill No. 2018 provides for a Legislative Management study of the feasibility of developing and funding a children's science center in Bismarck.

Energy corridor - In Section 41 of Senate Bill No. 2018, the Legislative Assembly provided for a Legislative Management study of the potential expansion of United States Highway 85 as a four-lane energy corridor.

Renewable energy resources and oil and gas - The Legislative Assembly, in Section 12 of Senate Bill No. 2014, provided one-time funding of \$500,000 from the general fund to the Department of Commerce for a study to evaluate value-added market opportunities for renewable energy resources and for oil and gas.

Other Sections in Senate Bill No. 2018

Selection of architecture, engineering, and surveying services - Section 12 amends subdivision d of subsection 5 of Section 54-44.7-03 of the North Dakota Century Code to require state agencies to give higher priority to firms headquartered in North Dakota when contracting for architecture, engineering, and surveying services.

Related Legislation

Development Fund - House Bill No. 1113 allows the development fund to continue under existing purposes, removes an advisory commission for faith-based and community initiatives, and removes the requirement for a report to the Budget Section on ethanol production incentives.

**Upper Great Plains Transportation Institute
Budget No. 627
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	53.75	\$2,828,575	\$22,525,054	\$25,353,629
2013-15 legislative appropriations	53.75	4,076,824	22,452,963	26,529,787
Legislative increase (decrease) to executive budget	0.00	\$1,248,249	(\$72,091)	\$1,176,158
Legislative increase (decrease) to 2011-13 appropriations	2.00	\$2,157,196	(\$47,370)	\$2,109,826

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,919,628	\$0	\$1,919,628
2013-15 legislative appropriations	2,826,824	1,250,000	4,076,824
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$907,196	\$1,250,000	\$2,157,196
Percentage increase (decrease) to 2011-13 appropriations	47.3%	N/A	112.4%
2013-15 legislative increase (decrease) to executive budget	(\$1,751)	\$1,250,000	\$1,248,249
Percentage increase (decrease) to executive budget	(0.1%)	N/A	44.1%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Upper Great Plains Transportation Institute is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$42,266) and from other funds (\$199,361) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$1,751)	(\$72,091)	(\$73,842)

Provided \$1,250,000 of one-time funding from the general fund as a state match for federal grants.		1,250,000		1,250,000
Total	<u>0.00</u>	<u>\$1,248,249</u>	<u>(\$72,091)</u>	<u>\$1,176,158</u>

FTE Changes

The number of 2011-13 authorized FTE positions is based on 52.30 FTE positions authorized by the Legislative Assembly in 2011. Section 6 of 2011 House Bill No. 1020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of (.55) position was removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 51.75 FTE positions. The 2013-15 biennium appropriation includes funding for 53.75 FTE positions, the same as the executive recommendation, but 2 FTE positions more than the 2011-13 biennium adjusted level. The Legislative Assembly did not change the executive recommendation which added 1 FTE instructional designer and a 1 FTE technical engineer.

Other Sections in Bill

Additional income appropriation - Section 3 provides that, in addition to the amount appropriated as other funds, any other income received from federal acts, private grants, gifts, and donations, or from other sources received by the Upper Great Plains Transportation Institute, North Dakota State University (NDSU) Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2013-15 biennium.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station and report any adjustments to OMB.

Unexpended general fund authority - Excess income - Section 9 authorizes the continuation of any unspent general fund appropriation authority and excess income received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station into the 2013-15 biennium.

**Branch Research Centers
Budget No. 628
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	107.04	\$17,725,012	\$16,021,866	\$33,746,878
2013-15 legislative appropriations	107.04	17,585,702	16,001,083	33,586,785
Legislative increase (decrease) to executive budget	0.00	(\$139,310)	(\$20,783)	(\$160,093)
Legislative increase (decrease) to 2011-13 appropriations	4.00	\$2,640,494	\$1,003,502	\$3,643,996

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$14,945,208	\$0	\$14,945,208
2013-15 legislative appropriations	17,585,702	0	17,585,702
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,640,494	\$0	\$2,640,494
Percentage increase (decrease) to 2011-13 appropriations	17.7%	0.0%	17.7%
2013-15 legislative increase (decrease) to executive budget	(\$139,310)	\$0	(\$139,310)
Percentage increase (decrease) to executive budget	(0.8%)	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 Branch Research Centers are in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$407,680) and from other funds (\$96,236) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Adjusted funding for employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$139,310)	(\$20,783)	(\$160,093)
Total	0.00	(\$139,310)	(\$20,783)	(\$160,093)

FTE Changes

The number of 2011-13 authorized FTE positions is based on 97.49 FTE positions authorized by the Legislative Assembly in 2011. Section 6 of House Bill No. 1020 (2011) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 5.55 positions were added pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 103.04 FTE positions. The 2013-15 biennium appropriation includes funding for 107.04 FTE positions, same as the executive recommendation and an increase of 4 FTE positions as compared to the 2011-13 biennium--1 FTE weed science position and 3 FTE research technician positions.

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
Crop initiative - Enhancing crop development and protection efforts	1		\$360,000
Enhancing research capabilities at research centers (CREC, CGREC, NCREC)	2	4.00	1,210,000
Permanent funds to offset reduced oil revenue at Dickinson REC	Unranked		800,000
Total general fund		4.00	\$2,370,000

Other Sections in Bill

Additional income appropriation - Section 3 provides that, in addition to the amount appropriated as other funds, any other income received from federal acts, private grants, gifts, and donations, or from other sources received by the Upper Great Plains Transportation Institute, North Dakota State University (NDSU) Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2013-15 biennium.

Dickinson Research Extension Center mineral rights income - Section 4 provides for the use of up to \$755,000 of revenues received during the 2013-15 biennium from mineral royalties, leases, or easements for ongoing operational expenses. Any mineral rights revenues received in excess of \$755,000 may only be spent for one-time expenditures for the 2013-15 biennium.

Williston Research Extension Center mineral rights income - Section 5 provides that the Williston Research Center must retain all revenues during the 2013-15 biennium from mineral royalties, leases, or easements in the Williston Research Center fund and shall report the mineral rights income to the 64th Legislative Assembly.

Transfer authority - Section 6 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, Agronomy Seed Farm, and Northern Crops Institute and provides that any transfers be reported to OMB.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station and report any adjustments to OMB.

Unexpended general fund authority - Excess income - Section 9 authorizes the continuation of any unspent general fund appropriation authority and excess income received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station into the 2013-15 biennium.

State Board of Agricultural Research and Education - Section 12 amends subsection 6 of Section 4-05.1-19 of the North Dakota Century Code for the State Board of Agricultural Research and Education to develop a biennial budget request based on its prioritized needs and submit that request to the President of the State Board of Higher Education. Without modification, the President of the State Board of Higher Education shall forward the prioritized needs list to OMB and the Appropriations Committees of the Legislative Assembly.

Related Legislation

Senate Bill No. 2352 - authorizes the North Central Research Extension Center and the Williston Research Extension Center to sell land used by those centers.

**NDSU Extension Service
Budget No. 630
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	258.26	\$28,650,644	\$25,437,414	\$54,088,058
2013-15 legislative appropriations	258.26	28,909,265	24,847,809	53,757,074
Legislative increase (decrease) to executive budget	0.00	\$258,621	(\$589,605)	(\$330,984)
Legislative increase (decrease) to 2011-13 appropriations	2.00	\$4,023,621	\$1,718,999	\$5,742,620

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$24,885,644	\$0	\$24,885,644
2013-15 legislative appropriations	27,824,265	1,085,000	28,909,265
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,938,621	\$1,085,000	\$4,023,621
Percentage increase (decrease) to 2011-13 appropriations	11.8%	N/A	16.2%
2013-15 legislative increase (decrease) to executive budget	(\$216,379)	\$475,000	\$258,621
Percentage increase (decrease) to executive budget	(0.8%)	77.9%	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 North Dakota State University (NDSU) Extension Service is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$852,203) and from other funds (\$864,086) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$156,379)	(\$139,605)	(\$295,984)
Provided additional funding for the Rural Leadership North Dakota program.		125,000		125,000
Provided additional funding to the Soil Conservation Committee.		75,000		75,000

Changes source of funding for the 4-H camp project to provide a total of \$1,900,000, \$950,000 of which is from the general fund.	450,000	(450,000)	
Provided one-time funding to Burleigh County Extension Service Junior Master Gardener's program for two summer internships during the summers of 2013 and 2014.	25,000		25,000
Removes funding for general fund partial salary support for and integrated pest management/plant diagnostic laboratory coordinator and a state water quality specialist.	(260,000)		(260,000)
Total	<u>0.00</u>	<u>\$258,621</u>	<u>(\$589,605)</u>

FTE Changes

The number of 2011-13 authorized FTE positions is based on 256.75 FTE positions authorized by the Legislative Assembly in 2011. Section 6 of House Bill No. 1020 (2011) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of .49 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 256.26 FTE positions. The 2013-15 biennium appropriation includes funding for 258.26 FTE positions, same as the executive recommendation and an increase of 2 FTE positions as compared to the 2011-13 biennium--1 FTE area livestock specialist position and 1 FTE technical support weed or potato science position.

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
Agents-in-training and summer internship program	1		\$250,000
Livestock development	2	1.00	370,000
Crop protection	3	1.00	410,000
Total general fund		2.00	\$1,030,000

One-Time Funding

In Section 2 of Senate Bill No. 2020, the Legislative Assembly identified \$2,035,000, of which \$1,085,000 is from the general fund, as one-time funding items for the NDSU Extension Service. These amounts are not to be considered part of the NDSU Extension Service base budget for preparing the 2015-17 executive budget, and the NDSU Extension Service is to report to the Appropriations Committees during the 2015 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 NDSU Extension Service from the general fund for the 2013-15 biennium.

One-Time Funding Initiatives	2013-15 Biennium Executive Recommendation	2013-15 Biennium Legislative Appropriation	2013-15 Biennium Legislative Appropriation Increase/(Decrease) From 2013-15 Executive Recommendation
4-H camp	\$500,000	\$950,000	\$450,000
Video conference equipment	110,000	110,000	
Burleigh County Junior Master Gardener program - two summer internships for the 2013 summer and 2014 summer		25,000	25,000
Total	\$610,000	\$ 1,085,000	\$ 475,000

Other Sections in Bill

Additional income appropriation - Section 3 provides that, in addition to the amount appropriated as other funds, any other income received from federal acts, private grants, gifts, and donations, or from other sources received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2013-15 biennium.

Transfer authority - Section 6 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, Agronomy Seed Farm, and Northern Crops Institute and provides that any transfers be reported to OMB.

New technical support FTE position - Section 7 authorizes the NDSU Extension Service to utilize the new technical support FTE position in either the weed science program or the potato program.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station and report any adjustments to OMB.

Unexpended general fund authority - Excess income - Section 9 authorizes the continuation of any unspent general fund appropriation authority and excess income received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station into the 2013-15 biennium.

Internship - Section 11 authorizes the NDSU Extension Service to allocate the funding appropriated to the Extension Service Internship program for the Extension Service internship program and the agents-in-training program. The executive budget recommended a 1 to 1 matching requirement; the Legislative Assembly removed the matching requirement for the funding.

State Board of Agricultural Research and Education - Section 12 amends subsection 6 of Section 4-05.1-19 of the North Dakota Century Code for the State Board of Agricultural Research and Education to develop a biennial budget request based on its prioritized and submit that request to the president of the State Board of Higher Education. Without modification, the president of the State Board of Higher Education shall forward the prioritized needs list to OMB and the Appropriations Committees of the Legislative Assembly.

Emergency - Section 14 provides an emergency clause for the \$1,900,000, of which \$950,000 is from the general fund, relating to the 4-H Camp construction project.

**Northern Crops Institute
Budget No. 638
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	12.00	\$2,074,344	\$1,800,307	\$3,874,651
2013-15 legislative appropriations	12.00	2,064,861	1,797,161	3,862,022
Legislative increase (decrease) to executive budget	0.00	(\$9,483)	(\$3,146)	(\$12,629)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$372,279	\$142,436	\$514,715

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,692,582	\$0	\$1,692,582
2013-15 legislative appropriations	1,964,861	100,000	2,064,861
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$272,279	\$100,000	\$372,279
Percentage increase (decrease) to 2011-13 appropriations	16.1%	100.0%	22.0%
2013-15 legislative increase (decrease) to executive budget	(\$9,483)	\$0	(\$9,483)
Percentage increase (decrease) to executive budget	(0.5%)	0.0%	(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 Northern Crops Institute is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$37,172) and from other funds (\$5,023) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$9,483)	(\$3,146)	(\$12,629)
Total	0.00	(\$9,483)	(\$3,146)	(\$12,629)

FTE Changes

The number of 2011-13 authorized FTE positions is based on 11 FTE positions authorized by the Legislative Assembly in 2011. Section 6 of House Bill No. 1020 (2011) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 1 position was added pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 12 FTE positions. The 2013-15 biennium appropriation includes funding for 12 FTE positions, same as the executive recommendation and the adjusted 2011-13 biennium level.

Other Sections in Bill

Additional income appropriation - Section 3 provides that, in addition to the amount appropriated as other funds, any other income received from federal acts, private grants, gifts, and donations, or from other sources received by the Northern Crops Institute, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2013-15 biennium.

Transfer authority - Section 6 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, North Dakota State University (NDSU) Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station and report any adjustments to OMB.

Unexpended general fund authority - Excess income - Section 9 authorizes the continuation of any unspent general fund appropriation authority and excess income received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station into the 2013-15 biennium.

**NDSU Main Research Center
Budget No. 640
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	351.49	\$57,037,737	\$53,255,585	\$110,293,322
2013-15 legislative appropriations	351.49	58,606,521	53,053,716	111,660,237
Legislative increase (decrease) to executive budget	0.00	\$1,568,784	(\$201,869)	\$1,366,915
Legislative increase (decrease) to 2011-13 appropriations	2.48	\$4,150,123	\$8,920,141	\$13,070,264

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$47,464,748	\$6,991,650	\$54,456,398
2013-15 legislative appropriations	52,199,521	6,407,000	58,606,521
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$4,734,773	(\$584,650)	\$4,150,123
Percentage increase (decrease) to 2011-13 appropriations	10.0%	(8.4%)	7.6%
2013-15 legislative increase (decrease) to executive budget	(\$138,216)	\$1,707,000	\$1,568,784
Percentage increase (decrease) to executive budget	(0.3%)	36.3%	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) Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$1,748,140) and from other funds (\$813,254) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$278,216)	(\$201,869)	(\$480,085)
Increased funding for agronomy laboratories to provide a total of \$5,925,000 from the general fund.		1,625,000		1,625,000

Provided funding for animal science position (no FTE position).	140,000	140,000
Provided funding for flooded lands study relating to the recovery of grasslands affected by the Souris River flooding.	82,000	82,000
Total	<u>0.00</u>	<u>\$1,568,784</u>
	<u>(\$201,869)</u>	<u>\$1,366,915</u>

FTE Changes

The number of 2011-13 authorized FTE positions is based on 333.26 FTE positions authorized by the Legislative Assembly in 2011. Section 6 of 2011 House Bill No. 1020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 15.75 FTE positions were added pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 349.01 FTE positions. The 2013-15 biennium appropriation includes funding for 351.49 FTE positions, the same as the executive recommendation and an increase of 2.48 FTE positions compared to the 2011-13 biennium-- 1 FTE nematologist position, 1 FTE nematologist technician position, 1 FTE technical support position, and (.52) FTE State Data Center position.

One-Time Funding

In Section 2 of Senate Bill No. 2020, the Legislative Assembly identified \$6,407,000 from the general fund, as one-time funding items for the NDSU Main Research Center. These amounts are not to be considered part of the NDSU Main Research Center base budget for preparing the 2015-17 executive budget, and the NDSU Main Research Center is to report to the Appropriations Committees during the 2015 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 NDSU Main Research Center from the general fund for the 2013-15 biennium.

One-Time Funding Initiatives	2013-15 Biennium Executive Recommendation	2013-15 Biennium Legislative Appropriation	2013-15 Biennium Legislative Appropriation Increase/(Decrease) From 2013-15 Executive Recommendation
Agronomy laboratories	\$4,300,000	\$5,925,000	\$1,625,000
Flooded lands study		82,000	82,000
Diagnostic equipment	400,000	400,000	
Total	\$4,700,000	\$6,407,000	\$1,707,000

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 Positions	Appropriation
Crop initiative - Enhancing crop development and protection efforts	1	3.00	\$1,815,000
Enhancing research capabilities at research centers	2		1,210,000
Total general fund		3.00	\$3,025,000

Other Sections in Bill

Additional income appropriation - Section 3 provides that, in addition to the amount appropriated as other funds, any other income received from federal acts, private grants, gifts, and donations, or from other sources received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2013-15 biennium.

Transfer authority - Section 6 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, Agronomy Seed Farm, and Northern Crops Institute and provides that any transfers be reported to OMB.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station and report any adjustments to OMB.

Unexpended general fund authority - Excess income - Section 9 authorizes the continuation of any unspent general fund appropriation authority and excess income received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station into the 2013-15 biennium.

Exemption - Section 10 exempts the funding, appropriated for the Main Research Center Greenhouse project, included in subdivision 4 of Section 3 of Chapter 48 of the 2005 Session Laws and subdivision 4 of Section 1 of Chapter 19 of the 2011 Session Laws from the provisions of North Dakota Century Code Section 54-44.1-11, and any unexpended funds from these appropriations or related revenues are available and may be expended during the 2013-15 biennium.

State Board of Agricultural Research and Education - Section 12 amends subsection 6 of Section 4-05.1-19 for the State Board of Agricultural Research and Education to develop a biennial budget request based on its prioritized needs list and submit that request to the President of the North Dakota State Board of Higher Education. Without modification, the President of the North Dakota State Board of Higher Education shall forward the prioritized needs list to OMB and the Appropriations Committees of the Legislative Assembly.

State Water Commission study of Mouse River and tributaries - Section 13 provides for a State Water Commission study of the Mouse River and its tributaries. The study is to include causes of flooding and measures that could be taken to improve waterflows, reduce flooding, and the amount of time land is affected.

Emergency - Section 14 provides an emergency clause for the \$5,925,000 relating to the construction of new agronomy laboratories and \$82,000 relating to the flooded lands study.

**Agronomy Seed Farm
Budget No. 649
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	3.00	\$0	\$1,474,961	\$1,474,961
2013-15 legislative appropriations	3.00	\$0	1,471,759	1,471,759
Legislative increase (decrease) to executive budget	0.00	\$0	(\$3,202)	(\$3,202)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$0	\$36,591	\$36,591

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$5,741) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$3,202)	(\$3,202)
Total	0.00	\$0	(\$3,202)	(\$3,202)

FTE Changes

The number of 2011-13 authorized FTE positions is based on 3 FTE positions authorized by the Legislative Assembly in 2011. Section 6 of House Bill No. 1020 (2011) authorized the State Board of Higher Education to adjust FTE positions as needed. No positions were added or removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 3 FTE positions. The 2013-15 biennium appropriation includes funding for 3 FTE positions, same as the executive recommendation and the 2011-13 biennium.

Other Sections in Bill

Additional income appropriation - Section 3 provides that, in addition to the amount appropriated as other funds, any other income received from federal acts, private grants, gifts, and donations, or from other sources received by the Upper Great Plains Transportation Institute, North Dakota State University (NDSU) Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2013-15 biennium.

Transfer authority - Section 6 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, Agronomy Seed Farm, and Northern Crops Institute and provides that any transfers be reported to OMB.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station and report any adjustments to OMB.

Unexpended general fund authority - Excess income - Section 9 authorizes the continuation of any unspent general fund appropriation authority and excess income received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, Agronomy Seed Farm, and Agricultural Experiment Station into the 2013-15 biennium.

State Board of Agricultural Research and Education - Section 12 amends subsection 6 of Section 4-05.1-19 of the North Dakota Century Code for the State Board of Agricultural Research and Education to develop a biennial budget request based on its prioritized needs and submit that request to the President of the State Board of Higher Education. Without modification, the President of the State Board of Higher Education shall forward the prioritized needs list to OMB and the Appropriations Committees of the Legislative Assembly.

**State Fair Association
Budget No. 665
House Bill No. 1023, Senate Bill No. 2009**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	0.00	\$4,046,000	\$0	\$4,046,000
2013-15 legislative appropriations	0.00	3,296,000	0	3,296,000
Legislative increase (decrease) to executive budget	0.00	(\$750,000)	\$0	(\$750,000)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$1,891,639 ¹	\$0	\$1,891,639 ¹

¹Reflects a deficiency appropriation of \$674,361 approved by the Legislative Assembly in 2013 for the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$730,000	\$674,361	\$1,404,361
2013-15 legislative appropriations	546,000	2,750,000	3,296,000
2013-15 legislative increase (decrease) to 2011-13 appropriations	(\$184,000)	\$2,075,639	\$1,891,639
Percentage increase (decrease) to 2011-13 appropriations	(25.2%)	307.8%	134.7%
2013-15 legislative increase (decrease) to executive budget	\$0	(\$750,000)	(\$750,000)
Percentage increase (decrease) to executive budget	0.0%	(21.4%)	(18.5%)

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

	Major Items			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced one-time funding provided in the executive budget for flood damage repair from \$3,500,000 to \$2,750,000.		(\$750,000)		(\$750,000)
Total	0.00	(\$750,000)	\$0	(\$750,000)

One-Time Funding

The Legislative Assembly provided \$2,750,000 from the general fund for flood damage repair, an increase of \$2,075,639 from the \$674,361 provided for the 2011-13 biennium. The Legislative Assembly provided one-time funding of \$674,361 from the general fund for a deficiency appropriation for the 2011-13 biennium.

State Fair Premiums

The Legislative Assembly provided \$546,000 from the general fund for premiums, the same as the executive budget recommendation. This is an increase of \$46,000 from the 2011-13 biennium, which provided \$520,000 from the general fund.

Bond Payment

The Legislative Assembly removed funding of \$210,000 from the general fund for the association's biennial capital bond payment, the same as the executive recommendation. The bond was paid off during the 2011-13 biennium.

**Racing Commission
Budget No. 670
Senate Bill No. 2023**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	2.00	\$397,560	\$166,407	\$563,967
2013-15 legislative appropriations	2.00	389,244	166,407	555,651
Legislative increase (decrease) to executive budget	0.00	(\$8,316)	\$0	(\$8,316)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$71,743	\$36,407	\$108,150

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$317,501	\$0	\$317,501
2013-15 legislative appropriations	389,244	0	389,244
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$71,743	\$0	\$71,743
Percentage increase (decrease) to 2011-13 appropriations	22.6%	N/A	22.6%
2013-15 legislative increase (decrease) to executive budget	(\$8,316)	\$0	(\$8,316)
Percentage increase (decrease) to executive budget	(2.1%)	N/A	(2.1%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Racing Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$3,661) and from other funds (\$128) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$8,316)		(\$8,316)
Total	0.00	(\$8,316)	\$0	(\$8,316)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 2 FTE positions, the same as the 2011-13 biennium.

Related Legislation

Horse racing taxes - House Bill No. 1068 continues the current tax rate structure for live horse racing and account deposit wagering and provides for simulcast racing to be taxed the same amount as account deposit wagering. The bill also provides that an account deposit wagering company must only pay \$400,000 of taxes during state fiscal year 2013 and must only pay \$420,000 of taxes beginning with state fiscal year 2014 and is exempt from additional taxes once the threshold is met.

**State Historical Society
Budget No. 701
House Bill No. 1018**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	69.00	\$15,301,371	\$3,246,503	\$18,547,874
2013-15 legislative appropriations	69.00	15,481,811	3,221,964	18,703,775
Legislative increase (decrease) to executive budget	0.00	\$180,440	(\$24,539)	\$155,901
Legislative increase (decrease) to 2011-13 appropriations	6.00	\$2,446,920	(\$328,449)	\$2,118,471

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$12,119,191	\$915,700	\$13,034,891
2013-15 legislative appropriations	14,231,811	1,250,000	15,481,811
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$2,112,620	\$334,300	\$2,446,920
Percentage increase (decrease) to 2011-13 appropriations	17.4%	36.5%	18.8%
2013-15 legislative increase (decrease) to executive budget	(\$404,560)	\$585,000	\$180,440
Percentage increase (decrease) to executive budget	(2.8%)	88.0%	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 State Historical Society is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$185,972) and from other funds (\$25,360) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$205,532)	(\$24,539)	(\$230,071)

Removed funding for oil impact assistance for employees in areas impacted by oil development. Agencies may request funding from a funding pool appropriated to the Office of Management and Budget for oil impact assistance.		(50,000)		(50,000)
Removed funding for traveling exhibits.		(250,000)		(250,000)
Reduced funding for historic site exhibits for a total of \$50,000.		(15,000)		(15,000)
Removed funding for a technology coordinator position.	(1.00)	(199,028)		(199,028)
Reduced funding for the state's 125 th celebration to provide a total of \$100,000.		(50,000)		(50,000)
Added a funding pool for various projects (\$450,000) and temporary staff or an FTE position (\$500,000). See Project Pool section below for more information.	1.00	950,000		950,000
Total	<u>0.00</u>	<u>\$180,440</u>	<u>(\$24,539)</u>	<u>\$155,901</u>

FTE Changes

The 2013-15 biennium appropriation includes funding for 69 FTE positions, an increase of 6 FTE positions from the 2011-13 biennium authorized level of 63 FTE positions. The Legislative Assembly did not change the executive recommendation to add the following positions:

- 1 FTE exhibit and collections specialist.
- 1 FTE education programs developer.
- 1 FTE multimedia/web developer.
- 1 FTE visitor services security officer.
- 1 FTE archives specialist.
- 1 FTE technology coordinator. (Funding for this position is included in a pool of funding for various projects and is contingent on the department using part of the pool funding for this position. The position is authorized for the 2013-15 biennium only.)

One-Time Funding

In Section 2 of Senate Bill No. 2018, the Legislative Assembly identified \$1,250,000 from the general fund, of which \$50,000 is for historic site exhibits, \$950,000 is for a project pool, \$150,000 is for a North Dakota eighth grade curriculum, and \$100,000 is for the state's 125th celebration planning. These funds are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the State Historical Society is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Capital Projects

The Legislative Assembly provided \$1,259,721 from the general fund, an increase of \$685,000 from the executive recommendation, for capital projects, including \$259,721 for extraordinary repairs at historic sites, \$50,000 for historic site exhibits, and \$450,000 for a pool of funding for various projects, including Fort Totten infirmary repairs, Stutsman County courthouse repairs, and the purchase of the Lawrence Welk homestead historic site.

Project Pool

The Legislative Assembly provided a funding pool of \$950,000 from the general fund which the State Historical Society may use for various projects (\$450,000) and temporary staff or an FTE position (\$500,000). Projects that may be considered by the department include:

- Stutsman County courthouse repairs.
- Lawrence Welk homestead property purchase and operating expenses.
- Fort Totten infirmary.

- Additional funding for the state's 125th celebration.

The State Historical Society is to report to the Budget Section on or before July 1, 2014, on the use of the funds in the pool.

Other Sections in Bill

Lawrence Welk homestead - Section 5 requires the department to determine repairs that must be completed by the property owners and negotiate with the property owners to have those repairs made prior to the state's purchase of the Lawrence Welk homestead if funding in the project pool is used to purchase the homestead.

Contingent FTE position - Section 7 provides that the full-time equivalent position included in the project pool is contingent on the State Historical Society using funding included in the project pool for a technology coordinator position. The position is authorized only for the 2013-15 biennium. The State Historical society must reevaluate the position and determine if the position will be requested as part of the agency's 2015-17 biennium budget request as an optional item.

**Council on the Arts
Budget No. 709
Senate Bill No. 2010**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	5.00	\$1,514,144	\$1,744,917	\$3,259,061
2013-15 legislative appropriations	5.00	1,504,102	1,744,917	3,249,019
Legislative increase (decrease) to executive budget	0.00	(\$10,042)	\$0	(\$10,042)
Legislative increase (decrease) to 2011-13 appropriations	0.00	\$140,500	(\$109,943)	\$30,557

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,363,602	\$0	\$1,363,602
2013-15 legislative appropriations	1,494,102	10,000	1,504,102
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$130,500	\$10,000	\$140,500
Percentage increase (decrease) to 2011-13 appropriations	9.6%	N/A	10.3%
2013-15 legislative increase (decrease) to executive budget	(\$10,042)	\$0	(\$10,042)
Percentage increase (decrease) to executive budget	(0.7%)	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 Council on the Arts is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$7,933) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$10,042)		(\$10,042)
Total	0.00	(\$10,042)	\$0	(\$10,042)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2011-13 biennium.

One-Time Funding

The Legislative Assembly did not change the executive recommendation which included funding of \$10,000 for updating the cultural guide.

Other Sections in Bill

Institutional services grant program - Section 4 requires grant recipients to provide dollar-for-dollar matching funds before the Council on the Arts may award a grant related to the \$50,000 from the general fund replacing an anticipated reduction in federal funding.

**Game and Fish Department
Budget No. 720
House Bill No. 1017**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	157.00	\$0	\$68,091,737	\$68,091,737
2013-15 legislative appropriations	158.00	0	67,553,639	67,553,639
Legislative increase (decrease) to executive budget	1.00	\$0	(\$538,098)	(\$538,098)
Legislative increase (decrease) to 2011-13 appropriations	1.00	(\$300,000) ¹	\$1,865,897	\$1,565,897

¹Reflects a one-time transfer of \$300,000 from the general fund to the game and fish fund.

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 House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding (\$816,366) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$360,461)	(\$360,461)
Added 1 FTE game warden position and related operating expenses.	1.00		206,763	206,763
Removed funding for housing subsidies for employees living in areas affected by energy development.			(200,000)	(200,000)
Reduced the amount of funding provided from the game and fish fund for the Wildlife Services program (\$384,400) and the State Board of Animal Health (\$100,000).			(484,400)	(484,400)
Increased grant funding for shooting ranges.			300,000	300,000
Total	1.00	\$0	(\$538,098)	(\$538,098)

FTE Changes

The Legislative Assembly provided funding for 158 FTE positions, 1 FTE position more than the executive budget recommendation and the 2011-13 biennium legislative appropriations. The Legislative Assembly added 1 FTE game warden position and related operating expenses.

Funding for the Department of Agriculture

Wildlife Services - The Legislative Assembly provided \$384,400 from the game and fish fund for Wildlife Services, a decrease of \$484,400 from the 2011-13 biennium appropriations and a decrease of \$384,400 compared to the executive budget recommendation. The Legislative Assembly in House Bill No. 1009 added \$384,400 from the general fund for the Wildlife Services program.

State Board of Animal Health - The 2011-13 biennium appropriation includes \$100,000 from the game and fish fund for a grant to the Department of Agriculture for the State Board of Animal Health, a decrease of \$100,000 from the executive budget recommendation and 2011-13 biennium legislative appropriations. The Legislative Assembly in House Bill No. 1009 added \$100,000 from the general fund for the operations of the State Board of Animal Health.

Funding for Parks and Recreation Department

The 2013-15 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 for the Game and Fish Department included a grant of \$122,000 to the Parks and Recreation Department for state park boat ramp maintenance and improvements and a grant of \$400,000 to the Parks and Recreation Department to cost-share in the Graham's Island State Park road grade raise project.

Capital Assets, Payments, and Projects

The Legislative Assembly did not change the executive recommendation to provide \$4,237,261 from other funds for the following capital assets, payments, and projects:

Project	Other Funds
Extraordinary repairs	\$485,891
Wildlife management area (WMA) improvements	148,170
Fishing area projects	467,980
Shooting range improvements	425,000
Lonetree WMA heated storage building expansion	150,000
Land acquisition	800,000
Payment in lieu of taxes	1,000,000
Enforcement division equipment	210,000
Fisheries equipment	142,020
Lonetree WMA equipment	67,200
Wildlife division equipment	206,000
Other capital payments	135,000
Total	\$4,237,261

Other Sections in Bill

Funding received for mineral exploration activities on department land - Section 2 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.

Outdoor Heritage Advisory Board members - Section 3 amends subsection 1 of Section 54-17.8-06 as created in House Bill No. 1278 to adjust the membership of the North Dakota Outdoor Heritage Advisory Board.

Related Legislation

Hunting and fishing license issuance - House Bill No. 1130 requires county auditors to implement a computerized online licensing system to issue game and fish licenses.

Game and Fish Department land purchases - House Bill No. 1322 requires the Game and Fish Department to provide notice when the department intends to purchase land.

Hunting and fishing license fees - Senate Bill No. 2231 increases the permit fees for various hunting and fishing licenses.

**Parks and Recreation Department
Budget No. 750
House Bill No. 1019**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	55.00	\$17,144,649	\$11,791,835	\$28,936,484
2013-15 legislative appropriations	55.00	20,032,338	11,775,731	31,808,069
Legislative increase (decrease) to executive budget	0.00	\$2,887,689	(\$16,104)	\$2,871,585
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$3,408,782	(\$893,801)	\$2,514,981

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$11,874,346	\$4,749,210	\$16,623,556
2013-15 legislative appropriations	13,854,838	6,177,500	20,032,338
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$1,980,492	\$1,428,290	\$3,408,782
Percentage increase (decrease) to 2011-13 appropriations	16.7%	30.1%	20.5%
2013-15 legislative increase (decrease) to executive budget	\$140,189	\$2,747,500	\$2,887,689
Percentage increase (decrease) to executive budget	1.0%	80.1%	16.8%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Parks and Recreation Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$176,130) and from other funds (\$5,447) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$159,811)	(\$3,604)	(\$163,415)
Reduced funding for the purchase of a marina at Lake Sakakawea State Park to provide a total of \$775,000.		(12,500)	(12,500)	(25,000)

Added funding to purchase cabinetry to house a military artifact collection on display at Fort Abraham Lincoln State Park. The artifact collection will be donated to the Parks and Recreation Department.	10,000	10,000
Added one-time funding for equipment purchases of picnic tables and fire rings.	50,000	50,000
Increased funding for the community grant program to provide a total of \$500,000.	100,000	100,000
Added funding for a one-time grant for expansion of the Lewis and Clark Interpretive Center.	1,350,000	1,350,000
Added funding to rent property in the Pembina Gorge area for office space.	300,000	300,000
Added funding for capital projects at the International Peace Garden. See International Peace Garden section below for more information.	1,250,000	1,250,000
Total	0.00	\$2,887,689
		(\$16,104)
		\$2,871,585

FTE Changes

The 2013-15 biennium appropriation includes funding for 55 FTE positions, an increase of 1 FTE position from the 2011-13 authorized level of 54 FTE positions. The Legislative Assembly did not change the executive recommendation to convert a long-term temporary employee to a 1 FTE administrative assistant position.

One-Time Funding

In Section 2 of House Bill No. 1019, the Legislative Assembly identified \$7,447,800, of which \$6,177,500 is from the general fund, as one-time funding for parks capital projects and deferred maintenance (\$3,897,800), parks equipment (\$350,000), Lewis and Clark Interpretive Center grant (\$1,350,000), parks strategic plan (\$100,000), community grant program (\$500,000) and International Peace Garden capital projects (\$1,250,000). This amount is not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Parks and Recreation Department is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

Capital Projects

The Legislative Assembly provided funding for the following capital projects at state parks:

Project	2013-15 Executive Recommendation			2013 Legislative Action			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Sewer lift repairs at various sites	\$40,000		\$40,000				\$40,000		\$40,000
Beaver Lake State Park repair and maintenance projects	84,000		84,000				84,000		84,000
Cross Ranch State Park repair and maintenance projects	37,800		37,800				37,800		37,800
Fort Abraham Lincoln State Park repair and maintenance projects	32,500		32,500				32,500		32,500

Project	2013-15 Executive Recommendation			2013 Legislative Action			2013-15 Legislative Appropriation		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Fort Ransom State Park repair and maintenance projects	95,000		95,000				95,000		95,000
Fort Stevenson State Park repair and maintenance projects	71,500	\$10,000	81,500				71,500	\$10,000	81,500
Grahams Island State Park repair and maintenance projects	70,000		70,000				70,000		70,000
Icelandic State Park repair and maintenance projects	77,800		77,800				77,800		77,800
Lake Metigoshe State Park multi trails rehabilitation	13,000		13,000				13,000		13,000
Lake Sakakawea State Park repair and maintenance projects	112,200	42,800	155,000				112,200	42,800	155,000
Lewis and Clark State Park repair and maintenance projects	82,794	90,000	172,794				82,794	90,000	172,794
Little Missouri State Park repair and maintenance projects	107,200		107,200				107,200		107,200
Turtle River State Park repair and maintenance projects	51,300	40,000	91,300				51,300	40,000	91,300
Fort Stevenson State Park administration office, visitor contact facility	750,000		750,000				750,000		750,000
Little Missouri State Park asphalt roads	960,000		960,000				960,000		960,000
Lake Sakakawea State Park campground comfort stations	300,000	200,000	500,000				300,000	200,000	500,000
Lewis and Clark State Park campsite expansion	520,000		520,000				520,000		520,000
Icelandic State Park Interpretive Center, Heritage Center completion		200,000	200,000					200,000	200,000
Lake Sakakawea State Park marina dock purchase	400,000	400,000	800,000	(\$12,500)	(\$12,500)	(\$25,000)	387,500	387,500	775,000
Lewis and Clark Interpretive Center expansion grant				1,350,000		1,350,000	1,350,000		1,350,000
International Peace Garden capital projects				1,250,000		1,250,000	1,250,000		1,250,000
Total	\$3,805,094	\$982,800	\$4,787,894	\$2,587,500	(\$12,500)	\$2,575,000	\$6,392,594	\$970,300	\$7,362,894

International Peace Garden

The 2013-15 biennium appropriation includes \$2,223,699 from the general fund for the International Peace Garden, an increase of \$1,183,000 from the 2011-13 biennium appropriation amount of \$1,040,699 and an increase of \$1,250,000 from the 2013-15 executive recommendation. The Legislative Assembly did not change the executive recommendation to provide \$973,699 for the operating grant for the International Peace Garden, an increase of \$200,000 from the 2011-13 biennium level of \$773,699. The Legislative Assembly provided one-time funding of \$1,250,000 from the general fund for capital projects at the International Peace Garden, including repairs to the Peace Tower.

Other Sections in Bill

Game and fish operating fund - Transfer for boat ramp maintenance - Section 3 provides that \$122,000 from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at state parks for the 2013-15 biennium.

Matching requirements - Interpretive exhibits - Section 4 provides that \$200,000 included in the natural resources line item is for completion of interpretive exhibits at the Icelandic State Park visitor center. This amount includes \$150,000 from the parks and recreation fund and \$50,000 from the state parks gift fund which must be provided to the department as matching funds from nonstate sources.

Exemption - Community grants - Section 5 provides an exemption from North Dakota Century Code Section 54-44.1-11 of \$500,000 of unexpended community grants from the general fund included in the recreation line item in Section 1 and allows the funding to be expended during the 2015-17 biennium.

Oil-related revenue - New wells - Section 6 requires 15 percent of any revenue received by the department from oil wells completed after July 1, 2013, must be used for the community grants program for the biennium beginning July 1, 2013, and ending June 30, 2015. Any remaining revenue received from these oil wells may only be used for one-time funding items.

Marina purchase - Section 7 requires the Parks and Recreation Department to obtain an appraisal from a certified appraiser prior to the purchase of a marina at Lake Sakakawea State Park. If the appraisal value exceeds \$775,000, the department may request Emergency Commission approval to spend an additional \$25,000 of other funds for the marina purchase.

Pembina Gorge area project - Section 8 provides that \$300,000 from the general fund included in the 2013-15 legislative appropriation may be used by the department to rent property in the Pembina gorge area for the purpose of providing office space for employees or individuals responsible for monitoring or patrolling the trail systems in the area, developing a plan for continued monitoring and patrolling of the trail systems, and to determine the feasibility of establishing an interpretive center.

International Peace Garden - Contingent funding - Section 9 provides that \$1.25 million from the general fund included in the 2013-15 legislative appropriation for the International Peace Garden is for an engineering study and repair of the Peace Tower at the International Peace Garden and to the extent funds remain, other infrastructure improvements. The funding is contingent upon the International Peace Garden raising matching funds on a dollar-for-dollar basis from nonstate sources. Up to 10 percent of the funds provided from the general fund are for the engineering study and emergency repairs and are not subject to the match requirement. The Parks and Recreation Department shall accept and review engineering proposals and recommendations of the study before committing additional funds to the project and shall assist with bidding and construction oversight of any repair work.

Emergency measure - Capital projects - Section 10 provides for an emergency measure for \$3,730,000 in the natural resources line item, of which \$2,930,000 is from the general fund and \$600,000 is from special funds, for various capital projects and \$1,250,000 in the International Peace Garden line item from the general fund for an engineering study of the Peace Tower and emergency repairs at the International Peace Garden.

Related Legislation

North Dakota Outdoor Heritage Advisory Board - House Bill No. 1278 includes a representative of the Parks and Recreation Department as a nonvoting member of the advisory board for the newly created North Dakota outdoor heritage fund.

Senate Bill No. 2259 adds a new subsection to Section 55-08-01.3 requiring the Parks and Recreation Department to protect the historic, prehistoric, and paleontological values of the designated historic site if a state park contains a designated historic site.

**State Water Commission
Budget No. 770
House Bill Nos. 1020 and 1269**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	90.00	\$17,779,644	\$809,359,388	\$827,139,032
2013-15 legislative appropriations	90.00	0	859,045,805	859,045,805
Legislative increase (decrease) to executive budget	0.00	(\$17,779,644)	\$49,686,417	\$31,906,773
Legislative increase (decrease) to 2011-13 appropriations	3.00	(\$14,995,199)	\$364,625,584	\$349,630,385

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$14,995,199	\$0	\$14,995,199
2013-15 legislative appropriations	0	0	0
2013-15 legislative increase (decrease) to 2011-13 appropriations	(\$14,995,199)	\$0	(\$14,995,199)
Percentage increase (decrease) to 2011-13 appropriations	(100.0%)	N/A	(100.0%)
2013-15 legislative increase (decrease) to executive budget	(\$17,491,444)	(\$288,200)	(\$17,779,644)
Percentage increase (decrease) to executive budget	(100.0%)	(100.0%)	(100.0%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Water Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$325,774) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$213,083)	(\$35,209)	(\$248,292)
Adjusted the funding source for the administration of the State Water Commission from the general fund to the resources trust fund.		(17,566,561)	17,566,561	

Increased funding for operating expenses related to the funding source change for the administration of the State Water Commission from the general fund to special funds, including audit fees (\$53,000), attorney's fees (\$321,276), and rent (\$430,789).			805,065	805,065
Added funding to provide grants to advance the Stutsman County Rural Water, North Central Rural Water Consortium, and McLean-Sheridan Rural Water Projects (House Bill No. 1269).			10,350,000	10,350,000
Added funding to advance additional construction on the Southwest Pipeline Project (House Bill No. 1269).			21,000,000	21,000,000
Total	<u>0.00</u>	<u>(\$17,779,644)</u>	<u>\$49,686,417</u>	<u>\$31,906,773</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 90 FTE positions, 3 FTE positions more than the 2011-13 biennium. The Legislative Assembly did not change the executive recommendation to add 1 FTE water resource engineer position to address the increase in water permit applications, 1 FTE water resource project manager position to address the backlog of conditional water permit inspections, and 1 FTE engineering technician position to support the operations of the Devils Lake Outlets.

One-Time Funding

In Section 2 of House Bill No. 1020, the Legislative Assembly identified \$288,200 from the resources trust fund as one-time funding for an excavator (\$243,200) and office space renovations (\$45,000). The executive recommendation provided this one-time funding from the general fund.

In addition, the Legislative Assembly in House Bill No. 1269 provided \$31,350,000 from the resources trust fund for water project grants, including \$10,350,000 to advance Stutsman County Rural Water, North Central Rural Water Consortium, and McLean-Sheridan Rural Water Projects and \$21,000,000 to advance additional construction on the Southwest Pipeline Project.

These amounts are not to be considered part of the agency's 2015-17 biennium base budget, and the State Water Commission is to report to the Appropriations Committees during the 2015 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 \$135,000 from the resources trust 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 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, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2013-15 biennium.

Western Area Water Supply Authority - Bank of North Dakota loan - Section 5 directs the Bank of North Dakota to provide a \$40 million loan to the Western Area Water Supply Authority for construction of the project. This section, as amended in House Bill No. 1015, provides the loan must be added to and merged into previous loans as agreed upon by the Industrial Commission and the Bank.

Grant and water project carryover authority - Section 6 authorizes the State Water Commission to continue any unexpended 2013-15 appropriation authority for grants or water-related projects in the 2015-17 biennium.

Fargo flood control project construction limitation - Section 7 limits Fargo flood control project construction south of the city of Fargo to ring dikes and levees until after July 1, 2014.

Fargo flood control project funding - Section 8 provides funding designated by Legislative Assemblies in 2009, 2011, and 2013 for Fargo flood control is only for levee and dike protection until the Fargo flood control project receives federal authorization, a project partnership agreement is executed, a federal appropriation is provided for project construction, and the budget for the Fargo flood control project is approved by the State Water Commission.

Fargo flood control project funding agreement - Section 9 provides prior to the State Water Commission expending any state cost-sharing funds, the local Fargo flood control sponsor and State Water Commission must enter a cost-sharing agreement. The agreement must provide for the exclusion of state cost-sharing for components of the project identified as recreational by the United States Army Corps of Engineers. The agreement must also provide for the exclusion of state cost-sharing relating to funds expected to be provided for the project by nonfederal entities outside the state of North Dakota. An advance funding agreement between the United States Army Corps of Engineers and the local Fargo flood control sponsor must precede any state funding used to advance construction work considered to be a federal responsibility.

Fargo flood control project funding legislative intent - Section 10 provides legislative intent that the state provide one-half of the local cost-share of constructing a federally authorized Fargo flood control project and that total Fargo flood control project funding to be provided by the state not exceed \$450 million. In addition, the Legislative Assembly provided the \$275 million yet to be designated by the state for the Fargo flood control project be made available in equal installments over the next four bienniums.

Fargo flood control project funding exemption - Section 11 provides that of the funds appropriated in the water and atmospheric resources line item for the 2013-15 biennium, \$100,000,000 is for Fargo flood control projects. Any funds not spent by June 30, 2015, 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, including levees and dikes. In addition, except as otherwise provided, 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 these 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 which are not paid by state funds are eligible for application by the nonstate entity for cost-sharing with the state.

Red River Valley Water Supply Project legislative intent - Section 12 provides legislative intent that of the funds appropriated in the water and atmospheric resources line item for the 2013-15 biennium, \$11million is for the Red River Valley Water Supply Project.

Bond payments legislative intent - Section 13 allows the State Water Commission to use funding in the resources trust fund to pay off or defease outstanding bond issues when the balance in the resources trust fund exceeds \$287 million. Of the funds appropriated to the State Water Commission in the water and atmospheric resources line item, \$60 million from the resources trust fund is provided to the commission for the purpose of paying off or defeasing the commission's outstanding bond issues. The contingent funding from the resources trust fund (\$60,000,000) and funding from the water development trust fund provided for bond payments (\$16,900,000) totaling \$76,900,000 would be available to defease State Water Commission outstanding bond issues of \$75,250,000 and pay related fees.

State Water Commission priority projects list - Reports to the Budget Section - Section 14 requires the State Water Commission report to the Budget Section every six months regarding any changes made to the water project priority list presented to the Legislative Assembly in 2013.

Fargo flood control - Reports to the Budget Section - Section 15 requires the Fargo-Moorhead Area Diversion Authority Board report to the Budget Section biannually regarding an update on congressional authorization of the diversion project and the status of the self-insured crop insurance pool; mitigation efforts, alternatives, and costs; easements; and the project budget. The MNDak Upstream Coalition must also report to the Budget Section biannually regarding an update on the impacts of the Fargo flood control project and mitigation efforts, alternatives, and costs.

Community water facility loan fund - Section 16 amends Section 6-09.5-03 to increase the authorized ceiling of the community water facility revolving loan fund administered by the Bank of North Dakota to supplement United States Department of Agriculture Rural Development financing for community water projects by \$15 million to provide a maximum of \$25 million.

Water-Related Topics Overview Committee - Section 17 amends Section 54-35-02.7 related to the Water-Related Topics Overview Committee, as amended by Senate Bill No. 2233, to provide the committee study policies regarding the development and financing of municipal projects, including water treatment plants; pipelines, including pipeline expansion; public and industrial use of water; cost analysis of future project development; ongoing maintenance cost of current and future projects; and technology, including the use of technology for permitting and electronic metering. In addition, the amendments require the State Water Commission and the State Engineer to assist the committee in developing a schedule of priorities with respect to water projects.

Emergency - Section 18 provides funds appropriated to the State Water Commission in the water and atmospheric resources line item are declared to be an emergency measure.

Related Legislation

House Bill No. 1060 relates to the composition and duties of the Devils Lake Outlet Management Advisory Committee and repeals Section 61-36-03 related to the compensation and expenses of the Devils Lake Outlet Management Advisory Committee.

House Bill No. 1061 increases the fine for knowingly violating water appropriation provisions or rules.

House Bill No. 1067 relates to the State Water Commission acting as a public corporation.

House Bill No. 1206 requires the State Water Commission to develop and maintain a comprehensive water development plan and develop a policy that outlines procedures for commissioner-hosted meetings. In addition, the bill provides for a Legislative Management study to evaluate current water project prioritization processes.

House Bill No. 1269 provides \$21,000,000 from the resources trust fund for additional construction on the Southwest Pipeline Project and \$10,350,000 from the resources trust fund for grants to advance projects, including Stutsman County Rural Water, North Central Rural Water Consortium, and McLean-Sheridan Rural Water Projects. This bill contained an emergency clause and was signed by the Governor on February 19, 2013.

House Bill No. 1440 requires the State Water Commission, before providing grants or loans to a district or city, to consider whether a district and city within a district have developed a mutually acceptable water service agreement to accommodate anticipated future growth of a city within a district.

Senate Bill No. 2048 requires the State Water Commission to adopt rules for governing the review and recommendation of proposed water projects seeking financial assistance, including the consideration of project revenues, local cost-sharing, and ability to pay. The rules may also include provisions for repayment of a portion of the funds allocated from the resources trust fund.

Senate Bill No. 2049 relates to the Water-Related Topics Overview Committee and the Garrison Diversion Conservancy District.

Senate Bill No. 2053 allows the State Water Commission to sell, transfer, or exchange property that is no longer necessary for the Northwest Area Water Supply Project.

Senate Bill No. 2233 allocates a portion of the oil extraction tax to the newly created infrastructure revolving loan fund. Effective January 1, 2015, the Legislative Assembly established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota. The estimated effect of 2013 Senate Bill No. 2233 on oil extraction tax allocations during the 2013-15 biennium is based on production levels used for the February 2013 legislative revenue forecast and revenue allocations during the period January 2015 through June 2015. Based on production levels used for the February 2013 legislative revenue forecast and revenue allocations during the period January 2015 through June 2015, an estimated \$16.9 million within the resources trust fund would be designated for the infrastructure revolving loan fund during the 2013-15 biennium.

**Department of Transportation
Budget No. 801
Senate Bill Nos. 2012 and 2176, House Bill Nos. 1033 and 1358**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	1,079.50	\$693,600,000 ¹	\$2,695,703,578	\$3,389,303,578
2013-15 legislative appropriations	1,079.50	1,464,020,000²	1,920,779,434	3,384,799,434
Legislative increase (decrease) to executive budget	0.00	\$770,420,000	(\$774,924,144)	(\$4,504,144)
Legislative increase (decrease) to 2011-13 appropriations	16.00	\$1,051,331,107 ³	\$171,724,975	\$1,223,056,082

¹The 2013-15 executive budget reflects a 2013-15 biennium transfer of \$683.6 million from the general fund to the highway fund. The amounts shown do not include a 2011-13 biennium transfer of \$620 million from the general fund to the highway fund included in the executive budget recommendation.

²The 2013-15 legislative appropriations amount reflects a \$541.6 million transfer from the general fund to the highway fund and a \$1.1 million contingent transfer from the general fund to the public transportation fund.

³This amount reflects a 2011-13 biennium deficiency appropriation of \$36,138,893 to the Department of Transportation to repay loan proceeds received by the department for emergency relief projects during the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$0	\$412,688,893	412,688,893
2013-15 legislative appropriations	0	1,464,020,000	1,464,020,000
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$0	\$1,051,331,107	\$1,051,331,107
Percentage increase (decrease) to 2011-13 appropriations	0.0%	254.8%	254.8%
2013-15 legislative increase (decrease) to executive budget	\$0	\$770,420,000	\$770,420,000
Percentage increase (decrease) to executive budget	N/A	111.1%	111.1%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Transportation is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, \$7,280,897 of salaries and wages funding from other funds for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items		
	FTE Positions	General Fund	Other Funds
			Total
The legislative action:			
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$1,519,145)
Removed a 2011-13 biennium transfer from the general fund to the highway fund for road construction projects in western North Dakota and directly appropriated the funding from the general fund to the department (Senate Bill No. 2176).		\$620,000,000	(620,000,000)
Added authority to continue highway-rail grade crossing safety projects previously approved by the department.			640,000
Provided contingent transfers from the general fund to the public transportation fund.		1,100,000	1,100,000
Added funding for a general license plate issue.		6,820,000	6,820,000
Removed funding for housing and compensation assistance for employees affected by energy development.			(3,644,999)
Removed appropriation authority for the public transportation fund. (House Bill No. 1142 provided a continuing appropriation for the public transportation fund.)			(8,900,000)
Added funding for a rail safety pilot program.			500,000
Removed funding included in the executive budget for a county and township road reconstruction program in areas affected by oil and gas development. (Funding appropriated from the general fund and transferred to the highway fund for the program is removed along with the related appropriation authority from the highway fund.)		(142,000,000)	(142,000,000)
Added funding for county road projects in areas affected by oil and gas development (House Bill No. 1358).		160,000,000	160,000,000
Added funding for county road projects in areas not affected by oil and gas development (House Bill No. 1358).		120,000,000	120,000,000
Added funding to purchase replacement airplanes for the department's fleet (House Bill No. 1033).		4,500,000	4,500,000
Total	<u>0.00</u>	<u>\$770,420,000</u>	<u>(\$774,924,144)</u>

FTE Changes

The 2013-15 biennium appropriations include funding for 1,079.5 FTE positions, an increase of 16 FTE positions from the 2011-13 biennium authorized level of 1,063.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 5 FTE engineers, 4 FTE transportation technicians, 4 FTE motor vehicle licensing specialists, 2 FTE driver's license supervisors, and 1 FTE accounting/budget specialist.

One-Time Funding

The 2013-15 biennium legislative appropriations for the Department of Transportation include \$2,005,620,000 of one-time funding as follows:

	General Fund	Other Funds	Total
General fund transfer to highway fund	\$541,600,000		\$541,600,000
Enhanced state highway investments	620,000,000	\$541,600,000	1,161,600,000
TIGER III federal railroad program grant match	10,000,000		10,000,000
General license plate issue	6,820,000		6,820,000
Contingent general fund transfers to public transportation fund	1,100,000		1,100,000
Airplane replacement	4,500,000		4,500,000
Transportation distributions to oil-producing counties	160,000,000		160,000,000
Transportation distribution to non-oil-producing counties	120,000,000		120,000,000
Total	\$1,464,020,000	\$541,600,000	\$2,005,620,000

Special Transportation Funding Distributions to Counties, Cities, and Townships

The Legislative Assembly provided 2013-15 biennium special transportation funding distributions to counties, cities, and townships as follows:

- **Senate Bill No. 2176 - Non-oil-producing political subdivisions** - Funding of \$100 million from the general fund was appropriated to the State Treasurer for transportation funding distributions to non-oil-producing counties, cities, and townships. Of the total, \$64 million was to be distributed to counties and cities pursuant to North Dakota Century Code Section 54-27-19(4), \$16,000,000 was to be distributed to counties and townships pursuant to Section 54-27-19.1, and \$20,000,000 was to be distributed to counties and townships through a grant of \$15,000 for each organized and unorganized township. To be eligible for a distribution, a political subdivision must have been located in a county that received an oil and gas tax allocation under Section 57-51-15 (oil and gas production tax allocations) of \$500,000 or less during state fiscal year 2012.
- **House Bill No. 1358 - Non-oil-producing counties** - Funding of \$120 million from the general fund was appropriated to the Department of Transportation for county road and bridge projects in counties that received less than \$5 million of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year 2013. The funding is to be distributed based on the number of miles of roadway located in each county defined by the Department of Transportation as a county major collector roadway.
- **House Bill No. 1358 - Oil-producing counties** - Funding of \$160 million from the general fund was appropriated to the Department of Transportation for county road and bridge projects in counties that received \$5 million or more of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year 2013. The funding is to be distributed based on data supplied by the Upper Great Plains Transportation Institute.
- **House Bill No. 1358 - Grants for certain oil-producing townships** - Funding of \$8,760,000,000 from the general fund was appropriated to the State Treasurer for grants to townships located in counties that received between \$500,000 and \$5,000,000 of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year 2013. Each eligible township is to receive a grant of \$15,000 during each year of the biennium.

General License Plate Issue

Sections 8, 9, and 14 of Senate Bill No. 2012 provide for a general license plate issue by the Department of Transportation. A general fund appropriation of \$6,820,000 was provided to the department for estimated costs associated with the license plate issue. A special funds appropriation of \$4.9 million was provided to the Department of Corrections and Rehabilitation for estimated costs to be incurred by Roughrider Industries related to the license plate issue. The general issue may not be made on embossed license plates and the department is to develop guidelines regarding the development of a new license plate design and the administration of the license plate issue. The department is to provide its recommendation for a new license plate design to the Budget Section for final approval of the design.

Highway-Rail Grade Crossing Safety Projects

Section 4 of Senate Bill No. 2012 provides guidelines for the continuation of previously approved highway-rail grade crossing safety projects into the 2013-15 biennium. The Legislative Assembly in 2009 provided \$2.5 million of one-time funding for highway-rail grade crossing safety projects. The Legislative Assembly added appropriation authority of \$640,000 for the estimated costs to continue existing projects into the 2013-15 biennium.

Section 4 of Senate Bill No. 2012 also provides for a pilot program during the 2013-15 biennium for highway-rail grade crossing safety projects on local roadways. Section 15 provides that up to \$500,000 of special fuels excise taxes collected on diesel sales to railroads must be deposited in the highway-rail grade crossing safety projects fund for projects during the 2013-15 biennium. The Department of Transportation is to develop guidelines for the distribution of program funds. An eligible project may be located on a paved or unpaved roadway and a local match of 10 percent of total project costs must be provided for any approved project that is not located on the state highway system. On June 30, 2015, the State Treasurer is required to transfer any unexpended and unobligated balance in the highway-rail grade crossing safety projects fund to the highway tax distribution fund.

Other Sections in Senate Bill No. 2012

Line item transfers - Section 3 authorizes the Department of Transportation to transfer funds 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 must report transfers to the Office of Management and Budget.

Contingent transfers to public transportation fund - Section 5 provides contingent transfers of \$550,000 from the general fund to the public transportation fund on July 1, 2013, and July 1, 2014. The transfers are contingent upon deposits from the highway tax distribution fund into the public transportation fund being \$5 million or less during the preceding state fiscal year.

2011-13 biennium township transportation funding distributions - Section 16 amends Section 27 of Chapter 579 of the 2011 Session Laws to provide that a political subdivision eligible to receive a transportation funding distribution under that Section must have received an allocation under Section 57-51-15 (oil and gas gross production tax allocations) of \$500,000 or less in state fiscal year 2010 rather than state fiscal year 2011. Section 6 provides an appropriation of \$720,000 from the general fund to the State Treasurer to distribute funding to any political subdivision eligible to receive a distribution under subsection 3 of Section 27 of Chapter 579 of the 2011 Session Laws which has not already received a distribution under that subsection.

2013-15 biennium township transportation funding distribution corrections - Section 7 appropriates \$385,000 to the State Treasurer as an emergency to correct an error in distributions made to townships under Senate Bill No. 2176.

2013-15 biennium general fund transfer - Section 13 provides for a \$541.6 million transfer from the general fund to the highway fund during the 2013-15 biennium.

Carryover authority - Enhanced state highway investments - Section 11 provides unexpended 2013-15 biennium appropriations for enhanced state highway investments must be continued into the 2015-17 biennium.

Exemption - Road grade raising grants - Section 12 provides funding appropriated from the state disaster relief fund in 2011 Senate Bill No. 2371 for road grade raising grants is not subject to Section 54-44.1-11 and may be continued into the 2013-15 biennium by the Department of Transportation.

Motor vehicle branch office fees - Section 13 amends Section 39-02-03 relating to fees charged by Department of Transportation motor vehicle branch offices.

Legislative Management studies - Sections 17, 18, 19, and 20 provide for Legislative Management studies of state railroad assistance programs, transportation costs and funding, renewable fuel standards, and Department of Transportation motor vehicle branch offices.

Related Legislation

Special transportation funding distributions eligibility - House Bill No. 1015 amends Sections 5, 6, and 7 of House Bill No. 1358 to base the eligibility to receive a special transportation funding distribution on the amount of oil and gas production tax allocations received by a county in state fiscal year 2013 rather than state fiscal year 2012 as included in House Bill No. 1358.

Airplane replacement - House Bill No. 1033 appropriates \$4.5 million for the purchase of replacement airplanes for the department's fleet and creates a committee to advise the department on the airplane replacement.

Redistribution of public transportation funds - House Bill No. 1122 allows the redistribution of public transportation funds allocated to a county but not expended. The bill also allows the Department of Transportation to use unexpended public transportation funding for transit coordination purposes.

Public transportation fund continuing appropriations - House Bill No. 1142 provides a continuing appropriation to the Department of Transportation to distribute funds from the public transportation fund.

Extraordinary road use fees - Senate Bill No. 2025 provides that extraordinary road use fees for a violation that did not occur on an interstate or a state highway must be deposited in the general fund of the jurisdiction having authority over the road on which the violation occurred and must be used for the support of the road system of that jurisdiction. Currently, all extraordinary road use fees are deposited in the state highway fund.

SECTION I - CAPITAL CONSTRUCTION

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CAPITAL CONSTRUCTION - SUMMARY

CAPITAL PROJECTS

The Legislative Assembly provided a total of \$2,494,055,500 for capital projects as reflected on the following schedule:

	General Fund	Special Funds	Total Funds
Major capital projects	\$179,437,213	\$144,566,867	\$324,004,080
Extraordinary repairs	45,286,701	18,107,551	63,394,252
Department of Transportation bond payments		2,028,019	2,028,019
Department of Transportation contractor payment		757,927,471	757,927,471
Department of Transportation infrastructure investment	620,000,000	376,800,000	996,800,000
State Water Commission bond payments		75,250,000	75,250,000
Water projects		161,407,281 ¹	161,407,281 ¹
Southwest pipeline project		21,000,000	21,000,000
Water project infrastructure revolving loan fund		16,883,880 ²	16,883,880 ²
Western Area Water Supply project loan		40,000,000	40,000,000
Community water facility loan program		15,000,000	15,000,000
Institutions of higher education special assessments	445,606		445,606
State agency special assessments	110,046	20,000	130,046
Payments in lieu of taxes	40,000	1,000,000 ³	1,040,000 ³
ConnectND bond payments		2,504,100	2,504,100
Other bond payments	15,646,617	594,148	16,240,765
Total	\$860,966,183	\$1,633,089,317	\$2,494,055,500

¹This amount includes anticipated funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project. In addition, the Legislative Assembly provided \$514.9 million for local cost-share and water project grants in House Bill No. 1030 and \$10,350,000 for grants to advance projects identified in House Bill No. 1269.

²Senate Bill No. 2233 allocates 10 percent of the oil extraction tax revenue deposited in the resources trust fund to an infrastructure revolving loan fund within the resources trust fund beginning January 2015. Based on the May 2013 legislative revenue forecast, \$16.88 million is estimated to be deposited in the fund in the 2013-15 biennium.

³This amount does not include payments in lieu of taxes of approximately \$408,000 estimated to be paid by Workforce Safety and Insurance in the 2013-15 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 \$15,646,617 from the general fund for 2013-15 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, 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 2013-15 biennium is estimated to be \$61,759,540 based on projected sales, use, and motor vehicle excise tax collections included in the 2013-15 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 2013-15 BIENNIUM

Bill No.	Agency or Institution	Project	2013-15 Executive Budget Recommendations			2013-15 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2003	North Dakota University System Office (215)	Capital projects contingency pool				\$5,483,413		
SB 2003	Bismarck State College (227)	Communications and Fine Arts Center	\$13,300,000			12,635,000	\$6,665,000	
SB 2003	Lake Region State College (228)	Erlandson Technical Center remodel and addition	5,947,562			5,650,184		
SB 2003	Williston State College (229)	Campus Drive project Stevens Hall renovation	1,800,000 12,242,478			1,710,000 11,630,354		
SB 2003	University of North Dakota (230)	College of Business and Public Administration building renovation and addition (reauthorization)		\$20,500,000			20,500,000	
		Indoor track and football practice field (reauthorization)		19,500,000			19,500,000	
		Law school building renovation	12,000,000			11,400,000		
		Purchase resident apartment building that is currently being leased (revenue bonds)			\$8,300,000			\$8,300,000
		School of Medicine and Health Sciences renovation and addition	68,300,000			60,450,000		
		Student housing facility (revenue bonds)			19,187,262			19,187,262
		Wilkerson Hall renovation project (revenue bonds)						29,000,000
		Bismarck Family Practice Center - Skywalk project				750,000		
SB 2003	North Dakota State University (NDSU) (235)	Low rise lavatory project - Phase I		1,000,000			1,000,000	
		Low rise lavatory project - Phase II		1,030,000			1,030,000	
		Memorial Union food court		975,000			975,000	
		Nutrition dietetics and hospitality laboratory		750,000			750,000	
		Science, technology, engineering, and mathematics classroom and laboratory building	29,600,000			28,120,000		
		Sanford Health Athletic Complex renovation (reauthorization)		35,404,356			35,404,356	
		Center for Computationally Assisted Science					660,000	
SB 2003	North Dakota State College of Science (238)	Old Main renovation	8,511,452			8,085,879		
		Football complex renovation (reauthorization)		1,350,000			1,350,000	
SB 2003	Mayville State University (240)	Campuswide drainage improvements	2,267,000			2,153,650		
		Old gymnasium replacement and improvements	5,800,000			5,510,000		
SB 2003	Minot State University (241)	Plant services building	1,821,905	1,785		1,730,810	1,785	
		Renovation of campus athletic facilities		11,800,000			11,800,000	
SB 2003	Valley City State University (242)	Hillside slope stabilization project	505,800	100,000		480,510	100,000	
		Vangstad Hall renovation	3,636,466			3,454,643		
		W. E. Osmon Fieldhouse addition - Phase II		4,706,837			4,706,837	
SB 2003	Dakota College at Bottineau (243)	Campus backup generator	395,600			375,820		
		Thatcher Hall repairs				769,500		
		Gross Hall updates		732,460			732,460	
		Mead Hall updates		1,171,586			1,171,586	
		Milligan Hall remodel project		896,743			896,743	
		Old Main building renovation		4,800,000			4,800,000	
SB 2003	North Dakota Forest Service (244)	Nursery freezer conversion and shop facility	785,000			785,000		
SB 2007	Veterans' Home (313)	Shop addition					788,200	
SB 2011	Highway Patrol (504)	Law enforcement training academy facility - Phase I	5,786,000	865,000		4,350,000	650,000	
SB 2015	Department of Corrections and Rehabilitation (530)	Missouri River Correctional Center flood hazard mitigation	349,950			349,950		
HB 1016	Adjutant General (540)	Federal construction projects		22,000,000			22,000,000	
		State Radio expansion project	960,000			960,000		
		State Radio fire suppression project	210,000			210,000		

Bill No.	Agency or Institution	Project	2013-15 Executive Budget Recommendations			2013-15 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2020	NDSU Extension Service (630)	4-H camp	500,000	1,400,000		950,000	950,000	
SB 2020	NDSU Main Research Center (640)	Agronomy laboratories at selected branch centers	4,300,000			5,925,000		
HB 1017	Game and Fish Department (720)	Heated storage building expansion at Lonetree Wildlife Management Area		150,000			150,000	
		Land acquisition		800,000			800,000	
HB 1019	Parks and Recreation Department (750)	Fort Stevenson State Park administration office, visitor contact facility	750,000			750,000		
		Little Missouri State Park asphalt roads	960,000			960,000		
		Lake Sakakawea State Park campground comfort stations	300,000	200,000		300,000	200,000	
		Lewis and Clark State Park campsite expansion	520,000			520,000		
		Icelandic State Park Interpretive Center, Heritage Center completion		200,000			200,000	
		Lake Sakakawea State Park marina dock purchase	400,000	400,000		387,500	387,500	
		Lewis and Clark Interpretive Center expansion grant				1,350,000		
		International Peace Garden capital projects				1,250,000		
SB 2012	Department of Transportation (801)	Land and buildings		5,197,400			5,197,400	
		Radio sites		1,200,000			1,200,000	
Total 2013-15 executive budget recommendation			<u>\$181,949,213</u>	<u>\$137,131,167</u>	<u>\$27,487,262</u>			
Total 2013-15 legislative appropriations						<u>\$179,437,213</u>	<u>\$144,566,867</u>	<u>\$56,487,262</u>

EXTRAORDINARY REPAIRS FOR THE 2013-15 BIENNIUM

Agency or Institution	2013-15 Executive Budget Recommendations			2013-15 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Office of Management and Budget (110)						
Electrical improvements	\$180,000		\$180,000	\$180,000		\$180,000
Electrical shaft door repair	110,000		110,000	110,000		110,000
Exterior restoration and cleaning of legislative and judicial wings	1,500,000		1,500,000	1,500,000		1,500,000
Life safety improvements	500,000		500,000	500,000		500,000
Mechanical improvements	458,793		458,793	458,793		458,793
North and west parking lots remodel project	4,000,000		4,000,000	4,000,000		4,000,000
Repair, replacement, and cleaning of terrazzo in Capitol	1,200,000		1,200,000	1,200,000		1,200,000
South entrance remodel project	1,000,000		1,000,000	1,000,000		1,000,000
Total - Office of Management and Budget	\$8,948,793		\$8,948,793	\$8,948,793		\$8,948,793
Information Technology Department (112)						
Center for Distance Education repairs	\$8,111		\$8,111	\$8,111		\$8,111
Total - Information Technology Department	\$8,111		\$8,111	\$8,111		\$8,111
State Auditor (117)						
Renovate vault area to provide a conference room	\$40,000		\$40,000	\$40,000		\$40,000
Total - State Auditor	\$40,000		\$40,000	\$40,000		\$40,000
North Dakota University System office (215)						
Systemwide deferred maintenance pool	\$10,000,000		\$10,000,000	\$10,000,000		\$10,000,000
Total - North Dakota University System office	\$10,000,000		\$10,000,000	\$10,000,000		\$10,000,000
Bismarck State College (227)						
Mechanical and electrical upgrades	\$140,000		\$140,000	\$140,000		\$140,000
Miscellaneous small projects under \$50,000	67,673		67,673	67,673		67,673
Total - Bismarck State College	\$207,673		\$207,673	\$207,673		\$207,673
Lake Region State College (228)						
Small projects under \$50,000	\$155,367		\$155,367	\$155,367		\$155,367
Total - Lake Region State College	\$155,367		\$155,367	\$155,367		\$155,367
Williston State College (229)						
Interior finishes	\$100,000		\$100,000	\$100,000		\$100,000
Mechanical and electrical upgrades	97,801		97,801	97,801		97,801
Total - Williston State College	\$197,801		\$197,801	\$197,801		\$197,801
University of North Dakota (230)						
Building exterior projects	\$925,000		\$925,000	\$925,000		\$925,000
Interior finishes	450,000		450,000	450,000		450,000
Mechanical and electrical upgrades	1,250,000		1,250,000	1,250,000		1,250,000
Miscellaneous small projects under \$50,000	115,556		115,556	115,556		115,556

Agency or Institution	2013-15 Executive Budget Recommendations			2013-15 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Paving and area lighting	750,000		750,000	750,000		750,000
Structural repairs	100,000		100,000	100,000		100,000
Utilities and infrastructure	723,765		723,765	723,765		723,765
North Dakota Museum of Art repairs				190,000		190,000
Total - University of North Dakota	\$4,314,321		\$4,314,321	\$4,504,321		\$4,504,321
North Dakota State University (235)						
Building exterior projects	\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
Interior finishes	100,000		100,000	100,000		100,000
Mechanical and electrical upgrades	500,000		500,000	500,000		500,000
Miscellaneous small projects	132,244		132,244	132,244		132,244
Paving and area lighting	100,000		100,000	100,000		100,000
Structural repairs	100,000		100,000	100,000		100,000
Utilities and infrastructure	800,000		800,000	800,000		800,000
Total - North Dakota State University	\$2,732,244		\$2,732,244	\$2,732,244		\$2,732,244
North Dakota State College of Science (238)						
Building exterior projects	\$313,317		\$313,317	\$313,317		\$313,317
Interior finishes	200,000		200,000	200,000		200,000
Mechanical and electrical upgrades	125,000		125,000	125,000		125,000
Miscellaneous small projects under \$50,000	215,396		215,396	215,396		215,396
Paving and area lighting	55,000		55,000	55,000		55,000
Utilities and infrastructure	45,000		45,000	45,000		45,000
Total - North Dakota State College of Science	\$953,713		\$953,713	\$953,713		\$953,713
Dickinson State University (239)						
Interior finishes	\$327,244		\$327,244	\$327,244		\$327,244
Miscellaneous small projects	21,834		21,834	21,834		21,834
Utilities and infrastructure	60,000		60,000	60,000		60,000
Total - Dickinson State University	\$409,078		\$409,078	\$409,078		\$409,078
Mayville State University (240)						
Building exterior projects	\$139,649		\$139,649	\$139,649		\$139,649
Miscellaneous small projects under \$50,000	139,648		139,648	139,648		139,648
Total - Mayville State University	\$279,297		\$279,297	\$279,297		\$279,297
Minot State University (241)						
Exterior window replacement - Old Main	\$899,620		\$899,620	\$899,620		\$899,620
Total - Minot State University	\$899,620		\$899,620	\$899,620		\$899,620
Valley City State University (242)						
Building exterior projects	\$96,623		\$96,623	\$96,623		\$96,623
Interior finishes	200,000		200,000	200,000		200,000
Mechanical and electrical upgrades	61,696		61,696	61,696		61,696
Paving and area lighting	50,000		50,000	50,000		50,000
Former president's house repairs	250,000		250,000	250,000		250,000
Total - Valley City State University	\$658,319		\$658,319	\$658,319		\$658,319

Agency or Institution	2013-15 Executive Budget Recommendations			2013-15 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Dakota College at Bottineau (243)						
Interior finishes	\$115,507		\$115,507	\$115,507		\$115,507
Total - Dakota College at Bottineau	\$115,507		\$115,507	\$115,507		\$115,507
Forest Service (244)						
Hahn's Bay vault toilet and Pelican Sandy boat ramp	\$19,962		\$19,962	\$19,962		\$19,962
New irrigation well	25,000		25,000	25,000		25,000
Total - Forest Service	\$44,962		\$44,962	\$44,962		\$44,962
School for the Deaf (252)						
Campus fire alarm system upgrade	\$44,700		\$44,700	\$44,700		\$44,700
Enhance entrance security, including door locks, openers, and security software	40,000		40,000	40,000		40,000
Power plant upgrades	41,562		41,562	41,562		41,562
Blackhurst Dormitory mechanical and electrical improvements		\$714,224	714,224		\$714,224	714,224
Smith Building kitchen improvements		141,225	141,225		141,225	141,225
Inflation adjustment for Blackhurst Dormitory and Smith Building		65,535	65,535		65,535	65,535
Bid and construction professional fees		21,275	21,275		21,275	21,275
Kitchen cooler replacement and ADA sidewalk improvements		60,000	60,000		60,000	60,000
Total - School for the Deaf	\$126,262	\$1,002,259	\$1,128,521	\$126,262	\$1,002,259	\$1,128,521
North Dakota Vision Services - School for the Blind (253)						
Rooftop air-conditioner and carpet replacement	\$35,364		\$35,364	\$35,364		\$35,364
South wing elevator	241,500		241,500	241,500		241,500
Garage exhaust and makeup air system		\$15,000	15,000		\$15,000	15,000
Garage unit heaters		11,136	11,136		11,136	11,136
West wing rooftop air-conditioner	7	7,993	8,000	7	7,993	8,000
Site storm drainage utilities		56,000	56,000		56,000	56,000
West wing window replacement	189,000		189,000	189,000		189,000
Remodel west wing of the school building				2,762,000		2,762,000
Total - North Dakota Vision Services - School for the Blind	\$465,871	\$90,129	\$556,000	\$3,227,871	\$90,129	\$3,318,000
State Department of Health (301)						
Add north laboratory to generator	\$4,200	\$27,800	\$32,000	\$4,200	\$27,800	\$32,000
Upgrade access hardware and carpet	4,200	23,300	27,500	4,200	23,300	27,500
Connect annex air-conditioner to generator	4,200	20,800	25,000	4,200	20,800	25,000
Repairs to prevent freezing and overheating and landscaping	4,200	7,650	11,850	4,200	7,650	11,850
Gutter covers and pallet racking	3,811	5,189	9,000	3,811	5,189	9,000
Install air-conditioning and repair and paint walls	4,200	11,300	15,500	4,200	11,300	15,500
Install exterior window and kneeholes at benches	4,200	21,300	25,500	4,200	21,300	25,500
Repair driveway and parking lots and striping	4,200	23,800	28,000	4,200	23,800	28,000
Replace boilers in north laboratory	8,400	41,600	50,000	8,400	41,600	50,000
Replace humidifier, water softener	4,200	25,300	29,500	4,200	25,300	29,500
Replace Environmental Training Center window and recarpet office	1,000	7,000	8,000	1,000	7,000	8,000
Roof repair and replacement	3,517	16,483	20,000	3,517	16,483	20,000
Seal coat brick exterior of Environmental Training Center	1,000	6,000	7,000	1,000	6,000	7,000
Upgrade data systems and replace building signs	4,200	26,300	30,500	4,200	26,300	30,500
Total - State Department of Health	\$55,528	\$263,822	\$319,350	\$55,528	\$263,822	\$319,350
Veterans' Home (313)						
Demolish old Veterans' Home and provide cold storage building	\$560,500	\$560,500	\$1,121,000	\$560,500	\$560,500	\$1,121,000
Chain link fence	21,000		21,000	21,000		21,000
Total - Veterans' Home	\$581,500	\$560,500	\$1,142,000	\$581,500	\$560,500	\$1,142,000

Agency or Institution	2013-15 Executive Budget Recommendations			2013-15 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Department of Human Services (325)						
Drainage landscaping - Southeast Human Service Center	\$34,345		\$34,345	\$34,345		\$34,345
Street reconstruction - State Hospital	864,714		864,714	864,714		864,714
Various projects - State Hospital	910,454		910,454	910,454		910,454
Demolition - Pleasant View Building - Developmental Center	120,000		120,000			
Demolition - Refectory Building - Developmental Center	240,000		240,000			
Demolition - Pleasant View and Refectory Buildings - Developmental Center				220,000		220,000
Various projects - Developmental Center	601,495		601,495	601,495		601,495
Total - Department of Human Services	\$2,771,008		\$2,771,008	\$2,631,008		\$2,631,008
Aeronautics Commission (412)						
International Peace Garden airport runway rejuvenation		\$100,000	\$100,000		\$100,000	\$100,000
International Peace Garden airport lighting and fencing		230,000	230,000		230,000	230,000
Total - Aeronautics Commission		\$330,000	\$330,000		\$330,000	\$330,000
Highway Patrol (504)						
Repairs to law enforcement training academy facility	\$105,000	\$16,000	\$121,000	\$105,000	\$16,000	\$121,000
Total - Highway Patrol	\$105,000	\$16,000	\$121,000	\$105,000	\$16,000	\$121,000
Department of Corrections and Rehabilitation (530)						
State Penitentiary repair and maintenance projects	\$981,696		\$981,696	\$1,381,696		\$1,381,696
James River Correctional Center repair and maintenance projects	872,750		872,750	872,750		872,750
Youth Correctional Center repair and maintenance projects	425,000		425,000	425,000		425,000
Total - Department of Corrections and Rehabilitation	\$2,279,446		\$2,279,446	\$2,679,446		\$2,679,446
Adjutant General (540)						
Federal construction projects		\$8,000,000	\$8,000,000		\$8,000,000	\$8,000,000
Total - Adjutant General		\$8,000,000	\$8,000,000		\$8,000,000	\$8,000,000
North Dakota State University Main Research Center (640)						
Building exterior repair	\$268,093		\$268,093	\$268,093		\$268,093
Interior repair	268,093		268,093	268,093		268,093
Mechanical/electrical repair	268,093		268,093	268,093		268,093
Paving and area lighting	134,046		134,046	134,046		134,046
Structural repair	134,047		134,047	134,047		134,047
Utilities/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 Fair Association (665)						
Flood damage repairs at the fairgrounds	\$3,500,000		\$3,500,000	\$2,750,000		\$2,750,000
Total - State Fair Association	\$3,500,000		\$3,500,000	\$2,750,000		\$2,750,000

Agency or Institution	2013-15 Executive Budget Recommendations			2013-15 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
State Historical Society (701)						
Historic site repairs	\$259,721		\$259,721	\$259,721		\$259,721
Historic site exhibits	65,000		65,000	50,000		50,000
Project pool				450,000		450,000
Traveling exhibits	250,000		250,000			
Total - State Historical Society	\$574,721		\$574,721	\$759,721		\$759,721
Game and Fish Department (720)						
Department facility repairs		\$485,891	\$485,891		\$485,891	\$485,891
Fishing area projects		467,980	467,980		467,980	467,980
Shooting range improvements		425,000	425,000		425,000	425,000
Miscellaneous repairs and maintenance		135,000	135,000		135,000	135,000
Wildlife management area improvements		148,170	148,170		148,170	148,170
Total - Game and Fish Department		\$1,662,041	\$1,662,041		\$1,662,041	\$1,662,041
Parks and Recreation Department (750)						
Beaver Lake State Park repairs and maintenance	\$84,000		\$84,000	\$84,000		\$84,000
Cross Ranch State Park repairs and maintenance	37,800		37,800	37,800		37,800
Fort Abraham Lincoln State Park repairs and maintenance	32,500		32,500	32,500		32,500
Fort Ransom State Park repairs and maintenance	95,000		95,000	95,000		95,000
Fort Stevenson State Park repairs and maintenance	71,500	\$10,000	81,500	71,500	\$10,000	81,500
Grahams Island State Park repairs and maintenance	70,000		70,000	70,000		70,000
Icelandic State Park repairs and maintenance	77,800		77,800	77,800		77,800
Lake Metigoshe State Park multi trails rehabilitation	13,000		13,000	13,000		13,000
Lake Sakakawea State Park repairs and maintenance	112,200	42,800	155,000	112,200	42,800	155,000
Lewis and Clark State Park repairs and maintenance	82,794	90,000	172,794	82,794	90,000	172,794
Little Missouri State Park repairs and maintenance	107,200		107,200	107,200		107,200
Turtle River State Park shingle replacement	51,300	40,000	91,300	51,300	40,000	91,300
Sewer lift station repairs at various state parks	40,000		40,000	40,000		40,000
Total - Parks and Recreation Department	\$875,094	\$182,800	\$1,057,894	\$875,094	\$182,800	\$1,057,894
Department of Transportation (801)						
Asbestos abatement in Highway Building		\$6,000,000	\$6,000,000		\$6,000,000	\$6,000,000
Total - Department of Transportation		\$6,000,000	\$6,000,000		\$6,000,000	\$6,000,000
Total extraordinary repairs	\$42,639,701	\$18,107,551	\$60,747,252	\$45,286,701	\$18,107,551	\$63,394,252

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, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Actual Payments	2013-15 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 State 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	\$1,838,699	\$0	\$0	\$0	\$0	\$0
1991 Legislative Assembly approved: Department of Human Services - Southeast Human Service Center (\$2,475,000)									
1993 Legislative Assembly approved: North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments (\$8,423,061) 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)	2012 Series A facilities improvement refunding bonds used to refund the 2002 Series C lease revenue refunding bonds used to refund 1993 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2013)	13,333,061 ¹	10,665,000	2,296,973	2,315,238	969,000	4,180,000	950,000	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Actual Payments	2013-15 Estimated Payments			
Youth Correctional Center - Building demolition and asbestos removal (\$250,000) 1995 Legislative Assembly approved: Bismarck State College - Science and mathematics center (\$8,060,000) University of North Dakota (UND) - Abbott Hall renovations (\$2,371,769) North Dakota State University (NDSU) - Emission control renovations on power plant (\$2,145,000) Dickinson State University - Klinefelter Hall renovations (\$2,750,000)	2012 Series A facilities improvement refunding bonds used to refund the 2002 Series D lease revenue refunding bonds used to refund 1995 Series A State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2015)	15,326,769 ²	16,425,000	2,868,259	2,970,800	2,562,500	7,915,000	3,655,000	1,265,000
1997 Legislative Assembly approved: North Dakota 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 State 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 ^{3,4}	9,750,000	1,631,463	1,957,998	2,002,200	7,330,000	5,800,000	4,140,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Actual Payments	2013-15 Estimated Payments			
1999 Legislative Assembly approved: NDSU - Animal facility (\$2,207,500) Youth Correctional Center - Pine Cottage (\$1,475,000)									
1999 Legislative Assembly approved: Williston State College - Health and Wellness Center (\$3,000,000)	2006 Series B State Building Authority revenue refunding bonds (4.15% - 16-year bonds) - Used to refund a portion of the 2001 Series A State Building Authority revenue bonds (2022) - Remaining 2001 Series A State Building Authority revenue bonds (4.13% to 4.35%) (2010)	10,850,000 ⁵	9,770,000	1,862,150	2,068,704	2,085,494	9,650,000	8,325,000	6,870,000
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)	2010 Series A and 2010 Series B bonds refunded the 2002 Series A State Building Authority revenue bonds (2% to 4% - 12-year bonds) (2022)	5,002,000 ⁶	6,035,000	901,381	933,524	923,550	4,560,000	3,885,000	3,190,000
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)	2012 Series A facilities improvement refunding bonds used to refund the 2003 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2021)	11,645,237 ⁷	13,080,000 ⁸	2,023,087	2,080,983	1,764,426	9,680,000	7,280,000	5,825,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Actual Payments	2013-15 Estimated Payments			
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)									
2005 Legislative Assembly approved:									
Office of Management and Budget - Fire suppression system (\$3,155,000)	2005 Series A State Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000 ⁹	5,338,237	6,063,634	6,082,438	34,500,000	30,740,000	26,845,000
Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691)									
NDSU - Hazardous material handling and storage facility (\$3,500,000)									
North Dakota State College of Science - Electrical distribution (\$736,000)									
Dickinson State College - Murphy Hall (\$4,100,557)									
Minot State University - Bottineau - Thatcher Hall addition (\$2,500,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Actual Payments	2013-15 Estimated Payments			
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)									
State Historical Society and Heritage Center - Research collections expansion (\$5,500,000)									
Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Actual Payments	2013-15 Estimated Payments			
2009 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)	2,355,000	2,355,000	0	116,042	142,615	2,355,000	2,355,000	2,355,000
Veterans' Home - (\$630,000) - Series B	2010 Series B State Building Authority facilities improvement bonds (2% to 4% - 12-year bonds) - Used to fund a portion of the Veterans' Home project and to refund a portion of the 2002 Series A bond - Job Service North Dakota and State Department of Health (2022)	630,000	630,000	0	260,842	266,225	390,000	135,000	0
Total		\$116,047,815	\$118,005,000	\$18,760,249	\$18,767,765	\$16,798,448	\$80,560,000	\$63,125,000	\$50,490,000
Breakdown of payments									
General fund				\$17,036,150 ¹⁰	\$16,910,481 ¹⁰	\$15,631,926 ¹⁰			
Agency contributions				1,724,099	1,857,284	1,166,522			
Total				\$18,760,249	\$18,767,765	\$16,798,448			

¹House Bill No. 1020 (1993) included a section stating up to a total of \$1,990,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$1,990,000 by each entity is:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium
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 \$2,550,000 appropriated from bond proceeds for the Minot State University Memorial Library renovation, House Bill No. 1020 also appropriated \$4,800,000 from federal or other funds. The total amount appropriated for the library renovation was \$7,350,000.

Job Service North Dakota makes the entire bond payment, principal and interest, on the \$1,735,000 for the Grand Forks office building.

²Senate Bill No. 2030 (1995) included a section stating up to a total of \$2,206,769 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$2,206,769 by each institution is:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium
Bismarck State College	Science and mathematics center	\$1,060,000	\$1,060,000
UND	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.

³Senate 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 NDSU project was delayed until the 1999 legislative session. The UND project was handled through a separate bond issue (see 1998 Series C bond issue).

⁴House 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 \$4,415,000.

In addition to the \$1,475,500 appropriated from bond proceeds for the Youth Correctional Center Pine Cottage project, House Bill No. 1022 also appropriated \$500,000 of federal or other funds. The total amount appropriated for the Pine Cottage project was \$1,975,000.

⁵House Bill No. 1022 (1999) included a section stating 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 \$3,000,000, \$1,500,000 is to be provided for the project before construction may begin, and the remaining \$1,500,000 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 paid \$1.5 million through the end of the 2009-11 biennium.

Senate Bill No. 2023 (2001) included a section stating \$2,299,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the renovation of Old Main. Minot State University's local responsibility is to be paid in 10 annual payments with each of the first 2 annual payments being \$315,000 and each of the remaining 8 annual payments being \$208,625. Minot State University paid \$2,229,000 through the end of the 2011-13 biennium with \$0 remaining.

⁶Senate Bill No. 2023 (2001) included a section stating \$2,302,000 (Job Service North Dakota) and \$1,755,000 (State Department of Health) must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the two projects.

The State Department of Health received authority from the Emergency Commission to receive and spend federal funds in the amount of \$823,878 in the capital improvements line item for the laboratory addition. The request was needed to cover the increase in the per square footage costs of \$338,817 and for the 1,700 square feet of additional space at \$485,061.

⁷House 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.

⁸This 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.

⁹Senate 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.

¹⁰North Dakota Century Code Section 54-17.2-23 provided 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 Legislative Assembly in 1993 repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1995 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 Legislative Assembly in 1997 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 Legislative Assembly in 2001 clarified the statute to provide 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 2011-13 through 2019-21 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 2011 revenue forecast for the 2011-13 biennium, and the February 2013 revenue forecast for the 2013-15 biennium, with a 4 percent growth in sales tax revenues for future bienniums and no payments of non-general fund amounts):

Biennium	Total Payments	Other Funds	General Fund	Ten Percent of the Equivalent of One Percent	Estimated Excess General Fund Resources Available for Bond Payments
2011-13	\$18,767,765	\$1,857,284	\$16,910,481	\$34,236,400	\$17,325,919
2013-15	\$16,798,448*	\$1,166,522	\$15,631,926	\$61,759,540	\$46,127,614
2015-17	\$14,640,819*	\$1,102,614	\$13,538,175	\$64,229,922	\$50,691,747
2017-19	\$12,802,722*	\$1,146,911	\$11,655,811	\$66,799,118	\$55,143,307
2019-21	\$11,148,742*	\$1,140,293	\$10,008,449	\$69,471,083	\$59,462,634

*The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. During the 2011-13 biennium, the 2002 Series C, 2002 Series D, and 2003 Series B bond issues were refunded into the 2012 Series A bond issue. During the 2013-15 biennium, the 2002 Series C portion of the 2012 Series A bond issue will be paid off. During the 2015-17 biennium, the 2002 Series D portion of the 2012 Series A 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

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STATE EMPLOYEES - OVERVIEW

SALARY INCREASE

The Legislative Assembly provided funding in each agency's appropriation bill and included provisions in House Bill No. 1015 for state employee salary increases. Salary increases for classified state employees include a performance component and a market equity component. The performance component provides increases from 3 to 5 percent of salaries effective July 1, 2013, and from 2 to 4 percent effective July 1, 2014. The market equity component provides increases of up to 2 percent for employees in the first quartile of their salary range and up to 1 percent for employees in the second quartile of their salary range effective July 1, 2013, and July 1, 2014.

Salary increases for nonclassified state employees must be based on performance and market and are to be from 3 to 5 percent effective July 1, 2013, and from 2 to 4 percent effective July 1, 2014.

Salary increases are not to be the same percentage increase for each employee. Employees whose documented performance levels do not meet standards are not eligible for any salary increase.

COMPENSATION PHILOSOPHY STATEMENT

The Legislative Assembly in 2011 approved House Bill No. 1031 which created a new section to North Dakota Century Code Chapter 54-44.3 providing for a compensation philosophy statement.

The compensation philosophy statement provides 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. The Legislative Assembly approved 2013 House Bill No. 1015 setting the compensation ratio goal for the compensation program at 95 percent of the market policy point.

RETIREMENT CONTRIBUTIONS

The Legislative Assembly provided for an increase in contributions to the retirement system of a 1 percent state and 1 percent employee increase on

January 1, 2014, and no increase on January 1, 2015. The state contribution to retirement for eligible employees after January 1, 2014, will be 11.12 percent of salary and the employee contribution will be 3 percent of salary. In addition, the state contributes 1.14 percent of salary to the state employee retiree health credit program.

HIGHER EDUCATION

The Legislative Assembly authorized, in Section 36 of Senate Bill No. 2003, 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 the Office of Management and Budget prior to the submission of the 2015-17 budget request.

The appropriation for the North Dakota University System office and the Forest Service includes general fund support for a 4 percent salary increase in July 2013, a 3 percent salary increase in July 2014, the state share of a retirement contribution increase of 1 percent with an employee matching contribution of 1 percent in January 2014, and health insurance premium increases.

The Legislative Assembly does not provide higher education institutions with specific funding for salary or benefit increases. The increases are to be provided from inflation funding adjustments provided to institutions. The 2013-15 legislative appropriation for University System institutions includes an annual inflation adjustment of 5 percent which is to be used in part to provide campus employee salary and benefit increases.

ELECTED AND APPOINTED OFFICIALS

The Legislative Assembly provided funding for elected and appointed officials' salary increases equal to 4 percent of salaries effective July 1, 2013, and 3 percent of salaries effective July 1, 2014. Specific language regarding the salary increases is included in House Bill No. 1015, and the statutory changes necessary are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The Legislative Assembly approved a 4 percent salary increase effective July 1, 2013, and a 3 percent salary increase effective July 1, 2014, 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 nonclassified state employees, or a 3 to 5 percent salary increase effective July 1, 2013, and a 2 to 4 percent salary increase effective July 1, 2014. 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 \$981.69 per month for employee health insurance (an increase of \$95.07, or 10.7 percent, compared to the 2011-13 premium of \$886.62). 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
2013-15	\$982

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes for the 2013-15 biennium, excluding higher education.

	General Fund	Special Funds	Total
Performance based salary increase - From 3 to 5 percent in July 2013 and 2 to 4 percent in July 2014	\$33,078,111	\$29,389,061	\$62,467,172
Market equity salary increase - Up to 2 percent for employees in the first quartile and up to 1 percent for employees in the second quartile in July 2013 and July 2014	8,190,768	5,162,677	13,353,445
Health insurance premium increase of \$95 per month	11,127,312	9,700,989	20,828,301
State share of the retirement contribution increase - 1 percent state, 1 percent employee - January 2014	3,896,956	3,519,793	7,416,749
Total	\$56,293,147	\$47,772,520	\$104,065,667

FULL-TIME EQUIVALENT POSITIONS

The legislative appropriations for the 2013-15 biennium include funding for 11,484.48 FTE positions, 144.32 FTE positions more than the 2011-13 authorized level and 20.25 FTE positions less than the executive recommendation.

The schedule below lists the number of authorized FTE positions for each biennium since the 1991-93 biennium.

Biennium	FTE Positions	Increase (Decrease) From Previous Biennium	Percentage Increase (Decrease) From Previous Biennium
1991-93	12,159.50	51.48	0.4%
1993-95	12,149.98	(9.52)	(0.1%)
1995-97	11,290.53 ¹	(859.45) ¹	(7.1%)
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 ²	(874.74) ²	(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	11,340.16	164.52	1.5%
2013-15	11,484.48	144.32	1.3%

¹Reflects 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).

²The FTE position 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 LEGISLATIVE ASSEMBLY IN 2013 FOR THE 2013-15 BIENNIUM

<u>Comparison to 2011-13 Biennium</u>				<u>Comparison to Executive Budget</u>		
2011-13 FTE Positions	2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Position Increase (Decrease)	Executive Recommendation 2013-15 FTE Positions	2013-15 FTE Positions	Increase (Decrease)
GENERAL GOVERNMENT						
18.00	18.00	0.00	101 - Governor's office	18.00	18.00	0.00
28.00	31.00	3.00	108 - Secretary of State	31.00	31.00	0.00
131.50	130.50	(1.00)	110 - Office of Management and Budget	131.50	130.50	(1.00)
336.30	340.30	4.00	112 - Information Technology Department	340.30	340.30	0.00
50.80	53.80	3.00	117 - State Auditor	52.80	53.80	1.00
7.00	8.00	1.00	120 - State Treasurer	8.00	8.00	0.00
204.00	213.50	9.50	125 - Attorney General	211.50	213.50	2.00
134.00	134.00	0.00	127 - Tax Department	134.00	134.00	0.00
5.00	5.00	0.00	140 - Office of Administrative Hearings	5.00	5.00	0.00
34.00	37.00	3.00	160 - Legislative Council	34.00	37.00	3.00
344.00	363.00	19.00	180 - Judicial branch	359.00	363.00	4.00
30.00	33.00	3.00	188 - Commission on Legal Counsel for Indigents	33.00	33.00	0.00
18.00	19.00	1.00	190 - Retirement and Investment Office	18.00	19.00	1.00
33.00	33.00	0.00	192 - Public Employees Retirement System	33.00	33.00	0.00
<u>1,373.60</u>	<u>1,419.10</u>	<u>45.50</u>	TOTAL GENERAL GOVERNMENT	<u>1,409.10</u>	<u>1,419.10</u>	<u>10.00</u>
OTHER EDUCATION						
99.75	99.75	0.00	201 - Department of Public Instruction	99.75	99.75	0.00
24.75	31.00	6.25	226 - Department of Trust Lands	31.00	31.00	0.00
29.75	29.75	0.00	250 - State Library	29.75	29.75	0.00
43.94	44.61	0.67	252 - School for the Deaf	44.61	44.61	0.00

Comparison to 2011-13 Biennium				Comparison to Executive Budget		
2011-13 FTE Positions	2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Position Increase (Decrease)	Executive Recommendation 2013-15 FTE Positions	2013-15 FTE Positions	Increase (Decrease)
29.50	30.00	0.50	253 - North Dakota Vision Services - School for the Blind	29.50	30.00	0.50
27.50	27.00	(0.50)	270 - State Board for Career and Technical Education	27.00	27.00	0.00
<u>255.19</u>	<u>262.11</u>	<u>6.92</u>	TOTAL OTHER EDUCATION	<u>261.61</u>	<u>262.11</u>	<u>0.50</u>
HEALTH AND WELFARE						
344.00	354.00	10.00	301 - State Department of Health	354.00	354.00	0.00
5.00	8.00	3.00	305 - Tobacco Prevention and Control Executive Committee	5.00	8.00	3.00
120.72	120.72	0.00	313 - Veterans' Home	120.72	120.72	0.00
4.00	5.00	1.00	316 - Indian Affairs Commission	5.00	5.00	0.00
7.00	8.00	1.00	321 - Department of Veterans' Affairs	8.00	8.00	0.00
487.60	494.60	7.00	325 - Department of Human Services (excluding State Hospital and Developmental Center)	490.60	494.60	4.00
392.76	392.55	(0.21)	Department of Human Services - Developmental Center	392.55	392.55	0.00
460.51	457.45	(3.06)	Department of Human Services - State Hospital	457.45	457.45	0.00
856.48	856.48	0.00	Department of Human Services - Human service centers	856.48	856.48	0.00
28.50	27.50	(1.00)	360 - Protection and Advocacy Project	27.50	27.50	0.00
261.76	250.76	(11.00)	380 - Job Service North Dakota	250.76	250.76	0.00
<u>2,968.33</u>	<u>2,975.06</u>	<u>6.73</u>	TOTAL HEALTH AND WELFARE	<u>2,968.06</u>	<u>2,975.06</u>	<u>7.00</u>
REGULATORY						
49.50	49.50	0.00	401 - Insurance Department	49.50	49.50	0.00
74.06 ¹	98.75	24.69	405 - Industrial Commission	98.75	98.75	0.00
12.00	13.00	1.00	406 - Labor Commissioner	13.00	13.00	0.00
43.00	44.00	1.00	408 - Public Service Commission	43.00	44.00	1.00
6.00	6.00	0.00	412 - Aeronautics Commission	6.00	6.00	0.00

<u>Comparison to 2011-13 Biennium</u>				<u>Comparison to Executive Budget</u>		
2011-13 FTE Positions	2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Position Increase (Decrease)	Executive Recommendation 2013-15 FTE Positions	2013-15 FTE Positions	Increase (Decrease)
29.00	29.00	0.00	413 - Department of Financial Institutions	29.00	29.00	0.00
9.00	9.00	0.00	414 - Securities Department	9.00	9.00	0.00
176.50	179.50	3.00	471 - Bank of North Dakota	179.50	179.50	0.00
46.00	46.00	0.00	473 - Housing Finance Agency	46.00	46.00	0.00
131.00	135.00	4.00	475 - Mill and Elevator Association	135.00	135.00	0.00
247.14	250.14	3.00	485 - Workforce Safety and Insurance	250.14	250.14	0.00
<u>823.20</u>	<u>859.89</u>	<u>36.69</u>	TOTAL REGULATORY	<u>858.89</u>	<u>859.89</u>	<u>1.00</u>
			PUBLIC SAFETY			
198.00	213.00	15.00	504 - Highway Patrol	213.00	213.00	0.00
794.29	814.29	20.00	530 - Department of Corrections and Rehabilitation	814.29	814.29	0.00
242.00	246.00	4.00	540 - Adjutant General	246.00	246.00	0.00
<u>1,234.29</u>	<u>1,273.29</u>	<u>39.00</u>	TOTAL PUBLIC SAFETY	<u>1,273.29</u>	<u>1,273.29</u>	<u>0.00</u>
			AGRICULTURE AND ECONOMIC DEVELOPMENT			
68.25	69.25	1.00	601 - Department of Commerce	69.25	69.25	0.00
77.00	77.00	0.00	602 - Department of Agriculture	77.00	77.00	0.00
30.00	0.00	(30.00)	616 - State Seed Department The State Seed Department spends its funding pursuant to a continuing appropriation; therefore, its FTE positions are no longer specifically authorized by the Legislative Assembly.	0.00	0.00	0.00
51.75 ²	53.75	2.00	627 - Upper Great Plains Transportation Institute	53.75	53.75	0.00
103.04 ²	107.04	4.00	628 - Branch research centers	107.04	107.04	0.00
256.26 ²	258.26	2.00	630 - North Dakota State University Extension Service	258.26	258.26	0.00
12.00 ²	12.00	0.00	638 - Northern Crops Institute	12.00	12.00	0.00
349.01 ²	351.49	2.48	640 - Main Research Center	351.49	351.49	0.00

Comparison to 2011-13 Biennium			Comparison to Executive Budget			
2011-13 FTE Positions	2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Position Increase (Decrease)	Executive Recommendation 2013-15 FTE Positions	2013-15 FTE Positions	Increase (Decrease)
3.00 ²	3.00	0.00	649 - Agronomy Seed Farm	3.00	3.00	0.00
2.00	2.00	0.00	670 - Racing Commission	2.00	2.00	0.00
<u>952.31</u>	<u>933.79</u>	<u>(18.52)</u>	TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>933.79</u>	<u>933.79</u>	<u>0.00</u>
			NATURAL RESOURCES AND HIGHWAYS			
63.00	69.00	6.00	701 - State Historical Society	69.00	69.00	0.00
5.00	5.00	0.00	709 - Council on the Arts	5.00	5.00	0.00
157.00	158.00	1.00	720 - Game and Fish Department	157.00	158.00	1.00
54.00	55.00	1.00	750 - Parks and Recreation Department	55.00	55.00	0.00
87.00	90.00	3.00	770 - State Water Commission	90.00	90.00	0.00
1,063.50	1,079.50	16.00	801 - Department of Transportation	1,079.50	1,079.50	0.00
<u>1,429.50</u>	<u>1,456.50</u>	<u>27.00</u>	TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>1,455.50</u>	<u>1,456.50</u>	<u>1.00</u>
			SUMMARY TOTALS			
1,373.60	1,419.10	45.50	General Government	1,409.10	1,419.10	10.00
255.19	262.11	6.92	Other Education	261.61	262.11	0.50
2,968.33	2,975.06	6.73	Health and Welfare	2,968.06	2,975.06	7.00
823.20	859.89	36.69	Regulatory	858.89	859.89	1.00
1,234.29	1,273.29	39.00	Public Safety	1,273.29	1,273.29	0.00
952.31	933.79	(18.52)	Agriculture and Economic Development	933.79	933.79	0.00
1,429.50	1,456.50	27.00	Natural Resources and Highways	1,455.50	1,456.50	1.00
<u>9,036.42</u>	<u>9,179.74</u>	<u>143.32</u>	TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	<u>9,160.24</u>	<u>9,179.74</u>	<u>19.50</u>
			HIGHER EDUCATION			
100.31 ³	112.91	12.60	215 - North Dakota University System office	107.31	112.91	5.60
126.96 ³	126.96	0.00	227 - Bismarck State College	130.96	126.96	(4.00)
40.22 ³	40.22	0.00	228 - Lake Region State College	43.22	40.22	(3.00)
44.15 ³	44.15	0.00	229 - Williston State College	50.15	44.15	(6.00)
642.20 ³	633.60	(8.60)	230 - University of North Dakota	642.20	633.60	(8.60)

Comparison to 2011-13 Biennium

2011-13 FTE	2013-15 FTE	Increase (Decrease)	Agency/FTE Position Increase (Decrease)
156.55 ³	156.55	0.00	232 - University of North Dakota School of Medicine and Health Sciences
495.21 ³	491.21	(4.00)	235 - North Dakota State University
171.87 ³	171.87	0.00	238 - North Dakota State College of Science
100.32 ³	100.32	0.00	239 - Dickinson State University
62.78 ³	62.78	0.00	240 - Mayville State University
201.76 ³	201.76	0.00	241 - Minot State University
97.29 ³	97.29	0.00	242 - Valley City State University
36.12 ³	36.12	0.00	243 - Dakota College at Bottineau
28.00 ³	29.00	1.00	244 - Forest Service
<u>2,303.74</u>	<u>2,304.74</u>	<u>1.00</u>	TOTAL HIGHER EDUCATION
<u>11,340.16</u>	<u>11,484.48</u>	<u>144.32</u>	TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)

Comparison to Executive Budget

Executive Recommendation 2013-15 FTE	2013-15 FTE	Increase (Decrease)
156.55	156.55	0.00
495.21	491.21	(4.00)
173.62	171.87	(1.75)
105.32	100.32	(5.00)
65.78	62.78	(3.00)
204.76	201.76	(3.00)
100.29	97.29	(3.00)
40.12	36.12	(4.00)
29.00	29.00	0.00
<u>2,344.49</u>	<u>2,304.74</u>	<u>(39.75)</u>
<u>11,504.73</u>	<u>11,484.48</u>	<u>(20.25)</u>

¹ The 2011-13 FTE positions for the Industrial Commission do not include 2 FTE positions that the agency hired, subject to Emergency Commission approval during the 2011-13 biennium, with funding from the general fund due to the average drilling rig count exceeding 190 active rigs. The Industrial Commission is requesting continued funding from the general fund for those positions for the 2013-15 biennium.

² The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 6 of 2011 House Bill No. 1020:

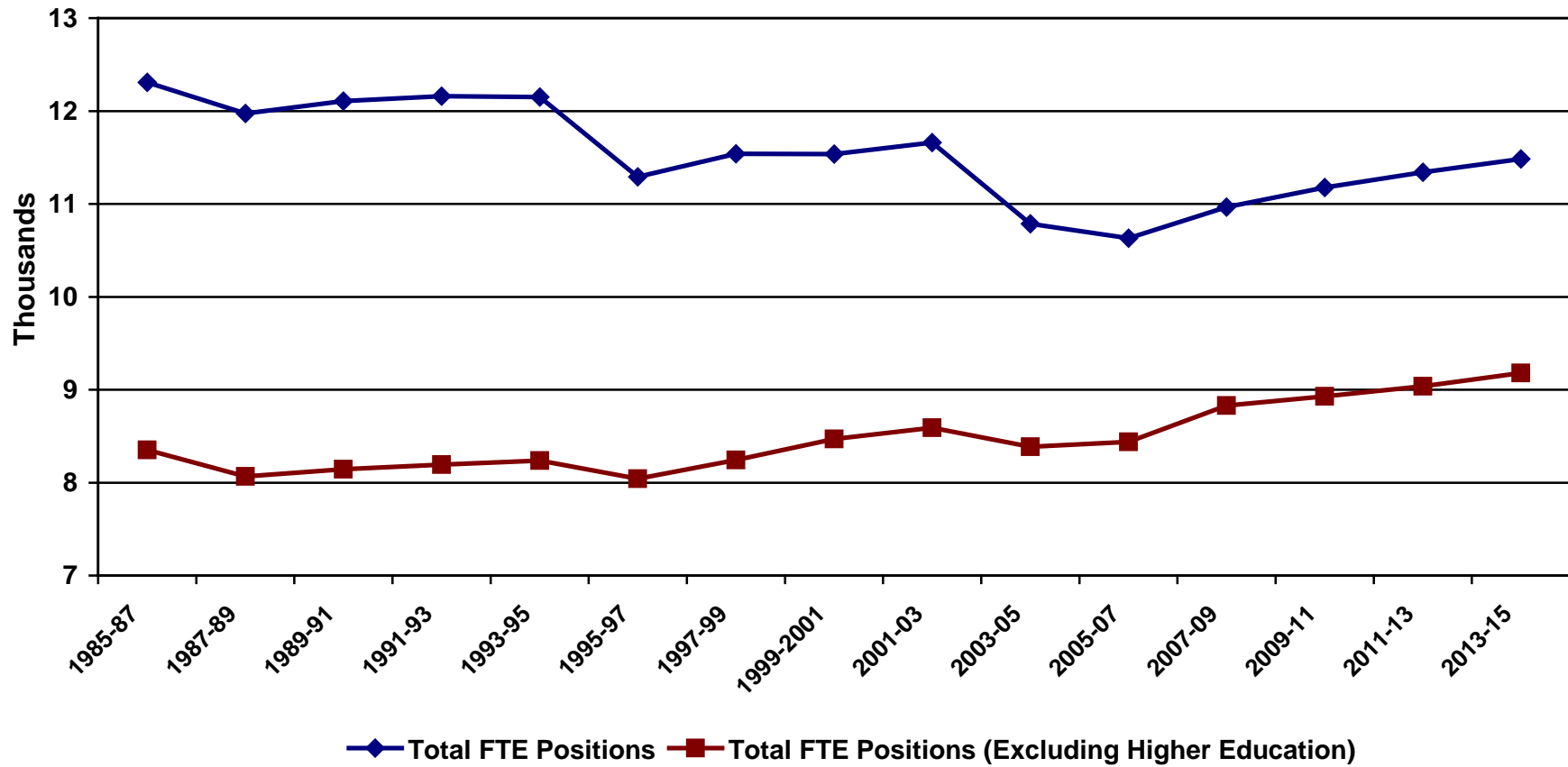
	2011-13 Legislative Authorization	Adjusted FTE Position Level	Variance
Upper Great Plains Transportation Institute	52.30	51.75	(0.55)
Branch research centers	97.49	103.04	5.55
North Dakota State University Extension Service	256.75	256.26	(0.49)
Northern Crops Institute	11.00	12.00	1.00
Main Research Center	333.26	349.01	15.75
Agronomy Seed Farm	3.00	3.00	0.00
Total	<u>753.80</u>	<u>775.06</u>	<u>21.26</u>

³ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 13 of 2011 House Bill No. 1003 to the level supported by the general fund:

	2011-13 Legislative Authorization	Adjusted FTE Position Level	Variance
North Dakota University System office	23.30	100.31	77.01
Bismarck State College	111.51	126.96	15.45
Lake Region State College	37.50	40.22	2.72
Williston State College	43.42	44.15	0.73
University of North Dakota	651.91	642.20	(9.71)
University of North Dakota School of Medicine and Health Sciences	137.43	156.55	19.12
North Dakota State University	584.88	495.21	(89.67)
North Dakota State College of Science	164.87	171.87	7.00
Dickinson State University	92.96	100.32	7.36
Mayville State University	58.72	62.78	4.06
Minot State University	187.83	201.76	13.93
Valley City State University	90.37	97.29	6.92
Dakota College at Bottineau	34.81	36.12	1.31
Forest Service	26.00	28.00	2.00
Total	<u>2,245.51</u>	<u>2,303.74</u>	<u>58.23</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 2013-15 bienniums:



Biennium	General Government	Education (Other Than Higher Education)	Higher Education	Health and Welfare	Regulatory	Public Safety	Agriculture and Economic Development	Natural Resources and Highways	Total FTE Positions	Total FTE Positions Excluding Higher Education
1985-87	915.50	396.39	3,956.84	3,393.11	996.43	552.80	802.28	1,294.50	12,307.85	8,351.01
1987-89	975.55	296.10	3,909.16	3,079.89 ¹	1,021.93	648.77	770.58	1,273.00	11,974.98	8,065.82
1989-91	916.25	309.36	3,963.02	3,028.11	1,047.94	699.27	785.57	1,357.50	12,107.02	8,144.00
1991-93	949.85	327.91	3,965.80	2,876.26	1,078.92	727.69	826.57	1,406.50	12,159.50	8,193.70
1993-95	1,016.10	322.44	3,912.91	2,794.66	1,138.81	774.04	787.02 ²	1,404.00	12,149.98	8,237.07
1995-97	1,004.42	313.38	3,249.13 ³	3,103.11 ⁴	665.50 ⁴	774.52	777.97	1,402.50	11,290.53	8,041.40
1997-99	1,039.90	312.54	3,297.30	3,124.00	696.00	894.64	817.12	1,359.50	11,541.00	8,243.70
1999-2001	1,164.00 ⁵	308.19	3,068.64 ⁶	3,099.06	723.00	954.68	856.35	1,363.00	11,536.92	8,468.28
2001-03	1,236.20	271.07	3,070.58	3,069.86	762.50	967.18	914.03	1,369.75	11,661.17	8,590.59
2003-05	1,266.70 ⁷	245.60	2,400.38 ⁸	2,852.80	767.37	995.18 ⁷	878.65	1,379.75	10,786.43 ⁹	8,386.05
2005-07	1,246.00	243.89	2,194.42	2,840.20	763.51	1,056.28	898.80	1,389.00	10,632.10	8,437.68
2007-09	1,325.00	242.69	2,136.59	2,993.75	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	1,373.60	255.19	2,303.74	2,968.33	823.20	1,234.29	952.31	1,429.50	11,340.16	9,036.42
2013-15	1,419.10	262.11	2,304.74	2,975.06	859.89	1,273.29	933.79	1,456.50	11,484.48	9,179.74

¹Reflects a phase-out of FTE positions at San Haven (258.47 FTE positions reduction) and a reduction of 46 FTE positions at the Grafton State School.

²Excludes 14.1 authorized FTE positions for commodity groups because 1993 House Bill No. 1203 provided statutory continuing appropriations for these agencies to spend funds they collect without a specific legislative appropriation.

³The state colleges and universities changed the formula for counting FTE teacher positions based on the number of months worked during the year. Those who worked 12 months were reduced from 1.2 FTE positions to 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.

⁴Job Service North Dakota and its 420.5 FTE positions were switched from **Regulatory** to **Health and Welfare**.

⁵The judicial branch added 129.5 FTE positions with the clerk of court unification.

⁶Reflects elimination of 203.3 FTE positions associated with local funds at the University of North Dakota School of Medicine and Health Sciences.

⁷Reflects an increase of 31 FTE positions in **General Government** and a corresponding reduction in **Public Safety** due to State Radio being consolidated with the Office of Management and Budget.

⁸The FTE count for higher education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

⁹House Bill No. 1505 (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 percent	6.2%
1974	4 percent	11.0%
1975	5 percent (in addition to an 11.9 percent salary adjustment)	9.1%
1976	5 percent	5.7%
1977	5 percent	6.5%
1978	5 percent	7.6%
1979	6.5 percent	11.3%
1980	6.5 percent	13.5%
1981	9 percent (in addition to a 10 percent salary adjustment)	10.3%
1982	8 percent (reduced by the Governor's budget allotments)	6.2%
1983	2 percent contribution to retirement	3.2%
1984	2 percent contribution to retirement	4.3%
1985	9.5 percent higher education faculty and senior administrative staff, 5.5 percent for all other state employees	3.5%
1986	4 percent 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 percent	3.7%
1988	0 percent	4.1%
1989	11.4 percent higher education faculty at the University of North Dakota and North Dakota State University; 9.5 percent higher education faculty at other four-year universities; 7.3 percent higher education faculty at two-year colleges; 9.1 percent 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 percent; 7.1 percent for all other state employees	4.8%
1990	7 percent higher education faculty at four-year universities, 5 percent higher education faculty at two-year colleges, 0 percent all other state employees	5.4%
1991	4 percent with a minimum of \$50 per month	4.2%
1992	\$40 per month	3.0%
1993	\$60 per month	3.0%
1994	3 percent (to the extent available from agency savings)	2.6%
1995	2 percent	2.8%
1996	3 percent (includes 1 percent for salary inequity correction and merit increases)	2.9%
1997	3 percent (includes 1.5 percent for salary inequity correction and merit increases)	2.3%
1998	3 percent (includes 1.5 percent 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 percent 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 percent with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. An additional 1 percent may be provided to the extent the increase can be paid with existing agency resources.	3.4%
2001 ¹	3 percent with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.8%
2002 ¹	2 percent with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	1.6%
2003	Up to 1 percent 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 percent 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 percent salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase.	2.3%
2004	Up to 2 percent 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 percent 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 percent	3.4%
2006	4 percent	3.2%
2007 ²	4 percent 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 ²	4 percent 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 ³	5 percent 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 ³	5 percent 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%
2011 ⁴	3 percent (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).)	3.1%
2012 ⁴	3 percent (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.)	2.1% (projected)
2013 ⁵	From 3 to 5 percent for performance equity and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range for market equity.	1.8% (projected)
2014 ⁵	From 2 to 4 percent for performance equity and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range for market equity.	2.1% (projected)

*Percentage change, consumer price index annual rate, Economy.com.

¹In addition, the Legislative Assembly in 2001 provided:
\$5 million, \$2.7 million of which is from the general fund, for market equity compensation adjustments for classified employees as approved by Human Resource Management Services.

\$4,628,824 from the general fund for equity and special needs for entities under the control of the State Board of Higher Education. A portion of this amount may be used for salary increases to address equity issues.

\$178,233, \$142,697 of which is from the general fund, for salary equity adjustments for elected and appointed officials.

²In addition, the Legislative Assembly in 2007 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.

³In addition, the Legislative Assembly in 2009 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.

⁴In addition, the Legislative Assembly in 2011 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 Legislative Assembly in 2011 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.

⁵In addition, the 2013-15 legislative appropriation for the University System office and the Forest Service includes the general fund support for a 4 percent salary increase in July 2013, a 3 percent salary increase in July 2014, the state share of a retirement contribution increase of 1 percent with an employee matching contribution of 1 percent in January 2014, and health insurance premium increases.

The Legislative Assembly in 2013 provided funding for an increase in contributions to the retirement system of a 1 percent state and 1 percent employee increase on January 1, 2014, and no increase on January 1, 2015.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The Legislative Assembly authorized 2013-15 biennium salary increases of 4 percent effective July 1, 2013, and 3 percent effective July 1, 2014, for elected officials. The statutory changes necessary to adjust elected officials' salaries are included in the appropriation bills for the respective elected officials. The schedule below shows for each elected official the salary authorized by the Legislative Assembly in 2011 and by the Legislative Assembly in 2013.

State Official	Statutory Annual Salary Authorized by the Legislative Assembly in 2011		Proposed Annual Salary Included in the 2013-15 Executive Budget Recommendation	
	Effective July 1, 2011	Effective July 1, 2012	Effective July 1, 2013	Effective July 1, 2014
Governor	\$113,594	\$117,001	\$121,681	\$125,331
Lieutenant Governor	\$88,183	\$90,829	\$94,462	\$97,296
Secretary of State	\$90,360	\$93,071	\$96,794	\$99,698
Attorney General	\$134,135	\$138,159	\$143,685	\$147,996
Superintendent of Public Instruction	\$102,868	\$105,954	\$110,192	\$113,498
Tax Commissioner	\$98,068	\$101,010	\$105,050	\$108,202
Insurance Commissioner	\$90,360	\$93,071	\$96,794	\$99,698
Public Service Commissioners (3)	\$92,826	\$95,611	\$99,435	\$102,418
Agriculture Commissioner	\$92,826	\$95,610	\$99,435	\$102,418
State Auditor	\$90,360	\$93,071	\$96,794	\$99,698
State Treasurer	\$85,330	\$87,890	\$91,406	\$94,148

The judicial branch appropriation contains the funding needed to provide salary increases of 4 percent effective July 1, 2013, and 3 percent effective July 1, 2014, for judges and justices.

For each judge or justice, the following schedule shows the current salary and the salary approved by the Legislative Assemblies in 2011 and 2013:

	Statutory Annual Salary Authorized by the Legislative Assembly in 2011		Proposed Annual Salary Included in the 2013-15 Judicial Branch Budget Request	
	Effective July 1, 2011	Effective July 1, 2012	Effective July 1, 2013	Effective July 1, 2014
Supreme Court Chief Justice	\$137,987	\$142,127	\$147,812	\$152,246
Other Supreme Court justices	\$134,135	\$138,159	\$143,685	\$147,996
District court presiding judges	\$126,460	\$130,254	\$135,464	\$139,528
Other district court judges	\$122,910	\$126,597	\$131,661	\$135,611

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 2013-15 bienniums:

State Employee Salary Increases				
Biennium	Percentage Increase	General Fund	Special Funds	Total
1999-2001	2 percent with a \$35 per month minimum on July 1, 1999, and 2 percent with a \$35 per month minimum on July 1, 2000	\$17,681,836	\$9,633,401	\$27,315,237
2001-03	3 percent with a \$35 per month minimum on July 1, 2001, and 2 percent with a \$35 per month minimum on July 1, 2002	\$27,043,178	\$12,493,632	\$39,536,810
2003-05	Up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005 (based on the elimination of positions and savings from vacant positions)	\$0	\$0	\$0
2005-07	4 percent on July 1, 2005, and 4 percent on July 1, 2006	\$19,778,486	\$21,746,666	\$41,525,152
2007-09	4 percent with a \$75 per month minimum on July 1, 2007, and 4 percent with a \$75 per month minimum on July 1, 2008	\$23,372,817	\$22,505,911	\$45,878,728
2009-11	5 percent with a \$100 per month minimum on July 1, 2009, and 5 percent with a \$100 per month minimum on July 1, 2010	\$36,821,006	\$31,667,339	\$68,488,345
2011-13	3 percent on July 1, 2011, and 3 percent on July 1, 2012	\$23,920,117	\$20,892,142	\$44,812,259
2013-15	From 3 to 5 percent on July 1, 2013, and from 2 to 4 percent on July 1, 2014, for performance and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range in July 2013 and July 2014 for market equity	\$41,268,879	\$34,551,738	\$75,820,617

State Employee Health Insurance Increases						
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
2013-15	\$982	\$95	10.7%	\$11,127,312	\$9,700,989	\$20,828,301

INFORMATION TECHNOLOGY PROJECTS FOR THE 2013-15 BIENNIUM¹

Agency or Institution	Project	2013-15 Executive Budget Recommendation			2013-15 Legislative Appropriations		
		General Fund	Other Funds	Total	General Fund	Other Funds	Total
112 - Information Technology Department	Electronic case file information system (Criminal Justice Information Sharing Initiative)	\$545,630		\$545,630	\$1,145,630		\$1,145,630
125 - Attorney General	Identification, arrest, and prosecution improvement		\$2,340,050	\$2,340,050		\$2,340,050	\$2,340,050
127 - Tax Commissioner	Taxpayer access point (business registration and webfile)	\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
325 - Department of Human Services	Field services electronic health record information system replacement	\$5,000,000		\$5,000,000	\$2,500,000		\$2,500,000
	Mainframe migration analysis	148,907	\$661,093	810,000	148,907	\$661,093	810,000
	Time and attendance system replacement	396,237	179,405	575,642	396,237	179,405	575,642
	Total - Department of Human Services	\$5,545,144	\$840,498	\$6,385,642	\$3,045,144	\$840,498	\$3,885,642
380 - Job Service North Dakota	Unemployment insurance modernization (also known as Wyoming, Colorado, Arizona, and North Dakota (WyCAN) unemployment insurance modernization)		\$17,707,000	\$17,707,000		\$17,707,000	\$17,707,000
	Workforce Data Quality Initiative		700,000	700,000		700,000	700,000
	Total - Job Service North Dakota		\$18,407,000	\$18,407,000		\$18,407,000	\$18,407,000
485 - Workforce Safety and Insurance	Data warehousing		\$2,000,000	\$2,000,000			
	Web portal		1,500,000	1,500,000			
	Policy replacement		1,225,000	1,225,000			
	Various information technology projects determined by agency and a business process analysis				\$4,725,000		\$4,725,000
	Total - Workforce Safety and Insurance		\$4,725,000	\$4,725,000		\$4,725,000	\$4,725,000
540 - Adjutant General	Computer-aided dispatch upgrade	\$340,000		\$340,000	\$340,000		\$340,000
	Statewide seamless baseline map - Phase 3	1,300,000	\$500,000	1,800,000	650,000	\$500,000	1,150,000
	Total - Adjutant General	\$1,640,000	\$500,000	\$2,140,000	\$990,000	\$500,000	\$1,490,000
801 - Department of Transportation	Automatic vehicle location (AVL)		\$394,375	\$394,375		\$394,375	\$394,375
	Motor vehicle registration and titling system replacement		9,663,500	9,663,500		9,663,500	9,663,500
	eTransit		383,450	383,450		383,450	383,450
	Total - Department of Transportation		\$10,441,325	\$10,441,325		\$10,441,325	\$10,441,325
Total		\$8,730,774	\$37,253,873	\$45,984,647	\$6,180,774	\$37,253,873	\$43,434,647

¹North 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 26, 2012, and prioritized information technology projects for the 2013-15 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 2013-15 executive budget recommendation and funded by the Legislative Assembly in 2013:

General Fund Projects				
	Project	Agency	Included in Executive Budget Recommendation	Funding Provided by Legislative Assembly in 2013
1	Statewide seamless base map	Adjutant General (Department of Emergency Services)	Yes	Yes
2	Computer-aided dispatch upgrade	Adjutant General (Department of Emergency Services)	Yes	Yes
3	Field services electronic health record information system replacement	Department of Human Services	Yes	Yes - 50 percent
4	Taxpayer access point (business registration and webfile)	Tax Department	Yes	Yes
5	Electronic case file information system	Information Technology Department	Yes	Yes
6	Mainframe migration analysis	Department of Human Services	Yes	Yes
7	Time and attendance system replacement	Department of Human Services	Yes	Yes

Special Funds and Federal Funds Projects				
	Project	Agency	Included in Executive Budget Recommendation	Funding Provided by Legislative Assembly in 2013
1	Identification, arrest, and prosecution improvement	Attorney General	Yes	Yes
2	Motor vehicle registration and titling system replacement	Department of Transportation	Yes	Yes
3	Unemployment insurance modernization	Job Service North Dakota	Yes	Yes
4	Automated vehicle location system	Department of Transportation	Yes	Yes
5	Policy replacement	Workforce Safety and Insurance	Yes	Yes
6	eTransit	Department of Transportation	Yes	Yes

SECTION L - TRUST FUND ANALYSES

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ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning cash balance ¹		\$9,646,702		\$2,645,702
Add estimated revenues				
Investment interest	\$10,000		\$2,000	
General fund appropriation (2011 HB 1014)	1,400,000			
Transfer from Bank of North Dakota (2013 SB 2014)			6,000,000	
Total estimated revenues		1,410,000		6,002,000
Total available		\$11,056,702		\$8,647,702
Less estimated expenditures and transfers				
Buydown interest disbursed	\$4,400,000		\$6,000,000	
Transfer to the flex PACE fund	4,000,000			
Public Service Commission for the rail rate complaint case (2011 SB 2008) (2013 HB 1008)	0 ²		900,000 ²	
ENVEST program (2007 HB 1135)	0 ³		965,489 ³	
Audit fees	11,000		12,000	
Total estimated expenditures and transfers		8,411,000		7,877,489
Estimated ending cash balance		\$2,645,702		\$770,213

¹In June 2011 the Bank of North Dakota purchased the remaining beginning farmer chattel and real estate loans from the beginning farmer revolving loan fund to replenish the cash position of the fund.

²Public 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, respectively. A rail rate complaint case was not filed during the 2005-07, 2007-09, or 2009-11 biennium, and no cases are anticipated to be filed during the 2011-13 and 2013-15 bienniums. Senate Bill No. 2008 (2011) and House Bill No. 1008 (2013) provide an appropriation of \$900,000 from the beginning farmer revolving loan fund to the Public Service Commission for the rail rate complaint case for the 2011-13 and 2013-15 bienniums.

³ENVEST 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 and 2011-13 bienniums leaving \$965,489 available for the 2013-15 biennium.

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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$2,802,006		\$2,968,921
Add estimated revenues				
Investment income	\$300,000		\$300,000	
State bonding fund claims collections	55,000		50,000	
Game and fish bonds	6,400		7,000	
Total estimated revenues		361,400		357,000
Total available		\$3,163,406		\$3,325,921
Less estimated expenditures and transfers				
Claim liabilities/payments/writeoffs	\$135,000		\$150,000	
Claims-related expenses	10,000		20,000	
Investment expense	9,500		10,000	
Administration	39,985		45,199	
Total estimated expenditures and transfers		194,485		225,199
Estimated ending balance		<u>\$2,968,921</u>		<u>\$3,100,722</u>

FUND HISTORY

The state bonding fund was created in 1915 and is maintained for bond coverage of public employees. The state bonding fund is managed by the Insurance Commissioner, and the amount of coverage provided to each state agency, department, industry, and institution is determined by the commissioner based upon the amount of money and property handled and the opportunity for default. North Dakota Century Code Section 26.1-21-09 provides that premiums for bond coverage are to be determined by the Insurance Commissioner but can be waived if the state bonding fund's balance is in excess of \$2 million. No premium has been charged, possibly since 1953, because the bonding fund's balance has exceeded the minimum level established by the Legislative Assembly.

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
	Beginning balance		\$386,351,110	
Add estimated revenues				
Investment income	\$16,134,104 ¹		\$0 ⁴	
Transfer from general fund	181,060,585 ²		0	
Total estimated revenues		197,194,689		0
Total available		\$583,545,799		\$583,545,799
Less estimated expenditures and transfers				
None				
Total estimated expenditures and transfers		0 ³		0 ³
Estimated ending balance		<u>\$583,545,799</u>		<u>\$583,545,799</u>

¹The Legislative Assembly in the November 2011 special session increased general fund appropriations for the 2011-13 biennium by \$169,832,688 from \$4,066,853,792 to \$4,236,686,460 resulting in a \$16.1 million increase in the maximum balance allowed in the budget stabilization fund. Therefore, interest and investment earnings of the fund will be retained in the fund until the cap is reached.

²North Dakota Century Code Chapter 54-27.2 provides 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 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 estimated June 30, 2013, general fund balance of \$1,653,858,821 and a maximum balance allowed in the fund of \$583,545,799 based on 2013-15 biennium general fund appropriations of \$6,862,587,354 less \$720,000,000 appropriated in 2013 Senate Bill No. 2176, which is excluded from the calculation pursuant to provisions of Section 5 of 2013 House Bill No. 1015. The executive budget anticipated a June 30, 2013, transfer from the general fund of \$52,201,124 based on executive budget estimates of a June 30, 2013, general fund balance of \$121,183,167 after other recommended transfers to the highway fund, housing incentive fund, and property tax relief fund and the recommended 2013-15 biennium general fund appropriations of \$4,786,171,981.

³No transfers from the budget stabilization fund are anticipated.

⁴Interest 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.

FUND HISTORY

The budget stabilization fund was established by the Legislative Assembly in 1987 House Bill No. 1596. Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section currently provides 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 Legislative Assembly approved 2011 House Bill No. 1451 which decreased, effective July 1, 2011, the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides 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 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 (OMB) projects 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 OMB. Any transfer made must be reported to the Budget Section.

ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium ¹		2013-15 Biennium ¹	
Beginning balance		\$3,367,502		\$1,811,963
Add estimated revenues				
Investment income	\$22,441		\$6,301	
Rentals, royalties, and bonuses	1,200,566		1,193,230	
Total estimated revenues		1,223,007		1,199,531
Total available		\$4,590,509		\$3,011,494
Less estimated expenditures and transfers				
Administrative expenses	\$48,013		\$58,633	
Income payments to counties	5,533 ²		6,006 ²	
Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 49-10-02 ³)	100,000		175,000	
Capitol Grounds Planning Commission operating expenses (2011 SB 2015; 2013 HB 1015)	25,000		25,000	
Office of Management and Budget Capitol projects (2011 SB 2015)	2,600,000 ⁴		0 ⁴	
Total estimated expenditures and transfers		2,778,546		264,639
Estimated ending balance		<u>\$1,811,963</u>		<u>\$2,746,855</u>

¹The analysis reflects the legislative appropriations for the 2011-13 and 2013-15 bienniums and does not include the land owned by the fund.

²The Legislative Assembly in 1999 approved Senate Bill No. 2088, which provides 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.

³Section 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 section was amended by 2013 House Bill No. 1015 to increase the amount of the maximum continuing appropriation to \$175,000 per biennium beginning with the 2013-15 biennium. 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.

⁴Funding of \$2.6 million was appropriated from the Capitol building fund by the Legislative Assembly in 2011 for the following capital projects:

- Legislative wing brass and wood restoration (\$1,000,000).
- Capitol Café and hallway remodel (\$700,000).
- Capitol south entrance remodeling (\$900,000).

Depending on the progress of the capital projects, a portion of the funding for the projects may not be used until the 2013-15 biennium.

**ANALYSIS OF THE CENTERS OF EXCELLENCE FUND
FOR THE 2011-13 AND 2013-15 BIENNIUMS**

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$22,998,197		\$10,786,876
Add estimated revenues				
Transfer from the general fund				
Investment income	\$35,000		\$9,500	
Total estimated revenues		35,000		9,500
Total available		\$23,033,197		\$10,796,376
Less estimated expenditures and transfers				
Legal fees - Attorney General's office	\$0 ¹		\$2,500 ¹	
Centers of excellence grants funding distributions	12,181,201		7,571,837 ¹	
Economic impact studies	35,120 ¹		36,000 ¹	
Centers of Excellence Summit	0 ¹		10,000 ¹	
Other administrative expenses	30,000 ¹		35,000 ¹	
Total estimated expenditures and transfers		12,246,321		7,655,337
Estimated ending balance		<u>\$10,786,876²</u>		<u>\$3,141,039³</u>

¹North Dakota Century Code Section 15-69-05(6), as amended by the Legislative Assembly in 2011 Senate Bill No. 2057, authorized the Department of Commerce to use funds available within the centers of excellence fund for the department's administrative expenses.

²The 2011-13 biennium ending balance includes \$10,491,291 that is obligated for centers of excellence proposals approved in previous bienniums.

³The 2013-15 biennium ending balance includes \$2,919,454 that is obligated for centers of excellence proposals approved in 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 Legislative Assemblies in 2011 and 2013 did not appropriate new funding to the centers of excellence fund for the 2011-13 or 2013-15 biennium. Estimated expenditures for the 2011-13 and 2013-15 bienniums relate to centers of excellence awarded in prior bienniums. Pursuant to provisions of 2011 Senate Bill No. 2057, the centers of excellence fund will be repealed on August 1, 2023.

ANALYSIS OF THE CENTERS OF RESEARCH EXCELLENCE FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
	Beginning balance		\$0	
Add estimated revenues				
Transfer from the general fund	\$12,000,000 ¹			
Investment income	18,000		\$4,000	
Total estimated revenues		12,018,000		4,000
Total available		\$12,018,000		\$2,972,000
Less estimated expenditures and transfers				
Limited deployment-cooperative airspace project grant				
University of North Dakota (UND)	\$2,700,000 ²			
North Dakota State University (NDSU)	1,300,000 ²			
Centers of research excellence grants				
UND	1,000,000 ^{3,4}			
NDSU	1,250,000 ³		\$1,750,000 ³	
Base realignment grants				
UND	2,800,000 ⁴		200,000 ⁴	
Total estimated expenditures and transfers		9,050,000		1,950,000
Estimated ending balance		\$2,968,000 ⁵		\$1,022,000 ⁶

¹The Legislative Assembly in 2011 appropriated \$12 million from the general fund for transfer to the centers of research excellence fund to provide funding for a limited deployment-cooperative airspace project grant, centers of research excellence grants, and base realignment grants for the 2011-13 biennium.

²The Legislative Assembly in 2011 designated \$4 million of the \$12 million for grants to the North Dakota University System's research institutions for the purpose of leveraging private and federal funding to advance opportunities for a limited deployment-cooperative airspace project in the state during the 2011-13 biennium. The Department of Commerce awarded \$2.7 million to UND and \$1.3 million to NDSU for the project upon approval by the Centers of Excellence Commission.

³In 2011 Senate Bill No. 2057, the Legislative Assembly designated \$8 million of the \$12 million for centers of research excellence grants. 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 Legislative Assembly in 2011 replaces the centers of excellence program with the following modifications:

- Removed the requirement for Budget Section or Emergency Commission approval and authorized the Centers of Excellence Commission to award grants.
- Removed tourism from the definition of an "industry cluster."
- Removed the requirement that research universities limit applications to two per round of funding and removed the requirement that the awarding process give consideration to a center's ability to become financially self-sustaining.
- Replaced the prior requirement of annual audits with the requirement for an audit of all funds distributed to the centers after the second full fiscal year, 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. Postaward monitoring lasts for no fewer than 6 years and no more than 10 years following the designation of a center for both the centers of excellence and the centers of research excellence programs.
- Provided a statement of legislative intent for the centers of research excellence program to be an ongoing program. (The centers of excellence program had an established expiration date.)

As of May 1, 2013, a total of \$3,681,250 has been awarded for centers of research excellence grants:

NDSU	
Center for Life Sciences Research and Applications	\$1,350,000
Center for Technologically Innovative Processes and Products	320,000
Center for Technologically Innovative Processes and Products 2	1,011,250
UND	
Center for Avian Therapeutics for Infectious Diseases	700,000
Center for Gas Utilization	300,000
Total	\$3,681,250

The Department of Commerce anticipates awarding a total of \$4 million to NDSU for centers of research excellence grants for the 2011-13 biennium.

⁴Of the \$4 million available to UND through the centers of research excellence program, \$3 million was designated for base realignment grants. The purpose of the base realignment grants was 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 and to enhance infrastructure and economic development projects or programs to accommodate growth near the Grand Forks Air Force Base. Any funds not committed within the first 18 months of the biennium are available for the centers of research excellence program. As of May 1, 2013, a total of \$2,839,900 was awarded for base realignment grants:

UND	
Global Hawk sensor operator part task trainer	\$878,204
Joint Distributed Common Ground System	125,706
North Dakota Unmanned Aircraft Systems Airspace Initiative (Phase 2)	255,440
Airspace Integration Team - UAS National Test Site	500,000
Enhanced Use Lease for Grand Forks Air Force Base	921,050
UAS Crew Resource Management online training course	159,500
Total	\$2,839,900

The Department of Commerce anticipates awarding a total of \$3 million to UND for base realignment grants and \$1 million to the university for centers of research excellence grants for the 2011-13 biennium.

⁵The 2011-13 biennium estimated ending balance includes \$2,950,000 of anticipated committed funds for centers of research excellence proposals approved in the 2011-13 biennium.

⁶The 2013-15 biennium estimated ending balance includes \$1.2 million of anticipated committed funds for centers of research excellence proposals approved in the 2011-13 biennium.

FUND HISTORY

Section 12 of 2011 Senate Bill No. 2057 established the 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. The Legislative Assembly in 2013 did not appropriate new funding to the centers of research excellence fund for the 2013-15 biennium. Estimated expenditures for the 2013-15 biennium relate to centers of research excellence grants awarded in prior bienniums.

ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium ¹		2013-15 Biennium ¹	
Beginning balance		\$135,356		\$4,697
Add estimated revenues				
Investment income	\$758,839		\$445,454	
School construction loan income	1,128,561		1,660,000	
Total estimated revenues		1,887,400		2,105,454
Total available		\$2,022,756		\$2,110,151
Less estimated expenditures and transfers				
Investment expense	\$107,829		\$43,235	
Administrative expenses	6,794		7,077	
Transfer to the general fund	1,903,436		2,050,000	
Total estimated expenditures and transfers		2,018,059		2,100,312
Estimated ending balance		\$4,697		\$9,839

¹The beginning and ending balances do not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to North Dakota Century Code Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of May 14, 2013, the total value of permanent fund assets was \$65.22 million, of which \$35.14 million was school construction loans receivable, \$8.12 million was coal impact loans receivable, and \$21.96 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 30 percent of the coal severance tax must be deposited in the coal development trust fund. Section 57-62-02 provides 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) remains 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 2011-13 AND 2013-15 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 2013-15 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	\$37,674,582	14.48%
	2011	\$1,221,501,801 ¹	\$38,589,000	\$46,044,054	17.99%
2011-13	2012	\$1,622,412,984 ²	\$46,257,000	\$50,839,459	2.42%
	2013	\$1,917,110,586	\$46,257,000	³	³
2013-15	2014	³	\$65,163,000	³	³
	2015	³	\$65,163,000	³	³

¹The 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.

²The increase in assets during fiscal year 2011 included income from mineral royalties and lease bonuses of \$148.9 million, oil extraction tax allocations of \$49.3 million, and \$190.9 million of investment income and capital gains.

³Article IX, Section 2, of the Constitution of North Dakota, was amended in November 2006 through voter approval of measure No. 1 (2005 House Concurrent Resolution No. 3037). 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 (1993 Senate Concurrent Resolution No. 4011). 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 Legislative Assembly in 1999, 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, \$152,533,688 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	\$18,108,052 (estimate)
2013-15	\$18,000,000 (estimate)
2015-17	\$20,741,314 (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 (2005 House Concurrent Resolution No. 3037). 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
		\$0		\$56,289
Beginning balance				
Add estimated revenues and general fund transfers				
Transfers to date from the tobacco settlement trust fund	\$4,024,011 ¹		\$0	
Projected remaining transfers from the tobacco settlement trust fund			\$4,000,000 ²	
Total estimated revenues		4,024,011 ³		4,000,000 ³
Total available		\$4,024,011		\$4,056,289
Less estimated expenditures and transfers				
State Department of Health (2011 HB 1004, 2013 SB 2004)				
Tobacco prevention and control, including the Tobacco Quitline and the tobacco cessation coordinator and operating expenses	\$3,210,178 ⁴		\$3,220,354 ⁴	
Dentists' loan program	200,000 ⁵		340,000 ⁵	
Physician and medical loan repayment program	0 ⁶		0 ⁶	
Veterinarian loan repayment program	255,000 ⁷		0 ⁷	
Women's Way program	302,544 ⁸		400,500 ⁸	
Dental grant program	0 ⁹		25,000 ⁹	
Total estimated expenditures and transfers		3,967,722		3,985,854
Estimated ending balance		\$56,289		\$70,435

¹As of April 2013, \$4,024,011 has been transferred from the tobacco settlement trust fund for the 2011-13 biennium. Total transfers of \$33,896,375 have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - Interest earned on the community health trust fund is deposited in the state general fund. Community health trust fund revenues have been estimated based on actual revenues received through April 2013 and the average of actual revenues received into the community health trust fund in fiscal years 2011 and 2012.

³Initiated measure No. 3 (2008) resulted 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	62.8 million	22.6 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 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
Total	\$548.7 million	\$110.4 million	\$197.2 million	\$197.2 million	\$43.9 million

In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending 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.

⁴North Dakota Century Code Section 54-27-25 provides 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 Legislative Assembly in 2003 authorized the establishment of a telephone "Tobacco Quitline." The Legislative Assembly in 2007 increased the funding for the quitline to provide nicotine replacement therapy and cessation counseling. The Legislative Assembly in 2007 authorized 1 FTE tobacco prevention coordinator position and related funding for salaries and wages and operating expenses for the position. The Legislative Assembly in 2011 did not approve direct funding for the quitline or the tobacco prevention coordinator position, but appropriated \$3,510,496 from the community health trust fund to the State Department of Health for tobacco prevention and control programs for the 2011-13 biennium. The department anticipates expending \$3,210,178 from the fund for the 2011-13 biennium. The 2013-15 executive budget recommended, and the Legislative Assembly approved, \$3,220,354 from the community health trust fund for tobacco prevention and control programs for the 2013-15 biennium.

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 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. Based on estimated tobacco settlement trust fund transfers during the 2013-15 biennium, tobacco prevention and control expenditures from the community health trust fund are required to total \$3.2 million.

⁵The dentists' loan repayment program, which is administered by the Health Council, was established in 2001 Senate Bill No. 2276 (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) provided 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 Legislative Assembly in 2011 appropriated \$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. The department anticipates expending \$200,000 from the fund for the dentists' loan repayment program for the 2011-13 biennium. The 2013-15 executive budget recommended, and the Legislative Assembly in 2013 approved, \$520,000, of which \$180,000 is from the general fund and \$340,000 is from the community health trust fund, for the dentists' loan repayment program, \$80,000 more than the 2011-13 biennium legislative appropriation. Dentists accepted into the program per biennium include:

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2001-03 biennium (3)	Minot (2) Larimore
2003-05 biennium (6)	Fargo Community Health Center New Rockford Grand Forks Fargo Bismarck West Fargo
2005-07 biennium (4)	Fargo Community Health Center Bismarck (serving special populations) Mott Minot

Biennium (Number of Dentists Accepted Into Program)	Communities Served
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
2011-13 biennium (6)	Bowman Hazen Langdon/Walhalla Carrington Cavalier Williston

The Legislative Assembly in 2009 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 also created Section 43-28.1-01.1 which provides 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. This loan repayment program was not funded by the Legislative Assembly in 2011. The Legislative Assembly in 2013 provided in Senate Bill No. 2354 \$180,000 from the general fund to fund the loan repayment program for three dentists who practice in a public health setting or a nonprofit dental clinic that uses a sliding fee schedule to bill patients.

⁶Chapter 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, of which \$15,000 is provided by the state. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and mid-level practitioners. The Legislative Assembly in 2009 Senate Bill No. 2227 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 Legislative Assembly in 2011 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 for the 2011-13 biennium. The department does not anticipate using funding from the community health trust fund for the physician and medical loan repayment program; however, the department anticipates \$299,289 will be provided from the general fund during the 2011-13 biennium. The 2013-15 executive budget recommended, and the Legislative Assembly in 2013 approved, \$576,788 from the general fund for the physician and medical loan repayment program, \$156,788 more than the 2011-13 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
2009-11 biennium (5)	Dickinson (2) Jamestown Wahpeton Williston
2011-13 biennium (6)	Williston (2) Fargo Linton Valley City Mayville

Biennium (Number of Mid-Level Practitioners Accepted Into Program)	Communities Served
2007-09 biennium (3)	Grafton Turtle Lake/McClusky Williston/Bowman
2009-11 biennium (2)	Oakes (2)
2011-13 biennium (3)	Oakes (2) Mayville

⁷The Legislative Assembly in 2011 appropriated \$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 during the 2011-13 biennium. The department anticipates expending \$255,000 from the community health trust fund for the veterinarian loan repayment program for the 2011-13 biennium. The 2013-15 executive budget recommended, and the Legislative Assembly in 2013 approved, \$485,000 from the general fund for the veterinarian loan repayment program, \$40,000 more than the legislative appropriation for the 2011-13 biennium.

⁸The Legislative Assembly in 2011 provided \$400,500 from the community health trust fund for the Women's Way program. The department anticipates expending \$302,544 from the fund for the Women's Way program for the 2011-13 biennium. The 2013-15 executive budget recommended, and the Legislative Assembly in 2013 approved, \$400,500 from the community health trust fund for the Women's Way program, the same as the legislative appropriation for the 2011-13 biennium.

⁹Senate 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 Legislative Assembly in 2011 appropriated \$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 during the 2011-13 biennium. The State Department of Health continues to make payments related to one grant awarded to a dentist in Larimore during the 2009-11 biennium and has not had any applicants during the 2011-13 biennium. The 2013-15 executive budget recommended, and the Legislative Assembly in 2013 approved, \$25,000 from the community health trust fund for the dental grant program, \$5,000 less than the legislative appropriation for the 2011-13 biennium.

FUND HISTORY

Section 54-27-25 created by 1999 House Bill No. 1475 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:

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 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 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 continues through 2017, will be deposited beginning in 2009 into the newly created tobacco prevention and control trust fund. The measure also provides 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 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. 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$5,464,014 ^{1,2}		\$8,158,236
Add estimated revenues				
Transfer from the Bank of North Dakota	\$7,500,000 ¹			
Grant from the Office of the National Coordinator for Health Information Technology	0 ²		\$1,771,681 ³	
Funds from health information network participants				
Total estimated revenues		7,500,000		1,771,681
Total available		\$12,964,014		\$9,929,917
Less estimated expenditures and transfers				
Implementing a statewide health information technology and exchange network	\$4,763,134		\$3,521,429	
Regional Extension Center for Health Information Technology Services payments	42,644		126,415	
Total estimated expenditures and transfers		4,805,778		3,647,844
Estimated ending balance		<u>\$8,158,236</u>		<u>\$6,282,073</u>

¹Section 8 of 2009 Senate Bill No. 2332 provided 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.

Section 6 of 2011 House Bill No. 1021 amended Section 8 of 2009 Senate Bill No. 2332 to provide 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. During the 2009-11 biennium, \$500,000 was transferred, and \$7.5 million was transferred during the 2011-13 biennium.

²In 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 which was deposited into the fund for implementing a statewide health information technology and exchange network. These funds are available for the Information Technology Department to use through March 14, 2014, at a match rate of \$1 of state funds for each \$3 of federal funds. As of July 1, 2011, the federal balance was \$5,027,520. It is anticipated that the grant and match funds will provide for the costs of implementation and operating costs through March 2014.

³For the 2013-15 biennium, collections from participants in the health information network are estimated to total \$1,771,681. Participants include health care providers, insurers, and state agencies.

FUND HISTORY

North Dakota Century Code Section 54-59-27 (2009 Senate Bill No. 2332) establishes the 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 2011-13 AND 2013-15 BIENNIUMS**

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$2,234,971		\$1,594,724
Add estimated revenues				
Pesticide registration fees	\$4,000,000 ¹		\$4,000,000 ¹	
Weed seed-free forage (2011 SB 2009; 2013 HB 1009)	48,922 ²		48,922 ²	
Fertilizer registration, inspection, and tonnage fees (North Dakota Century Code Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06)	886,178 ^{3,4}		916,748 ^{3,4}	
Commercial feed registration, inspection, and tonnage fees (2013 HB 1009)			727,500 ⁵	
Total estimated revenues		4,935,100		5,693,170
Total available		\$7,170,071		\$7,287,894
Less estimated expenditures and transfers				
Agriculture Commissioner				
Noxious weed control (2011 SB 2009; 2013 HB 1009)	\$2,003,582		\$1,892,926	
Pesticide disposal project (Safe Send) (2011 SB 2009; 2013 HB 1009)	591,732		595,110	
Pesticide and fertilizer programs (2011 SB 2009; 2013 HB 1009)	1,824,301		1,928,870	
Agriculture in the Classroom program (2011 SB 2009; 2013 HB 1009)	110,000		119,023	
Farmer's market (2011 SB 2004; 2013 HB 1009)	29,500		29,500	
Livestock pollution prevention (2011 SB 2009; 2013 HB 1009)	50,000		50,000	
Weed seed-free forage (2011 SB 2009; 2013 HB 1009)	48,922 ²		48,922 ²	
Dairy Coalition grant and livestock development duties (2011 SB 2009)	250,000 ⁶			
Livestock development duties (2013 HB 1009)			359,141 ⁶	
Department of Agriculture operating expenses (2011 SB 2009; 2013 HB 1009)	120,000		342,306	
Feed program expenses (2013 HB 1009)			142,599	
Wildlife Services program (2013 HB 1009)			384,400 ⁷	
State Board of Animal Health (2013 HB 1009)			99,998 ⁷	
Crop Protection Product Harmonization and Registration Board ⁸				
Crop protection product registration, labeling, and grants (2011 SB 2009; 2013 HB 1009)	75,000		75,000	
Minor use pesticide registration (2011 SB 2009; 2013 HB 1009)	200,000		325,000	
State Department of Health				
Ground water testing (2011 HB 1004; 2013 SB 2004)	222,310		222,310	
North Dakota Stockmen's Association environmental services program (2011 HB 1004; 2013 SB 2004)	50,000		50,000	
Total estimated expenditures and transfers		5,575,347		6,665,105
Estimated ending balance		\$1,594,724		\$622,789

¹The Legislative Assembly in 1999 approved Senate Bill No. 2009, which included a provision increasing the biennial pesticide registration fee by \$50, from \$300 to \$350, only for the 1999-2001 biennium. The \$350 pesticide registration fee was extended for the 2001-03 biennium (2001 House Bill No. 1009), the 2003-05 biennium (2003 Senate Bill No. 2319), and the 2005-07 biennium (2005 House Bill No. 1009). The \$350 pesticide registration fee was continued, without an expiration date, by 2007 Senate Bill No. 2323. The Legislative Assembly in 2009 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.

²Chapter 4.1-14 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.

³House Bill No. 1321 (2011) repealed Section 19-20.2-08.1 that deposits certain inspection fees in the anhydrous ammonia storage facility inspection fund. The bill provided that the fee collections 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.

⁴Senate Bill No. 2009 (2011) amended 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. House Bill No. 1321 (2011) also amended 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. House Bill No. 1227 (2013) increases late fees associated with fertilizer product and license renewals and is estimated to result in \$30,570 of additional deposits in the environment and rangeland protection fund during the 2013-15 biennium.

⁵House Bill No. 1009 (2013) adds a new section to Chapter 19-13.1 to deposit the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than the general fund.

⁶House Bill No. 1009 (2013) provides for the Department of Agriculture to assume livestock development duties from the Dairy Coalition.

⁷House Bill No. 1009 (2013) provides for a portion of funding for the Wildlife Services program (\$384,400) and the State Board of Animal Health (\$99,998) to be paid from the environment and rangeland protection fund rather than the game and fish fund.

⁸Section 4-35-30, as created by 2001 House Bill Nos. 1009 and 1328, 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 Chairman of the Legislative Management.
- 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 1991 Senate Bill No. 2451, 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 2009 House Bill No. 1009, 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$22,306,709		\$24,971,709
Add estimated revenues				
Premium collections	\$7,700,000		\$8,100,000	
Investment income (loss)	6,000,000		6,000,000	
Boiler inspection fees	550,000		625,000	
Loss claims and insurance recoveries	700,000		200,000	
Total estimated revenues		14,950,000		14,925,000
Total available		\$37,256,709		\$39,896,709
Less estimated expenditures and transfers				
Loss claims payments	\$5,000,000		\$9,000,000	
Claims-related payments	5,500,000		5,700,000	
Insurance Department administration and anhydrous ammonia inspection costs	1,465,000		1,656,507	
State Fire Marshal program (2011 SB 2003; 2013 HB 1003)	150,000		150,000	
North Dakota Firefighter's Association grant (2011 SB 2010)	170,000		0 ¹	
Total estimated expenditures and transfers		12,285,000		16,506,507
Estimated ending balance		\$24,971,709		\$23,390,202

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 if the fire and tornado fund balance is less than \$12 million, the Insurance Commissioner must increase assessments on policies.

¹In 2013 House Bill No. 1010, the 2013-15 executive budget recommendation included \$170,000 for grants to the North Dakota Firefighter's Association. The Legislative Assembly removed this funding.

**ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND
FOR THE 2011-13 AND 2013-15 BIENNIUMS**

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$140,193,764		\$333,300,116
Add estimated revenues				
Oil extraction tax allocations	\$193,106,352 ¹		\$273,476,675 ¹	
Estimated increase in oil extraction tax allocations pursuant to 2013 HB 1198			8,660,000 ¹	
Total available		\$333,300,116		\$615,436,791
Less estimated expenditures and transfers				
Transfer to foundation aid program		\$0 ²		\$0 ²
Estimated ending balance		\$333,300,116		\$615,436,791

¹Estimated revenues - Based on actual oil extraction tax collections transferred to the fund through April 2013 and estimated allocations for the remainder of the 2011-13 biennium and the 2013-15 biennium per the February 2013 revised revenue forecast. The estimated effect of House Bill No. 1198 on oil extraction tax allocations during the 2013-15 biennium is based on production levels used for the February 2013 legislative revenue forecast.

²Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. No foundation aid reductions as a result of a revenue shortfall are currently anticipated in the 2011-13 biennium or the 2013-15 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:

- 50 percent (of the 20 percent) to the common schools trust fund.
- **50 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, 2011, through March 31, 2013, \$343,442 of interest from the foundation aid stabilization fund has been allocated to the general fund.

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
		\$		\$
Beginning balance		\$420,036		\$396,784
Add estimated revenues				
Investment earnings	\$7,633		\$2,334	
Loan repayments - Principal and interest	1,070,901		1,026,297	
Total estimated revenues		1,078,534		1,028,631
Total available		\$1,498,570		\$1,425,415
Less estimated expenditures and transfers				
Department of Human Services increased payments to basic care and long-term care facilities (2011 HB 1325, 2013 HB 1012)	\$546,786 ¹		\$546,786 ¹	
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			
Department of Human Services one-time grant to an assisted living facility that accepts low-income tenants (2013 HB 1012)			425,000	
State Department of Health one-time costs to establish a nurse aide registry (2011 HB 1041)	155,000			
State Department of Health operation and maintenance of the nurse aide registry (2013 SB 2004)			167,725 ²	
Total estimated expenditures and transfers		1,101,786 ²		1,139,511 ²
Estimated ending balance		\$396,784		\$285,904

¹House Bill No. 1325 (2011) provides a special funds appropriation of \$1,255,979, 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. House Bill No. 1012 (2013) continues funding for a portion of the bed layaway program from the health care trust fund.

²Section 6 of 2011 House Bill No. 1041 amends North Dakota Century Code Section 50-30-02 to provide 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 Legislative Assembly in 1999 Senate Bill No. 2168 for providing nursing alternative loans or grants. The Legislative Assembly in 2001 House Bill No. 1196 provided 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--McVile 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Transfer from the Bank of North Dakota	\$0		\$0	
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

This fund was established anticipating federal funds would be received through the Health Information Technology for Economic and Clinical Health Act (HITECH) for loans to health care providers. These funds were never made available; therefore, this fund has not been utilized.

FUND HISTORY

North Dakota Century Code Section 6-09-42 (2009 Senate Bill No. 2332) 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 of North Dakota. 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$894,196		\$0
Add estimated revenues				
Transfer from the Bank of North Dakota current earnings and accumulated undivided profits	\$5,000,000 ¹			
Principal payments	1,331,889		\$2,000,000	
Interest income	91,660		200,000	
Total estimated revenues		6,423,549		2,200,000
Total available		\$7,317,745		\$2,200,000
Less estimated expenditures and transfers				
Loans to health care entities ²	\$7,272,609		\$2,100,000	
Bank of North Dakota fees	45,136		100,000	
Total estimated expenditures and transfers		7,317,745		2,200,000
Estimated ending balance		\$0		\$0

¹Section 4 of 2011 House Bill No. 1021 provided 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.

²The Health Information Technology Advisory Committee has approved the following loan applications since the program's inception during the 2009-11 biennium through May 17, 2013:

St. Andrew's Health Center (Bottineau)	\$625,000
Cooperstown Medical Center	200,000
Wishek Hospital	761,149
Towner County Medical Center (Cando)	694,911
Presentation Medical Center (Rolla)	625,000
West River Health Services (Hettinger)	1,250,000
Ashley Medical Center	625,000
Tioga Medical Center	931,320
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
McKenzie County Health Care System	600,000
Garrison Memorial Hospital	800,000
Nelson County Health System	305,000
Southwest Healthcare System	605,000
St. Alexius Medical Center	1,250,000
Pediatric Therapy Partners	100,000
Valley Health	72,155
Knife River Care Center	125,000
Golden Acres Manor	98,648
St. Luke's Home	125,000
Richard P. Stadter Psychiatric Center	463,636
Elm Crest Manor	74,500
Total	\$11,444,800

FUND HISTORY

North Dakota Century Code Section 6-09-43 (2009 Senate Bill No. 2332) establishes a health information technology planning loan fund at the Bank of North Dakota 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. As prescribed in Section 9 of the bill, \$5 million was transferred from the Bank to this fund during the 2009-11 biennium. 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 LEGACY FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$0		\$1,314,842,496
Add estimated revenues under current law				
30 percent of oil and gas gross production and extraction tax collections	\$1,168,911,752 ¹		\$1,481,076,825 ²	
Transfer of oil and gas tax revenues from the strategic investment and improvements fund	126,555,856 ³		212,279,556 ³	
Transfer of other revenue sources from the strategic investment and improvements fund	7,674,888 ⁴		48,423,636 ⁴	
Investment earnings	11,700,000		18,800,000	
Total estimated revenues		\$1,314,842,496		\$1,760,580,017
Estimated revenue adjustments for bills approved by the Legislative Assembly				
Oil tax exemption for natural gas gathering lines (HB 1134)				(4,800,000)
Changes oil taxes and modifies tribal agreement (HB 1198)				25,980,000
Total available		\$1,314,842,496		\$3,096,602,513
Total estimated expenditures and transfers		0 ⁵		0 ⁵
Estimated ending balance		\$1,314,842,496		\$3,096,602,513

¹The amount shown for the 2011-13 biennium reflects actual collections through April 2013 and the February 2013 legislative revenue forecast for oil price and production for the remainder of the 2011-13 biennium. This amount does not reflect any transfers from the strategic investment and improvements fund.

²Estimated revenues - The executive budget revenue forecast for the 2013-15 biennium projects oil and gas gross production tax and oil extraction tax revenues to total \$4,936,922,750 for the 2013-15 biennium, excluding the tribal share of oil produced on Indian reservations. Thirty percent of the projected revenues is \$1,481,076,825. This amount does not reflect any transfers from the strategic investment and improvements fund.

³Pursuant to North Dakota Century Code Section 15-08.1-08, 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. This amount does not reflect additional transfers from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue.

⁴This amount reflects transfers to the legacy fund from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue, pursuant to Section 15-08.1-08.

⁵The 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 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$11,718,069		\$15,058,394
Add estimated revenues				
Separate two-cent coal severance tax	\$1,120,000		\$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)	3,144,000		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)	1,250,000		1,350,000	
Investment income on Dakota Gasification Company ammonia plant and Red Trail	1,208,400		1,149,700	
Five percent of the general fund share of coal conversion tax (2007 HB 1093)	2,315,000		2,500,000	
Revenue bonds/short-term loan	0 ¹		0 ¹	
Interest income and return of funds	500,000		25,000	
Total estimated revenues		9,537,400		9,599,700
Total available		\$21,255,469		\$24,658,094
Less estimated expenditures and transfers ^{2,3}				
Administration	\$650,000		\$750,000	
Lignite feasibility studies (nonmatching grants)	1,505,375		3,000,000	
Small research grants	1,000,000		1,500,000	
Lignite marketing	491,700		1,600,000	
Lignite litigation	650,000 ⁴		1,500,000 ⁴	
Demonstration projects	1,900,000		11,150,000	
Total estimated expenditures and transfers		6,197,075 ⁵		19,500,000 ⁵
Estimated ending balance		\$15,058,394		\$5,158,094

¹Pursuant 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.

²The 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.

³The Industrial Commission has waived the fund allocation policy and has committed \$22,000,000 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, \$2,200,000 during the 2007-09 biennium, \$3,972,090 during the 2009-11 biennium, and anticipated expenditures of \$678,851 during the 2011-13 biennium and \$11,544,918 in subsequent bienniums, 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.)

⁴Lignite 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, \$153,907 spent during the 2009-11 biennium, \$650,000 anticipated to be spent during the 2011-13 biennium, and \$1,500,000 during the 2013-15 biennium. The original \$500,000 will have been spent by the end of the 2011-13 biennium with additional funding being provided from nonmatching program funds. The state's portion of the litigation costs during the 2013-15 biennium will be from the nonmatching program funds. In addition, the lignite industry has agreed to pay \$500,000 of the litigation costs.

⁵The Legislative Assembly in 2011 appropriated \$19,971,300 for lignite research grants, but progress on the Lignite Vision 21 Project did not proceed as anticipated as a result of uncertainty at the federal level. The Industrial Commission anticipates spending for the Lignite Vision 21 Project to be made during the 2013-15 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 PROPERTY TAX RELIEF FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$295,000,000		\$341,790,000
Add estimated revenues				
Allocation of oil and gas tax revenues (North Dakota Century Code Section 57-51.1-07.5)	\$341,790,000		\$341,790,000	
Transfer from general fund for the property tax relief component of the integrated school aid formula for the 2015-17 biennium (Section 3 of 2013 HB 1015)			315,210,000	
Total estimated revenues		341,790,000		657,000,000
Total available		\$636,790,000		\$998,790,000
Less estimated expenditures and transfers				
Transfer to general fund (Section 14 of 2011 HB 1047) (Section 5 of 2013 HB 1013)	\$295,000,000		\$341,790,000	
Total estimated expenditures and transfers		295,000,000		341,790,000
Estimated ending balance		\$341,790,000		\$657,000,000

FUND HISTORY

Section 57-64-05 (2009 Senate Bill No. 2199) established the 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. Section 57-51.1-07.5 (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.

Section 15.1-27-45 created by the Legislative Assembly in 2013 House Bill No. 1013, Section 40, changes the name of the property tax relief fund to the property tax relief fund and creates the fund in Title 15.1.

ANALYSIS OF THE RESEARCH NORTH DAKOTA FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Transfer from the general fund	\$0		\$12,000,000 ¹	
Investment income	0		0	
Total estimated revenues		0		12,000,000
Total available		\$0		\$12,000,000
Less estimated expenditures and transfers				
Research North Dakota grants	\$0		\$6,000,000 ²	
Research North Dakota grants designated for biotechnology	0		4,000,000 ³	
Research North Dakota venture grants	0		2,000,000 ⁴	
Total estimated expenditures and transfers		0		12,000,000
Estimated ending balance		\$0		\$0

¹In 2013 Senate Bill No. 2018, the Legislative Assembly established the Research North Dakota fund and provided a transfer of \$12 million from the general fund to provide funding for the Research North Dakota grant program and the Research North Dakota venture grant program.

²Of the \$12 million appropriated for Research North Dakota, \$6 million is available for Research North Dakota grants without any specific designation. The purpose of the Research North Dakota grant program is to provide grants to research universities for research, development, and commercialization activities in collaboration with a private sector partner. The Department of Commerce and the Centers of Excellence Commission are to develop guidelines for the grant application, which must include a detailed partnership agreement and proof of dollar-for-dollar matching funds which must be in cash. The partnership agreement must include the scope and location of the work, a budget, and intellectual property agreements.

³The Legislative Assembly in 2013 designated \$4 million of the \$12 million provided for the Research North Dakota grant program for biotechnology grants. These grants are to be provided to a research university to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment of, or cure for cancer; virally infectious diseases; or other pathogens, including bacteria, mycobacteria, fungi, and parasites.

⁴The Legislative Assembly in 2013 designated up to \$2 million of the \$12 million provided for the Research North Dakota grant program for venture grants. These grants are to be provided to a research university to further the commercialization of technology developed by the university or jointly with a startup or spinoff business operating in North Dakota. The Department of Commerce and the Centers of Excellence Commission will develop guidelines for the grants.

FUND HISTORY

Section 17 of 2013 Senate Bill No. 2018 establishes a Research North Dakota fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the Research North Dakota grant program and the Research North Dakota venture grant program. Interest earned on money in the fund is retained in the fund.

**ANALYSIS OF THE RESOURCES TRUST FUND
FOR THE 2011-13 AND 2013-15 BIENNIUMS**

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$155,940,058		\$265,299,056
Add estimated revenues				
Oil extraction tax collections	\$386,212,704		\$546,953,350	
Estimated increase in oil extraction tax allocations pursuant to 2013 HB 1198			17,320,000 ¹	
Repayments and reimbursements	4,995,000		8,614,000	
Investment earnings/miscellaneous income	1,252,893		1,359,000	
Total estimated revenues		392,460,597 ¹		574,246,350 ¹
Total available		\$548,400,655		\$839,545,406
Less estimated expenditures and transfers				
State Water Commission - Grants, projects, and project administration, including expenditures approved by the Budget Section pursuant to 2011 SB 2020 and SB 2371 and 2013 HB 1020	\$248,101,599 ²		\$700,875,000 ³	
State Water Commission - Administration (2013 HB 1020)			18,371,626 ⁴	
State Water Commission - Western Area Water Supply Authority \$25 million zero interest loan (2011 SB 2020)	25,000,000 ²			
Bank of North Dakota - Western Area Water Supply Authority 5 percent interest loan pursuant to 2011 HB 1206	10,000,000 ²			
State Water Commission - Projects (2013 HB 1269)			31,350,000	
Transfer to renewable energy development fund (2013 SB 2014)			3,000,000 ⁵	
Transfer to energy conservation grant fund (2013 SB 2014)			1,200,000 ⁵	
Total estimated expenditures and transfers		283,101,599 ²		754,796,626
Estimated ending balance		\$265,299,056		\$84,748,780
Restricted fund income				
Infrastructure revolving loan fund pursuant to 2013 SB 2233		0		16,883,880 ⁶
Ending balance - Undesignated		\$265,299,056		\$67,864,900

¹Estimated revenues - Based on actual revenues through April 2013 and estimated revenues for the remainder of the 2011-13 biennium and the 2013-15 biennium per the February 2013 legislative revenue forecast. The current estimate of revenues for the 2011-13 biennium is \$179,262,254 more than the estimate of \$213,198,343 made at the close of the special legislative session in November 2011. The increase is attributable to the following changes:

Increase in oil extraction tax collections	\$177,579,292
Increase in repayments and reimbursements	1,500,000
Increase in investment income	182,962
Net increase from revenue amount previously estimated for the 2011-13 biennium	\$179,262,254

The estimated effect of 2013 House Bill No. 1198, which adjusts the oil extraction tax on stripper wells, on tax allocations during the 2013-15 biennium is based on production levels used for the February 2013 legislative revenue forecast.

²Sections 1 and 4 of 2011 Senate Bill No. 2020 appropriated \$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 (\$231,899) 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 required the commission 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 Legislative Assembly in 2011 House Bill No. 1206 provided the 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 to the Bank of North Dakota for a 5 percent loan to the Western Area Water Supply Authority.

The Legislative Assembly, during its special legislative session in November 2011, appropriated \$50 million from the resources trust fund to defray the expenses of the commission (2011 Senate Bill No. 2371), subject to Budget Section approval as provided in Section 4 of Senate Bill No. 2020 relating to the appropriation of additional income in the resources trust fund and the water development trust fund. The Budget Section approved the State Water Commission's requests pursuant to Senate Bill No. 2371 and Section 4 of Senate Bill No. 2020 to spend \$50 million of additional funding available in the resources trust fund for the following projects:

December 2011 Budget Section meeting	
City of Minot	\$2,500,000
City of Valley City	3,000,000
Souris River Joint Water Resource District	50,000
March 2012 Budget Section meeting	
Burleigh County property acquisitions	1,425,000
City of Minot	17,750,000
City of Burlington	1,039,000
Ward County	11,500,000
June 2012 Budget Section meeting	
Burleigh County storm water pump station	1,282,400
City of Sawyer property acquisitions	184,260
Mouse River additional engineering for flood protection plan	1,926,750
Future property acquisitions for flood control in McHenry and Ward Counties and the city of Minot as determined by the State Water Commission	9,342,590
Total 2011-13 biennium requests approved by the Budget Section	\$50,000,000

The State Water Commission estimates 2011-13 expenditures from the resources trust fund to total \$283.1 million.

³Sections 1 and 4 of 2013 House Bill No. 1020 appropriate \$700.9 million, or any additional amount that becomes available subject to Budget Section approval, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2013-15 biennium. If funding available from the resources trust fund for water projects for the 2013-15 biennium exceeds \$287 million, Section 13 of House Bill No. 1020 provides legislative intent that, of the funds appropriated to the State Water Commission in the water and atmospheric resources line item, \$60 million from the resources trust fund is provided to the State Water Commission for the purpose of paying off or defeasing the commission's outstanding bond issues. Funding from the water development trust fund provided for bond payments (\$16.9 million) and contingent funding from the resources trust fund (\$60 million) totaling \$76.9 million would be available to defease State Water Commission outstanding bond issues of \$75,250,000 and pay related fees.

⁴The executive recommendation for the 2013-15 biennium provided \$17.8 million from the general fund for the administrative expenses of the State Water Commission. The Legislative Assembly adjusted the funding source of the commission's administrative expenses to provide \$18.4 million from the resources trust fund.

⁵The executive recommendation provided for transfers of one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund to each the renewable energy development fund and a newly created energy conservation grant fund to provide energy conservation and efficiency grants to political subdivisions. The Legislative Assembly provided, in Senate Bill No. 2014, quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up \$3 million per biennium and of one-half of 1 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings.

⁶Effective January 1, 2015, the Legislative Assembly in Senate Bill No. 2233 established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota. The estimated effect of 2013 Senate Bill No. 2233 on oil extraction tax allocations during the 2013-15 biennium is based on production levels used for the February 2013 legislative revenue forecast and revenue allocations during the period January 2015 through June 2015.

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:

- 50 percent (of the 20 percent) to the common schools trust fund.
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

North Dakota Century Code Section 57-51.1-07, as amended by 2011 Senate Bill No. 2129, provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund.
- 20 percent allocated as provided in Article X, Section 24, of the Constitution of North Dakota.
- 30 percent to the legacy fund.
- 30 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 2011 House Bill No. 1451.

The Legislative Assembly in 2013 provided in Senate Bill No. 2014 quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of one-half of 1 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly in Senate Bill No. 2233 established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota.

ANALYSIS OF THE RISK MANAGEMENT FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$5,337,360		\$4,884,909
Add estimated revenues				
Premiums	\$3,446,987 ¹		\$1,725,000 ²	
Interest and other revenue	180,000 ³		240,000 ³	
Total estimated revenues		3,626,987		1,965,000
Total available		\$8,964,347		\$6,849,909
Less estimated expenditures and transfers				
Administration	\$1,437,289		\$1,482,282	
Claims-related expenses	10,300 ⁴		10,000 ⁴	
Claims, litigation, and excess insurance	2,631,849		3,124,000	
Total estimated expenditures and transfers		4,079,438		4,616,282
Estimated ending balance		<u>\$4,884,909</u>		<u>\$2,233,627</u>

¹In response to an actuarial review completed in April 2010 by Aon Risk Services, the Risk Management Division assessed \$3,750,021 in risk management premiums to state agencies, boards, and commissions and the North Dakota 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 fiscal year 2012 discounts of \$147,884 and fiscal year 2013 discounts of \$155,150.

²In response to an actuarial review completed in 2012 by Aon Risk Services, the Risk Management Division is assessing a total of \$1,875,000 in risk management premiums to state agencies, boards, and commissions and the University System for the 2013-15 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 2014 discounts of \$75,000 and estimated fiscal year 2015 discounts of \$75,000.

³Investment and other revenue relates to realized or projected gains from risk management investments, payments received from salvaged vehicles, and costs and attorney's fees collected for successful lawsuits.

⁴The amounts listed for claims-related expenses are for adjusting consulting services required for large or unusual claims.

FUND HISTORY

In September 1994 the North Dakota Supreme Court abolished the doctrine of sovereign immunity. As a result of this court decision, the Legislative Assembly in 1995 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium Actual		2013-15 Biennium Estimated	
	Beginning balance		\$0	
Add estimated revenues				
Allocation from sales, use, and motor vehicle excise tax collections	\$3,517,179 ^{1,2}		\$3,914,000 ^{1,2}	
Increases allocation from 75 percent of one mill levy to 85 percent of one mill levy (2013 SB 2162)			480,000 ^{1,2}	
Total estimated revenues		3,517,179		4,394,000
Total available		\$3,517,179		\$4,394,000
Less estimated expenditures and transfers				
State Treasurer - County senior citizen matching grants	\$3,476,461 ³		\$4,394,000	
Transfer to the general fund	40,718 ⁴			
Total estimated expenditures and transfers		3,517,179		4,394,000
Estimated ending balance		\$0		\$0

¹The 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
2008	\$1,163,721 (actual)	N/A
2009	\$1,243,493 (actual)	6.9%
2010	\$1,310,947 (actual)	5.4%
2011	\$1,399,652 (actual)	6.8%
2012	\$1,695,832 (actual)	21.2%
2013	\$1,821,347 (actual)	7.4%
2014	\$2,197,000 (estimate)	20.6%
2015	\$2,197,000 (estimate)	0.0%

²Senate Bill No. 2242 (2011) increased 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 increased the amount of grants provided to counties that have approved a mill levy for senior citizen services and programs 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. Senate Bill No. 2162 (2013) increases the amount of state general fund revenue to be allocated to the senior citizen services and programs fund from 75 percent of one mill levied statewide to 85 percent of one mill levied statewide effective for taxable events beginning after June 30, 2013. The bill also increases the amount of grants provided to counties that have approved a mill levy for senior citizen programs from 75 percent of the amount levied in the county for senior citizen programs to 85 percent of the amount levied up to one mill, for taxable years beginning after December 31, 2012.

³The county senior citizen matching grants are shown below:

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
2008	\$1,153,293 (actual)	N/A
2009	\$1,225,933 (actual)	6.3%
2010	\$1,298,462 (actual)	5.9%
2011	\$1,384,391 (actual)	6.6%
2012	\$1,687,098 (actual)	21.9%
2013	\$1,789,363 (actual)	6.1%
2014	\$2,197,000 (estimate)	22.8%
2015	\$2,197,000 (estimate)	0.0%

⁴Any funds remaining at the end of each biennium are transferred to the general fund.

FUND HISTORY

The Legislative Assembly in 2005 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 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 three fourths 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 three-fourths 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 and in 2013 Senate Bill No. 2162 increased the grant amounts to 85 percent 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 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 40 percent of an equivalent one-cent sales tax through June 30, 2014, and 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	\$210,448,132		\$244,731,565	
Adjustments resulting from 2013 legislative action:				
Increases compensation to sales and use tax permitholders (2013 HB 1464).			(69,000)	
Changes tax base for manufactured housing from retail base to dealer's cost (2013 SB 2090).			(64,000)	
Makes permanent the sales and use tax exemption for equipment used in telecommunications infrastructure development (2013 SB 2142).	(100,000)		(410,000)	
Increases allocation to the state aid distribution fund (2013 SB 2325) (effective July 2014)			11,590,000	
Total estimated revenues		210,348,132		255,778,565
Total available		\$210,348,132		\$255,778,565
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	112,956,947		137,353,090	
City share (46.3 percent)	97,391,185		118,425,475	
Total estimated expenditures and transfers		210,348,132		255,778,565
Estimated ending balance		\$0		\$0

NOTE: The amounts shown reflect the 2013-15 biennium revenue forecast as approved by the Legislative Assembly in 2013.

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 Legislative Assembly in 1997 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. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

The Legislative Assembly in 1997 also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

Population Category Through June 30, 2011			
Counties	Percentage	Cities (Based on Population)	Percentage
17 counties with the largest population (allocated equally)	20.48%	80,000 or more	19.4%
17 counties with the largest population (allocated based on population)	43.52%	20,000 or more but less than 80,000	34.5%
Remaining counties (allocated equally)	14.40%	10,000 or more but less than 20,000	16.0%
Remaining counties (allocated based on population)	21.60%	5,000 or more but less than 10,000	4.9%
		1,000 or more but less than 5,000	13.1%
		500 or more but less than 1,000	6.1%
		200 or more but less than 500	3.4%
		Less than 200	2.6%
Total	100.00%		100.0%

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised 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 percent to cities. The allocation formula for specific counties and cities is:

Population Category Effective July 1, 2011		
Counties	Percentage	Cities
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%	
Total	100.00%	

Senate Bill No. 2325 (2013) increases, effective July 1, 2014, the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

**ANALYSIS OF THE STATE DISASTER RELIEF FUND
FOR THE 2007-09, 2009-11, 2011-13, AND 2013-15 BIENNIUMS**

	2007-09 Biennium Actual		2009-11 Biennium Actual		2011-13 Biennium Estimates		2013-15 Biennium Estimates	
Beginning balance		\$0		\$37,623,216		\$34,675,167		\$77,011,615
Add estimated revenues								
Transfer from the general fund	\$43,000,000 ¹							
Transfer from the permanent oil tax trust fund (2011 SB 2369)			\$22,000,000 ²					
Transfer from the general fund (Section 17 of 2011 SB 2371)					\$48,700,000 ³			
Interest income			199,420		92,000		\$92,000	
Federal funds - Volunteer hours adjustment and local share federal-to-federal mission assignments			612,263					
National Guard reimbursements			136,057		3,240,000		1,060,000	
Oil and gas tax collections					22,000,000 ⁴		22,000,000 ⁴	
Total estimated revenues		43,000,000		22,947,740		74,032,000		23,152,000
Total available		\$43,000,000		\$60,570,956		\$108,707,167		\$100,163,615
Less estimated expenditures								
Emergency snow removal grants (2009 SB 2012; 2011 SB 2369)	\$5,376,784 ⁵		\$9,000,000 ⁶					
Costs relating to disasters occurring prior to 2009			513,321 ⁷		\$873,458 ⁸			
Costs relating to 2009 flooding			5,739,762 ⁷		2,585,755 ⁸		\$3,504,477 ⁸	
Costs relating to the January 2010 winter snowstorm			1,506,693 ⁷		87,675 ³		231,816 ³	
Costs relating to 2010 flooding			3,390,192 ⁷		422,382 ³		1,335,611 ³	
Costs relating to the April 2010 ice storm			2,854,089 ⁷		514,392 ³		474,735 ³	
Costs relating to the April 2011 blizzard			16,937 ⁷					
Costs relating to 2011 flooding			2,874,795 ⁷		12,248,197 ^{3,9,10}		8,353,361 ^{3,9,10}	
Costs relating to flooding in incorporated cities					2,050,119 ¹⁰		1,149,881 ¹⁰	
Disaster response coordination contract (2011 SB 2016; 2013 HB 1016)					400,000 ¹¹		400,000 ¹¹	
State disasters and flood mitigation efforts (2011 SB 2016; 2011 SB 2369)					287,240 ¹⁰		4,512,760 ¹⁰	

	2007-09 Biennium Actual		2009-11 Biennium Actual		2011-13 Biennium Estimates		2013-15 Biennium Estimates	
Contingent appropriation for 2012 disaster event (Section 16 of 2011 SB 2371)					0 ³			
Flood-impacted housing assistance grant program (Section 9 of 2011 SB 2371)					6,226,334 ³		3,773,666 ³	
Flood-impacted housing assistance grant program (Section 4 of 2013 HB 1016)							1,500,000 ¹³	
Road grade raising projects - Department of Transportation (Section 14 of 2011 SB 2371)					6,000,000 ³			
Disaster recovery planning and technical services							1,500,000 ¹⁴	
Total estimated expenditures and transfers		5,376,784		25,895,789		31,695,552 ¹²		26,736,307
Estimated ending balance		<u>\$37,623,216</u>		<u>\$34,675,167</u>		<u>\$77,011,615</u>		<u>\$73,427,308¹⁵</u>

¹Section 5 of 2009 Senate Bill No. 2012 provided the Office of Management and Budget (OMB) transfer \$43 million from the general fund to the state disaster relief fund during the 2007-09 biennium.

²Senate Bill No. 2369 (2011) provided a \$22 million transfer from the permanent oil tax trust fund to the state disaster relief fund and authorized the Adjutant General to use this funding for costs associated with state disasters and flood mitigation efforts.

³Section 17 of 2011 Senate Bill No. 2371 provided OMB transfer \$48.7 million from the general fund to the state disaster relief fund during the 2011-13 biennium for the following purposes:

Relief Assistance	Transfer Amount	Appropriation Authority
Disaster-related expenses	\$32,700,000	Section 15 of 2011 Senate Bill No. 2371 provided appropriation authority of \$29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters. Section 16 of Senate Bill No. 2371 provided a contingent appropriation of \$5 million from the state disaster relief fund to the Adjutant General relating to grants to political subdivisions for a portion of the local share required to match federal emergency relief funding. The funding was contingent upon a 2012 disaster event exceeding \$50 million in damages across the state. The state did not experience a disaster event exceeding \$50 million in 2012.
Flood-impacted housing assistance grant program	10,000,000	Section 9 of Senate Bill No. 2371 appropriated \$10 million from the state disaster relief fund to the Adjutant General for providing: <ul style="list-style-type: none"> • Additional rebuilders loan program funding to the Bank of North Dakota. • Funding to political subdivisions for flood-impacted housing rehabilitation. Funding must be used as deemed most effective in that community to assist homeowners in rehabilitation or replacement of their flood-damaged homes and to retain homeowners in the community.

Road grade raising grants	6,000,000	Section 14 of Senate Bill No. 2371 appropriated \$6 million from the state disaster relief fund to the Department of Transportation for grants to counties for road grade raising projects on federal aid eligible roads.
Total	\$48,700,000	

⁴House Bill No. 1451 (2011) created 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:

- 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.

For the 2011-13 biennium, the deposit of \$22 million of oil and gas tax collections in the state disaster relief fund occurred in October 2012.

⁵Section 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 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.

⁶Section 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 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 distributed \$9 million in grants prior to June 30, 2011, and reported to the Budget Section regarding the grants awarded under this section on September 15, 2011.

⁷Section 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 provided 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.

⁸Section 1 of 2011 Senate Bill No. 2016 included 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.

⁹Section 5 of 2011 Senate Bill No. 2016 appropriated \$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.

¹⁰Section 4 of 2011 Senate Bill No. 2369 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. In September 2011 the Adjutant General received Emergency Commission and Budget Section approval for 2011-13 expenses of \$17.5 million for flood disasters, \$1.2 million for funding specific city flood mitigation projects, and \$4.8 million for road grade raising and matching grants to political subdivisions.

¹¹In 2011 Senate Bill No. 2016, the Legislative Assembly provided authority to the Department of Emergency Services to utilize funding of \$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. House Bill No. 1016 (2013) continues the same level of funding for the 2013-15 biennium.

¹²Total 2011-13 state disaster relief fund appropriation authority provided to the Adjutant General consists of:

\$22,000,000	see Footnote 10
3,500,000	see Footnote 8
7,842,304	see Footnote 7
400,000	see Footnote 11
<u>42,700,000</u>	see Footnote 3
\$76,442,304	

¹³Section 4 of 2013 House Bill No. 1016 appropriates \$1.5 million from the state disaster relief fund to the Housing Finance Agency to provide grants to counties, cities, local housing authorities, and other nonprofit entities providing flood-impacted housing assistance. The section requires an entity requesting grant funding to certify to the Housing Finance Agency that housing occupants are eligible to receive housing assistance under federal Housing and Urban Development agency guidelines, that a land use agreement is in place for temporary housing units, and that a plan has been developed for the disposal of temporary housing units. The Housing Finance Agency is to develop guidelines for the distribution of funds, including the frequency of the distribution of grant funds.

¹⁴The 2013-15 biennium legislative appropriations include funding of \$1.5 million for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs associated with preparedness, mitigation, and response and recovery.

¹⁵The Adjutant General estimates spending \$7,123,647 of funding appropriated for 2011 flood disasters during the 2015-17 biennium. After deducting this obligation, the estimated ending fund balance on June 30, 2015, is \$66,303,661.

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 2011-13 AND 2013-15 BIENNIUMS**

	2011-13 Biennium		2013-15 Biennium	
		\$249,074,431 ¹		\$841,093,362
Beginning balance				
Add estimated revenues (based on current law)				
Production royalties	\$117,866,765 ²		\$158,160,750 ²	
Mineral leases	42,688 ²		400,000 ²	
Oil and gas bonuses	106,922,160 ²		32,000,000 ²	
Investment earnings	1,614,779 ²		3,133,795 ²	
Oil and gas tax collections	806,223,419 ³		1,306,658,225 ³	
Total estimated revenues		1,032,669,811		1,500,352,770
Estimated revenue adjustments for bills approved by the Legislative Assembly:				
Oil tax exemption for natural gas gathering lines (HB 1134)				(9,300,000)
Changes oil taxes and modifies tribal agreement (HB 1198)				25,980,000
Allocates portion of oil and gas gross production tax revenue to the outdoor heritage fund (HB 1278)				(17,620,000)
Abandoned oil and gas well plugging fund (HB 1333)				(10,000,000)
Allocation of oil and gas taxes to political subdivisions (HB 1358)				(300,600,000)
Oil and gas impact grant fund deposits (HB 1358)				(140,000,000)
Increased allocation to oil and gas research fund (SB 2014)				(6,000,000)
Total estimated revenue adjustments		\$0		(\$457,540,000)
Total estimated revenue after adjustments		\$1,032,669,811		\$1,042,812,770
Total available		\$1,281,744,242		\$1,883,906,132
Less estimated expenditures and transfers				
Transfer to legacy fund from oil and gas tax revenue	\$126,555,855 ⁴		\$212,279,556 ⁴	
Transfer to legacy fund from other revenue sources	7,674,888 ⁴		48,423,636 ⁴	
Transfer to the general fund (2011 SB 2015)	305,000,000		520,000,000	
Expanded school construction loan program - Department of Public Instruction (2013 HB1013)			150,000,000	
Grant program for nursing homes, basic care facilities, and providers of services to developmentally disabled individuals - Department of Commerce (2013 HB 1358)			2,000,000	
Grants to critical access hospitals - Department of Human Services (2013 HB 1358)			9,600,000	
Grants for law enforcement needs - Attorney General (2013 HB 1358)			9,600,000	
Private land study - Department of Trust Lands (2013 SB 2013)			50,000	
Enhanced use lease grant program - Department of Commerce (2013 SB 2018)			2,500,000	
Medical facility infrastructure loans - Bank of North Dakota (2013 SB 2187)			50,000,000	
Administrative costs/other fees	1,420,137		1,740,000	

Total estimated expenditures and transfers	440,650,880	1,006,193,192
Estimated ending balance	\$841,093,362	\$877,712,940
Restricted fund income		
Reserve relating to potential title disputes	\$109,593,447 ⁵	\$117,593,447 ⁵
Bank of North Dakota - Maintain guarantee reserve fund balance (2011 SB 2306, 2013 SB 2287)	6,250,000 ⁶	25,000,000 ⁶
Ending balance - Undesignated	\$725,249,915	\$735,119,493

¹House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and 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 stated 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.

²The Department of Trust Lands' projections are based on actual revenues through October 2012 and the February 2013 legislative revenue forecast for oil price and production for the remainder of the 2011-13 biennium and the 2013-15 biennium.

³House Bill No. 1451 (2011) created 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:

- The first \$200 million is deposited in the general fund;
- The next \$341,790,000 is deposited in the property tax relief 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.

The amount shown for the 2011-13 biennium reflects actual collections through April 2013 and the February 2013 legislative revenue forecast for oil price and production for the remainder of the 2011-13 biennium. The executive budget revenue forecast for the 2013-15 biennium projects oil and gas gross production tax and oil extraction tax revenues to total \$4,936,992,750 for the 2013-15 biennium, excluding the tribal share of oil produced on Indian reservations. The amount allocated to the strategic investment and improvements fund after allocations to the general fund, the property tax relief fund, and the state disaster relief fund is estimated to be \$1,306,658,225. These amounts do not reflect any transfers to the legacy fund.

⁴Pursuant to Section 15-08.1-08, 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.

⁵These 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.

⁶Senate Bill No. 2306 (2011) provided guarantees on fuel production facility loans administered by the Bank of North Dakota be increased by \$10.5 million to \$12.5 million, and 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 to maintain 25 percent of the guarantee reserve fund balance not to exceed a total of \$6.25 million. Senate Bill No. 2287 (2013) provides that money in the strategic investment and improvements fund is available to the Bank to maintain 100 percent of the guarantee reserve fund balance not to exceed a total of \$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) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and 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 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 2011-13 AND 2013-15 BIENNIUMS (REFLECTING BOTH THE 1979 AND 1996 BOND RESOLUTIONS)

	2011-13 Biennium ¹		2013-15 Biennium ¹	
Beginning balance		\$45,793,541		\$40,113,797
Add estimated revenues				
Fund earnings (net)	\$325,000 ²		\$250,000 ²	
Total available		\$46,118,541		\$40,363,797
Less estimated expenditures and transfers				
Funding for veterinary medical education program	\$465,307 ³		\$465,307 ⁶	
Funding for North Dakota University System information technology services	539,437 ⁴		539,437 ⁷	
Transfer to North Dakota Student Loan Guarantee Agency	5,000,000 ⁵			
Total estimated expenditures and transfers		6,004,744		1,004,744
Estimated ending balance		\$40,113,797		\$39,359,053

¹This analysis reflects the estimated revenues, expenditures, and ending balance for **both the 1979 and 1996 bond resolutions**. Prior analyses of the student loan trust fund have not included information for the 1996 bond resolution. Prior to fiscal year 2012, permission was needed from the Ambac Assurance Corporation to use any assets from the 1996 bond resolution. However, there are no longer any bonds insured by the Ambac Assurance Corporation.

²The projected income for the 2011-13 and 2013-15 bienniums is based on interest rates as of December 1, 2012, and is net of the Industrial Commission and trustee expenses.

³The Legislative Assembly in 2011 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 Legislative Assembly in 2011 provided a general fund increase of \$510,000 for the program to offset the reduced funding from the student loan trust fund.

⁴The Legislative Assembly in 2011 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 Legislative Assembly in 2011 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.

⁵Pursuant to the provisions of the 1996 bond resolution, the Industrial Commission on October 23, 2012, authorized the transfer of \$5 million from the student loan trust fund to the North Dakota Student Loan Guarantee Agency to maintain the reserve requirements for projected alternative loan guarantees.

⁶The Legislative Assembly in 2013 provided funding of \$465,307 from the student loan trust fund for the Kansas State University veterinary medical education program. This represents the same level of funding as provided in the 2011-13 biennium.

⁷The Legislative Assembly in 2013 provided funding of \$539,437 from the student loan trust fund for the University System information technology services pool for ConnectND positions within the University System. This represents the same level of funding as provided in the 2011-13 biennium.

FUND HISTORY

The Legislative Assembly in 1971 authorized the Industrial Commission to acquire and hold all unpaid government-guaranteed or reinsured student loans and North Dakota student loans belonging to the state or any of its agencies. As a result, the student loan trust fund was created which enabled the state to sell tax-exempt bonds and use the proceeds for purchasing student loans made or acquired by the Bank of North Dakota.

The student loan trust fund does not make loans to students or service loans which it acquires. The Bank of North Dakota continues to service those loans which the student loan trust fund holds.

The student loan trust 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 bond issuances prior to 2004 were insured by Ambac Assurance Corporation. There are no longer any outstanding bonds 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. As of June 30, 2012, \$3.2 million in bonds remains outstanding. In order to use assets held under the 1979 and 1996 general bond resolutions for a purpose other than those stated in the general bond resolution, the administrator 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. Prior to 2012, permission needed to be obtained from Ambac Assurance Corporation for any use of assets held in the 1996 general bond resolution. However, there are no longer any bonds insured by Ambac Assurance Corporation.

North Dakota Century Code Section 54-17-25 provides 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$29,556,426		\$39,495,026
Add estimated revenues				
Tobacco settlement revenues collected to date	\$22,795,130 ¹		\$0	
Projected tobacco settlement revenues			22,578,760 ²	
Investment income	66,084		112,894	
Total estimated revenues		22,861,214 ³		22,691,654 ³
Total available		\$52,417,640		\$62,186,680
Less estimated expenditures and transfers				
Tobacco Prevention and Control Executive Committee expenditures (2011 HB 1025, 2013 SB 2024)	\$12,922,614 ⁴		\$15,815,828 ⁴	
Total estimated expenditures and transfers		12,922,614		15,815,828
Estimated ending balance		\$39,495,026		\$46,370,852

¹As of April 2013, the state has received tobacco settlement payments totaling \$63,035,245 for the 2011-13 biennium, of which \$40,240,115 was deposited in the tobacco settlement trust fund and \$22,795,130 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of \$399,357,525, including \$325,166,023 under subsection IX(c)(1) of the Master Settlement Agreement and \$74,191,502 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$399,357,525, \$338,963,752 has been deposited into the tobacco settlement trust fund and \$60,393,773 has been deposited into the tobacco prevention and control trust fund.

²Tobacco prevention and control trust fund revenues have been estimated based actual revenues received through April 2013 and actual revenues received into the tobacco prevention and control trust fund in fiscal years 2011 and 2012.

³Initiated measure No. 3 approved in the November 2008 general election provides 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 Legislative Assembly in 2009 House Bill No. 1015 Section 39 provided 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 appropriations.

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	62.8 million	22.6 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 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
Total	\$548.7 million	\$110.4 million	\$197.2 million	\$197.2 million	\$43.9 million

⁴The Legislative Assembly in 2011 appropriated \$12,922,614 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 2011-13 biennium. The 2013-15 executive budget recommended \$13,016,197 from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Executive Committee. The Legislative Assembly increased funding from the tobacco prevention and control trust fund to provide \$15,815,828 for tobacco prevention and control, \$2,893,214 more than 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:

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 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 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 Legislative Assembly in 2009 House Bill No. 1015 Section 39 provided 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. 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Tobacco settlement revenues collected to date	\$40,240,115 ¹		\$0	
Projected tobacco settlement revenues			40,000,000	
Total estimated revenues		40,240,115 ²		40,000,000 ²
Total available		\$40,240,115 ^{3,4}		\$40,000,000 ^{3,4}
Less estimated expenditures and transfers				
Transfers to the community health trust fund	\$4,024,011		\$4,000,000	
Transfers to the common schools trust fund	18,108,052		18,000,000	
Transfers to the water development trust fund	18,108,052		18,000,000	
Total estimated expenditures and transfers		40,240,115		40,000,000
Estimated ending balance		\$0		\$0

¹As of April 2013, the state has received tobacco settlement payments totaling \$63,035,245 for the 2011-13 biennium, of which \$40,240,115 was deposited in the tobacco settlement trust fund and \$22,795,130 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of \$399,357,525, including \$325,166,023 under subsection IX(c)(1) of the Master Settlement Agreement and \$74,191,502 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$399,357,525, \$338,963,752 has been deposited into the tobacco settlement trust fund and \$60,393,773 has been deposited into the tobacco prevention and control trust fund.

²Revenues - House Bill No. 1475 (1999) (North Dakota Century Code Section 54-27-25) provides 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 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 actual revenues received through April 2013 and the average of actual revenues received into the tobacco settlement trust fund in fiscal years 2011 and 2012 and do not include anticipated strategic contribution payments, which are deposited in the tobacco prevention and control trust fund.

³In 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	64,013,596
2011-13	82,231,080	63,035,245
2013-15	82,231,080	62,578,760
2015-17	82,231,080	73,687,266
2017-25 (\$58,591,490/\$52,503,832 per biennium)	234,365,960	210,015,328
Total	\$866,801,136	\$745,638,879

⁴Initiated 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	62.8 million	22.6 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 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
Total	\$548.7 million	\$110.4 million	\$197.2 million	\$197.2 million	\$43.9 million

FUND HISTORY

Section 54-27-25, created by 1999 House Bill No. 1475, established a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund, including interest, must be transferred within 30 days of its deposit in the fund:

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 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 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. 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 TUITION TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
	Beginning balance		\$1,262,358 ¹	
Add estimated revenues				
Fines for violation of state laws	\$11,507,741 ²		\$10,000,000 ²	
Transfers from the common schools trust fund	92,514,000		130,326,000	
Total estimated revenues		104,021,741		140,326,000
Total available		\$105,284,099		\$141,757,676
Less estimated expenditures and transfers				
State aid to schools	\$103,852,423 ³		\$140,326,000	
Total estimated expenditures and transfers		103,852,423 ¹		140,326,000 ¹
Estimated ending balance		<u>\$1,431,676¹</u>		<u>\$1,431,676¹</u>

¹Beginning/ending balance - 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.

²Fines for violation of state laws - Fine proceeds estimated to be deposited in the state tuition fund during the 2011-13 biennium are based on actual fines deposited into the fund through April 2013 and estimated fine proceeds for the remainder of the 2011-13 biennium. Fine proceeds estimated to be deposited in the state tuition fund during the 2013-15 biennium are based on the February 2013 legislative revenue forecast. The amount of state tuition fund distributions from fine proceeds is shown below.

³The Legislative Assembly in 2011 provided \$101,638,000 from the state tuition fund for state school aid payments during the 2011-13 biennium. In addition, Section 7 of 2011 Senate Bill No. 2013 provides that any money available in the state tuition fund in excess of the \$101,638,000 is appropriated to the Department of Public Instruction for distribution to school districts. The department anticipates distributing additional funds available for state school aid during the 2011-13 biennium.

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	\$4,963,691 (actual)	8.1%

Fiscal Year	Revenue From Fines	Percentage Increase (Decrease) From Previous Year
2012	\$5,769,861 (actual)	16.2%
2013	\$5,737,880 (estimate)	(0.6%)
2014	\$5,000,000 (estimate)	(12.9%)
2015	\$5,000,000 (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 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 Legislative Assembly in 2007 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 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 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		\$4,322,656 ¹		\$4,560,963
Add estimated revenues and other funds available for benefits				
Principal deposit pursuant to 2013 House Bill No. 1439			\$250,000	
Investment income	\$275,000 ²		275,000 ²	
Total estimated revenues and other funds		275,000		525,000
Total available		\$4,597,656		\$5,085,963
Less estimated expenditures and transfers				
Grants and related expenditures				
Administrative Committee travel				
Veterans' Home equipment				
Vehicles - Vans				
Veterans' transportation programs				
Other veterans' programs				
Appeals Committee				
Stand Down (outreach to homeless veterans)				
Estimated income available for programs that benefit veterans	0 ³		\$224,000 ⁴	
Total estimated expenditures and transfers		36,693 ³		224,000 ⁴
Estimated ending balance		\$4,560,963		\$4,861,963

¹The State Treasurer provided transfers totaling \$200,000 to the Administrative Committee on Veterans' Affairs for programs that benefit veterans or their dependents during the 2009-11 biennium. In addition, revenue from the sale of vans (\$8,000) and funding available from the 2007-09 biennium (\$8,292) was also available for programs during the 2009-11 biennium for a total of \$216,292, of which \$64,500 remained unspent as of June 30, 2011. This unexpended funding is available for benefits during the 2011-13 biennium and included in the beginning balance.

²The State Treasurer has not provided investment income estimates for the 2011-13 or 2013-15 bienniums. Investment income for the 2011-13 biennium and the 2013-15 biennium is estimated based on the average monthly change in the fund value through November 2012.

³Prior to July 2011, North Dakota Century Code Section 37-14-14 appropriated, on a continuing basis, all income of the veterans' postwar trust fund to the Administrative Committee on Veterans' Affairs for programs that benefit veterans or their dependents. The Legislative Assembly in 2011 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 Legislative Assembly in 2011 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. In addition, the Legislative Assembly in 2011 House Bill No. 1177 provided \$20,000 from the general fund for "stand down" events to coordinate benefits and provide services to needy veterans in the state. In addition to the \$210,000 provided from the general fund to be used in lieu of income generated from the veterans' postwar trust fund for programs, the Department of Veterans' Affairs has available \$64,500 of veterans' postwar trust fund income remaining from the 2009-11 biennium for a total of \$274,500 available for programs authorized by law to benefit and serve veterans or their dependents during the 2011-13 biennium.

Through March 19, 2013, the Department of Veterans' Affairs has spent \$171,165 of the \$210,000 provided from the general fund for benefits during the 2011-13 biennium, including \$159,407 for grants; \$29,000 of the \$50,000 provided from the general fund for vans; and \$5,000 of the \$20,000 provided from the general fund for "stand down" events. In addition, the Department of Veterans' Affairs has spent \$36,693 of the \$64,500 of veterans' postwar trust fund income remaining from the 2009-11 biennium for equipment and computers at the Veterans' Home.

⁴Pursuant to provisions of 2011 House Bill No. 1468, investment income earned during the 2011-13 biennium is not available for program expenditures until the 2013-15 biennium and the investment income earned during the 2013-15 biennium will be available during the 2015-17 biennium. The amount shown for income available for benefits does not include investment changes in market value. The amount is based on income earned through November 2012 and estimated through the remainder of the biennium based on average monthly income.

NOTE: The fund balance of the veterans' postwar trust fund as of March 31, 2013, was \$4,510,934. Since the 1993-95 biennium, the principal balance of the fund has been identified as \$4,101,849. The Legislative Assembly in 2013 House Bill No. 1439 provided \$250,000 from the general fund to increase the principal balance of the veterans' postwar trust fund to provide a **total principal balance of \$4,351,849** during the 2013-15 biennium.

FUND HISTORY **Established**

The fund was created by Section 6 of 1981 Senate Bill No. 2271:

SECTION 6. TRANSFER OF VIETNAM BONUS FUNDS TO VETERANS' POSTWAR TRUST FUND. All unobligated moneys in the Vietnam veterans' adjusted compensation funds in the state treasury after July 1, 1981, shall be transferred by the state treasurer to the veterans' postwar trust fund. Any obligations of such funds as a result of any amendment of section 37-25-10 by the forty-seventh legislative assembly shall be paid out of the veterans' postwar trust fund and the moneys necessary to meet those obligations are hereby appropriated.

1988 Initiated Measure No. 4

Initiated measure No. 4, approved by the voters in the November 1988 general election, provided the following:

- Established the veterans' postwar trust fund as a permanent fund.
- Required the State Treasurer to transfer \$740,000 per year for five years commencing July 1, 1989, from the state general fund or other sources as appropriated by the Legislative Assembly to the veterans' postwar trust fund to total \$3.7 million.
- Appropriated the income from the veterans' postwar trust fund on a continuing basis to the Administrative Committee on Veterans' Affairs to be spent for veterans' programs as authorized by law.
- Required the State Treasurer to invest the fund in legal investments as provided by 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 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.

2013 House Bill No. 1439

The Legislative Assembly in House Bill No. 1439 provided \$250,000 from the general fund to increase the principal balance of the veterans' postwar trust fund.

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS

	2011-13 Biennium		2013-15 Biennium	
	Beginning balance		\$25,209,356	
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	\$18,108,052 ¹		\$0	
Projected remaining transfers from tobacco settlement trust fund			18,000,000 ²	
Total estimated revenues		18,108,052 ³		18,000,000 ³
Total available		\$43,317,408		\$44,377,674
Less estimated expenditures and transfers				
State Water Commission (2011 SB 2020; 2013 HB 1020)				
Water projects	\$0 ⁴		\$27,368,500 ⁵	
Bond payments	16,939,734 ⁴		16,881,500 ⁵	
Total estimated expenditures and transfers		16,939,734		44,250,000
Estimated ending balance		\$26,377,674		\$127,674

¹As of April 2013, \$18,108,052 has been transferred from the tobacco settlement trust fund for the 2011-13 biennium. Total transfers of \$152,533,688 have been made from the tobacco settlement trust fund to the water development trust fund.

²Revenues - Interest earned on the water development trust fund is deposited in the state general fund. Water development trust fund revenues have been estimated based on actual revenues received through April 2013 and the average of actual revenues received into the water development trust fund in fiscal years 2011 and 2012.

³Initiated measure No. 3 (2008) resulted 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	62.8 million	22.6 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 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
Total	\$548.7 million	\$110.4 million	\$197.2 million	\$197.2 million	\$43.9 million

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.

⁴The Legislative Assembly in 2011 provided a total of \$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 \$16,939,734. The remaining balance is available for State Water Commission projects; however, the State Water Commission does not anticipate expenditures for water projects from the water development trust fund during the 2011-13 biennium.

⁵Sections 1 and 4 of 2013 House Bill No. 1020 appropriate \$44,250,000, or any additional funding that becomes available subject to Budget Section approval, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2013-15 biennium, including bond payments. Bond payments for the 2013-15 biennium are estimated to total \$16,881,500. The remainder of the funds appropriated totaling \$27.4 million is available for water projects. However, if funding available from the resources trust fund for water projects for the 2013-15 biennium exceeds \$287 million, Section 13 of House Bill No. 1020 provides legislative intent that, of the funds appropriated to the State Water Commission in the water and atmospheric resources line item, \$60 million from the resources trust fund is provided to the State Water Commission for the purpose of paying off or defeasing the commission's outstanding bond issues. Funding from the water development trust fund provided for bond payments (\$16.9 million) and contingent funding from the resources trust fund (\$60 million) totaling \$76.9 million would be available to defease State Water Commission outstanding bond issues of \$75,250,000 and pay related fees.

FUND HISTORY

North Dakota Century Code Section 54-27-25, created by 1999 House Bill No. 1475, establishes 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:

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 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 Legislative Assembly in Section 39 of 2009 House Bill No. 1015 provided 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 1999 Senate Bill No. 2188, provides 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
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STATE SCHOOL AID FUNDING HISTORY	M-14
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GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers:

	Actual			Estimated	
	2005-07	2007-09	2009-11	2011-13	2013-15
Beginning balance	\$68,015,056	\$295,541,176	\$361,843,514	\$996,832,711	\$1,472,798,236
Revenues	2,162,706,208	2,520,712,137	2,753,012,281	4,313,194,926	4,595,448,486
Transfers to general fund	154,710,132	194,551,242	1,179,682,508	621,751,491	881,384,560
Total available	\$2,385,431,396	\$3,010,804,555	\$4,294,538,303	\$5,931,779,128	\$6,949,631,282
Expenditures	(\$1,989,362,851)	(\$2,524,024,493)	(\$3,236,291,030)	(\$4,277,920,307)	(\$6,862,587,354)
Transfers to budget stabilization fund	(100,527,369)	(124,936,548)	(61,414,562)	(181,060,585)	
Total expenditures and transfers	(\$2,089,890,220)	(\$2,648,961,041)	(\$3,297,705,592)	(\$4,458,980,892)	(\$6,862,587,354)
Ending balance	\$295,541,176	\$361,843,514	\$996,832,711	\$1,472,798,236	\$87,043,928 ¹

¹The estimated general fund ending balance does not reflect any potential transfers at the end of the 2013-15 biennium from the general fund to the budget stabilization fund pursuant to Chapter 54-27.2.

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2013-15 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2013-15 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 2013-15 biennium and the lowest percentage occurring in the 1973-75 biennium. Regarding all funds appropriations, the highest percentage occurred in the 1981-83 biennium and the lowest percentage in the 1961-69 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 2013-15 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations ¹	Total Special Funds Appropriations ¹	Grand Total All Funds Appropriations	Total Personal Income	Percentage of Appropriations to Personal Income	
					General Fund	All Funds
1967-69	\$145,638,671	\$205,351,205	\$350,989,876	\$3,293,000,000 ⁸	4.42%	10.66%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,459,000,000 ⁸	5.31%	12.88%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,137,000,000 ⁸	5.47%	11.94%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$5,770,000,000 ⁸	5.16%	11.33%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,987,000,000 ⁸	5.54%	11.00%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,051,000,000 ⁸	7.14%	14.16%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,102,000,000 ⁸	6.74%	14.38%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$11,206,000,000 ⁸	8.12%	18.88%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$14,757,000,000 ⁸	6.90%	14.68%
1985-87	\$1,134,183,661 ²	\$1,339,411,840	\$2,473,595,501	\$16,544,000,000 ⁸	6.86%	14.95%
1987-89	\$1,058,708,224 ³	\$1,440,445,277	\$2,499,153,501	\$17,508,000,000 ⁸	6.05%	14.27%
1989-91	\$1,061,507,822 ⁴	\$1,760,553,694 ⁵	\$2,822,061,516	\$17,419,000,000 ⁸	6.09%	16.20%
1991-93	\$1,202,891,103 ⁶	\$2,028,208,088	\$3,231,099,191	\$19,905,000,000 ⁸	6.04%	16.23%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$24,188,000,000 ⁸	5.18%	14.12%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$26,716,000,000 ⁸	5.06%	13.46%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$29,332,000,000 ⁸	5.15%	13.62%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$32,622,000,000 ⁸	4.95%	14.96%
2001-03	\$1,728,640,384 ⁷	\$3,049,996,983	\$4,778,637,367	\$35,082,000,000 ⁸	4.93%	13.62%
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$39,038,000,000 ⁸	4.65%	13.08%
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$43,236,000,000 ⁸	4.63%	13.38%
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$51,996,000,000 ⁸	4.95%	12.74%
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$57,675,000,000 ⁸	5.72%	15.50%
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$69,572,000,000 ⁹	6.18%	15.36%
2013-15	\$6,862,587,354	\$6,881,674,956	\$13,744,262,310	\$80,511,000,000 ⁹	8.52%	17.07%

¹Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

²In 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.

³In 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.

⁴This 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.

⁵This 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.

⁶In addition, the Legislative Assembly in 1991 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 Legislative Assembly in 1991, 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.

⁷The 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.

⁸Source: United States Bureau of Economic Analysis.

⁹Source: Economy.com, Inc. - Moody's Analytics.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2013-15 BIENNIUMS¹**

	General Fund Appropriations	Special Funds Appropriations	Total All Appropriations	General Fund Revenues²
1967-69				
Executive budget	\$132,496,141	\$204,346,811	\$336,842,952	\$148,269,822
Legislative increase (decrease)	<u>13,142,530</u>	<u>1,004,394</u>	<u>14,146,924</u>	<u>16,980,000</u>
Legislative budget	\$145,638,671	\$205,351,205	\$350,989,876	\$165,249,822
1969-71				
Executive budget	\$166,602,105	\$216,086,092	\$382,688,197	\$181,000,000
Legislative increase (decrease)	<u>17,084,026</u>	<u>45,659,367</u>	<u>62,743,393</u>	<u>22,092,623</u>
Legislative budget	\$183,686,131	\$261,745,459	\$445,431,590	\$203,092,623
1971-73				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	<u>(384,651)</u>	<u>10,528,371</u>	<u>10,143,720</u>	<u>1,769,348</u>
Legislative budget	\$226,255,732	\$267,845,499	\$494,101,231	\$243,609,348
1973-75				
Executive budget	\$267,951,706	\$314,124,492	\$582,076,198	\$307,075,000
Legislative increase (decrease)	<u>6,733,531</u>	<u>38,835,098</u>	<u>45,568,629</u>	<u>(5,705,492)</u>
Legislative budget	\$274,685,237	\$352,959,590	\$627,644,827	\$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	<u>23,135,698</u>	<u>3,168,074</u>	<u>26,303,772</u>	
Legislative budget as restated	\$297,820,935	\$356,127,664	\$653,948,599	\$301,369,508
1975-77				
Executive budget	\$438,882,752	\$394,903,834	\$833,786,586	\$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				<u>(23,135,698)</u>
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 ³	\$1,114,112,221	\$2,038,567,486	\$974,408,000
Legislative increase (decrease)	<u>80,655,781</u>	<u>25,386,761</u>	<u>106,042,542</u>	<u>68,097,250</u>
Legislative budget	\$1,005,111,046	\$1,139,498,982	\$2,144,610,028	\$1,042,505,250
Add				
Deficiency appropriations provided by the	<u>12,750,124</u>	<u>8,556,647</u>	<u>21,306,771</u>	

1985 Legislative Assembly Legislative budget as restated	<u>\$1,017,861,170</u>	<u>\$1,148,055,629</u>	<u>\$2,165,916,799</u>	<u>\$1,042,505,250</u>
1985-87				
Executive budget	\$1,188,601,469 ⁴	\$1,292,110,406	\$2,480,711,875	\$1,219,290,080
Legislative increase (decrease)	<u>(63,055,462)</u>	<u>42,502,011</u>	<u>(20,553,451)</u>	<u>(62,146,218)</u>
Legislative budget	\$1,125,546,007	\$1,334,612,417	\$2,460,158,424	\$1,157,413,862
Add				
Deficiency appropriations provided by the 1987 Legislative Assembly	130,000	4,799,423	4,929,423	
49 th Legislative Assembly personal property tax replacement deficiency appropriation not spent until 1985-87 biennium	8,507,654		8,507,654	
Impact of revised revenue estimate				<u>(75,126,740)</u>
Legislative budget as restated	<u>\$1,134,183,661</u> ⁵	<u>\$1,339,411,840</u>	<u>\$2,473,595,501</u>	<u>\$1,082,017,122</u>
1987-89				
Executive budget	\$1,114,031,918	\$1,406,353,403	\$2,520,385,321	\$1,119,465,000
Legislative increase (decrease)	<u>(56,862,745)</u>	<u>32,891,874</u>	<u>(23,970,871)</u>	<u>(56,462,787)</u>
Legislative budget	\$1,057,169,173	\$1,439,245,277	\$2,496,414,450	\$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	<u>\$1,058,708,224</u> ⁶	<u>\$1,440,445,277</u>	<u>\$2,499,153,501</u>	<u>\$1,063,002,213</u>
1989-91				
Executive budget	\$1,115,265,227	\$1,690,091,064	\$2,805,356,291	\$1,126,110,000
Legislative increase (decrease)	<u>4,520,393</u>	<u>86,034,147</u>	<u>90,554,540</u>	<u>(2,152,095)</u>
Legislative budget	\$1,119,785,620	\$1,776,125,211	\$2,895,910,831	\$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and		(1,003,977)	(1,003,977)	

Department of Human Services estimated income adjustments

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	\$1,061,507,822	\$1,760,553,694	\$2,822,061,516	\$1,028,079,292
1991-93				
Executive budget	\$1,166,588,941	\$1,901,143,193	\$3,067,732,134	\$1,185,456,000
Legislative increase (decrease)	32,041,733	125,939,720	157,981,453	36,936,959
Legislative budget	\$1,198,630,674 ⁷	\$2,027,082,913	\$3,225,713,587 ⁷	\$1,222,392,959
Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	\$1,202,891,103	\$2,028,208,088	\$3,231,099,191	\$1,222,392,959
1993-95				
Executive budget	\$1,228,289,194	\$2,248,975,882	\$3,477,265,076	\$1,253,054,000
Legislative increase (decrease)	22,940,773	(88,551,589)	(65,610,816)	7,099,865
Legislative budget	\$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	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$1,260,153,865
1995-97				
Executive budget	\$1,345,660,131	\$2,207,522,902	\$3,553,183,033	\$1,355,491,421
Legislative increase (decrease)	1,284,129	34,396,992	35,681,121	2,668,581
Legislative budget	\$1,346,944,260	\$2,241,919,894	\$3,588,864,154	\$1,358,160,002
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$1,358,160,002
1997-99				
Executive budget	\$1,494,395,064	\$2,507,943,925	\$4,002,338,989	\$1,504,489,758

Legislative increase (decrease)	<u>(5,154,977)</u>	<u>(22,576,608)</u>	<u>(27,731,585)</u>	<u>(4,393,735)</u>
Legislative budget	\$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>
1999-2001				
Executive budget	\$1,615,319,416	\$2,711,061,796	\$4,326,381,212	\$1,625,566,507
Legislative increase (decrease)	<u>(21,280,878)</u>	<u>504,237,505</u> ⁸	<u>482,956,627</u>	<u>(20,209,113)</u>
Legislative budget	\$1,594,038,538	\$3,215,299,301	\$4,809,337,839	\$1,605,357,394
Add				
Deficiency appropriations provided by the 2001 Legislative Assembly	20,843,672	49,972,043	70,815,715	
Legislative budget as restated	<u>\$1,614,882,210</u>	<u>\$3,265,271,344</u>	<u>\$4,880,153,554</u>	<u>\$1,605,357,394</u>
2001-03				
Executive budget	\$1,706,299,108	\$2,970,092,352	\$4,676,391,460	\$1,720,969,291
Legislative increase (decrease)	<u>40,684,605</u>	<u>52,604,631</u>	<u>93,289,236</u>	<u>38,009,116</u>
Legislative budget	\$1,746,983,713	\$3,022,696,983 ⁹	\$4,769,680,696	\$1,758,978,407
Add				
Deficiency appropriations provided by the 2003 Legislative Assembly		27,300,000	27,300,000	
Less				
1.05 percent budget allotment	<u>(18,343,329)</u>		<u>(18,343,329)</u>	
Legislative budget as restated	<u>\$1,728,640,384</u> ¹⁰	<u>\$3,049,996,983</u>	<u>\$4,778,637,367</u> ¹⁰	<u>\$1,758,978,407</u>
2003-05				
Executive budget	\$1,762,103,934	\$3,231,267,168	\$4,993,371,102	\$1,772,149,343
Legislative increase (decrease)	<u>41,557,227</u>	<u>24,511,067</u>	<u>66,068,294</u>	<u>41,764,727</u>
Legislative budget	\$1,803,661,161	\$3,255,778,235	\$5,059,439,396	\$1,813,914,070
Add				
Deficiency appropriations provided by the 2005 Legislative Assembly	13,224,344	34,000,000	47,224,344	

Less				
Special funds reductions required by HB 1505 (2003)		(62,241)	(62,241)	
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)	(17,548,646)	224,867,692	207,319,046	(17,406,842)
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)	(6,352,383)	155,638,989	149,286,606	(27,052,284)
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)	148,443,816	1,000,274,902	1,148,718,718	103,180,918
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	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$3,278,894,860
2011-13				
Executive budget	\$3,295,569,541	\$5,998,005,832	\$9,293,575,373	\$3,351,306,217
Legislative increase (decrease)	941,116,919	364,281,588	1,305,398,507	1,092,272,719

Legislative budget	\$4,236,686,460	\$6,362,287,420	\$10,598,973,880	\$4,443,578,936
Add				
Deficiency appropriations provided by the 2013 Legislative Assembly	60,314,701	25,000,000	85,314,701	
Legislative budget as restated	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$4,443,578,936
2013-15				
Executive budget	\$4,786,171,981	\$7,998,462,773	\$12,784,634,754	\$4,866,676,875
Legislative increase (decrease)	2,076,415,373	(1,116,787,817)	959,627,556	2,082,954,407
Legislative budget	\$6,862,587,354	\$6,881,674,956	\$13,744,262,310	\$6,949,631,282

¹This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

²The general fund revenues include estimated general fund balances at the beginning of a biennium which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

- The Legislative Assembly in 1967 increased the sales tax from 2.25 percent to 3 percent.
- The Legislative Assembly in 1969 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 Legislative Assembly in 1973 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 Legislative Assembly in 1975 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 Legislative Assembly in 1979 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 Legislative Assembly in 1981 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 Legislative Assembly in 1983 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 Legislative Assembly in 1985 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 Legislative Assembly in 1987 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 Legislative Assembly in 1989 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 Legislative Assembly in 1991 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 Legislative Assembly in 1993 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 Legislative Assembly in 1995 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 Legislative Assembly in 1997 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 Legislative Assembly in 1999 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 Legislative Assembly in 2001 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 Legislative Assembly in 2003 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 Legislative Assembly in 2005 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 Legislative Assembly in 2007 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 Legislative Assembly in 2009 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 Legislative Assembly in 2011 increased general fund revenues by \$1,092,270,000 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. The amount shown also reflects adjustments made during the November 2011 special session to reflect an additional \$336.6 million for the actual general fund balance on July 1, 2011, and a decrease in general fund revenue of \$11 million due to an increase in available tax credits for contributions to the housing incentive fund from \$4 million to \$15 million.
- The Legislative Assembly in 2013 increased general fund revenues by \$2,082,950,000 due to providing a \$520 million transfer from the strategic investment and improvements fund; providing a \$341.79 million transfer from the property tax relief fund; removing 2011-13 transfers of \$744.8 million to the property tax relief fund, \$720 million to the highway fund, and \$30 million to the housing incentive fund all of which affected the estimated beginning balance; and approving individual and corporate income tax rate reductions of \$250 million.

³This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

⁴This is the amount of general fund appropriations recommended by Governor Alan Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor George Sinner recommended reductions to general fund appropriations which totaled \$72,995,855. Governor Sinner's revised general fund appropriation level was \$1,115,605,614.

⁵In addition to adjustments for deficiency appropriations, Governor Sinner mandated a 4 percent general fund allotment reduction totaling \$44,125,917 as of May 1987, the 50th Legislative Assembly made general fund reductions totaling \$12,965,250, and \$4,388,862 was added for Emergency Commission action and 1983-85 carryover which resulted in a 1985-87 general fund spending level of \$1,081,481,356.

⁶Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by Governor Sinner because of an anticipated reduction in general fund revenues.

⁷In addition, the Legislative Assembly in 1991 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 Legislative Assembly in 1991, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by Governor Sinner during the 1991-93 biennium of \$4,305,000.

⁸The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.

⁹The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

¹⁰In addition to an adjustment for deficiency appropriations, Governor 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**

Biennium	Department of Public Instruction Request	Executive Recommendation	Legislative Appropriation	Appropriated Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment	Appropriated Percentage Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment
1967-69					
General fund state school aid appropriation	\$48,200,000	\$38,450,000	\$45,500,000	\$9,650,000	26.9%
First-year per student payments	N/A	\$220	\$220	\$44	25.0%
Second-year per student payments	N/A	\$220	\$220	\$0	0.0%
1969-71					
General fund state school aid appropriation	\$51,750,000	\$48,700,000	\$50,200,000	\$4,700,000	10.3%
First-year per student payments	N/A	\$230	\$230	\$10	4.5%
Second-year per student payments	N/A	\$230	\$240	\$10	4.3%
1971-73					
General fund state school aid appropriation	\$67,200,000	\$51,135,000	\$54,385,000	\$4,185,000	8.3%
First-year per student payments	N/A	Not specified	\$250	\$10	4.2%
Second-year per student payments	N/A	Not specified	\$260	\$10	4.0%
1973-75					
Total state school aid appropriation	\$77,025,000	\$67,000,000	\$118,200,000	\$63,815,000	117.3%
Less federal revenue sharing			25,300,000	25,300,000	
General fund appropriation	<u>\$77,025,000</u>	<u>\$67,000,000</u>	<u>\$92,900,000</u>	<u>\$38,515,000</u>	70.8%
First-year per student payments	N/A	Not specified	\$540	\$280	107.7%
Second-year per student payments	N/A	Not specified	\$540	\$0	0.0%
1975-77					
Total state school aid appropriation	\$156,600,000	\$156,600,000	\$153,378,805	\$35,178,805	29.8%
Less federal revenue sharing	<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 ¹	N/A	
Textbooks	6,000,000	5,000,000			
Transportation aid	<u>21,910,000</u>	<u>21,910,000</u>	<u>22,073,500</u>	<u>N/A</u>	
Total state school aid appropriation	\$222,773,625	\$208,904,830	\$231,194,000	\$44,442,000	23.8%
Less					
Federal revenue sharing		12,400,000	12,400,000	1,400,000	
Oil and gas bonuses			5,300,000	5,300,000	
Vietnam bonus sinking funds			4,400,000	4,400,000	
Tuition fund distributions			<u>16,500,000 ¹</u>	<u>16,500,000</u>	
General fund appropriation	<u>\$222,773,625</u>	<u>\$196,504,830</u>	<u>\$192,594,000 ²</u>	<u>\$16,842,000</u>	9.6%
First-year per student payments	\$875	\$875	\$903	\$53	6.2%
First-year tuition fund payments			Not specified	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			<u>Not specified</u>	<u>N/A</u>	N/A
Total second-year payments	\$970	\$922	\$970	\$67	7.4%

1981-83

State school aid					
Per student payments	\$429,250,044	\$429,250,044	\$385,961,408	\$129,709,408	
Less: 20-mill district and 21-mill county deducts	<u>69,300,000</u>	<u>71,972,000</u>	<u>34,972,000 ³</u>	<u>(28,659,500)</u>	
Net per student payments	\$359,950,044	\$357,278,044	\$350,989,408	\$158,368,908	
Appropriation for 21-mill levy replacement		\$34,000,000			
Tuition fund distributions			29,877,400	13,377,400	
Transportation aid	<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	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%
1983-85					
State school aid					
Per student payments	\$372,716,564	\$321,223,600	\$351,139,250	(\$34,822,158)	
Less: 20-mill deduct		38,000,000	38,000,000	3,028,000	
Net per student payments	\$372,716,564	\$283,223,600	\$313,139,250	(\$37,850,158)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
Total state school aid appropriation	\$444,351,616	\$359,158,652	\$389,766,802	(\$28,815,474)	(6.9%)
Less					
Oil extraction tax	103,000,000	101,877,000		(169,266,667)	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000	7,222,600	
General fund appropriation	<u>\$309,351,616</u>	<u>\$220,981,652</u>	<u>\$352,666,802</u>	<u>\$149,928,593</u>	74.0%
First-year per student payments	\$1,526	\$1,400	\$1,400	(\$191)	(12.0%)
First-year tuition fund payments	N/A ⁸	N/A ⁸	120 ⁵	120	N/A
Total first-year payments	\$1,526 ⁸	\$1,400 ⁸	\$1,520	(\$71)	(4.5%)
Second-year per student payments	\$1,648	\$1,400	\$1,350	(\$50)	(3.6%)
Second-year tuition fund payments	N/A ⁸	N/A ⁸	170 ⁵	50	41.7%
Total second-year payments	\$1,648 ⁸	\$1,400 ⁸	\$1,520	\$0	0.0%
1985-87					
State school aid					
Per student payments	\$392,518,482	\$378,745,728	\$369,727,725	\$18,588,475	
Less: 20-mill deduct	42,432,000	42,432,000	39,709,423	1,709,423	
Net per student payments	\$350,086,482	\$336,313,728	\$330,018,302	\$16,879,052	
Tuition fund distributions	47,895,000	47,895,000	47,895,000	10,795,000	
Transportation aid	41,511,724	41,511,724	40,068,810	541,258	
Total state school aid appropriation	\$439,493,206	\$425,720,452	\$417,982,112	\$28,215,310	7.2%

Less					
Tuition fund distributions	47,895,000	47,895,000	47,895,000	10,795,000	
Federal revenue sharing		187,000	187,000	187,000	
General fund appropriation	<u>\$391,598,206</u>	<u>\$377,638,452</u>	<u>\$369,900,112</u>	<u>\$17,233,310</u>	4.9%
First-year per student payments	\$1,470	\$1,406	\$1,425	\$75	5.6%
First-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u>	<u>25</u>	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	\$30	2.1%
Second-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u>		0.0%
Total second-year payments	\$1,734	\$1,692	\$1,650	\$30	1.9%
1987-89					
State school aid					
Per student payments	\$455,264,726	\$360,756,666	\$355,570,464	(\$14,157,261)	
Less: 20-mill deduct	<u>39,204,350</u>	<u>39,204,350</u>	<u>39,070,442</u>	<u>(638,981)</u>	
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	(4,795,000)	
Transportation aid	<u>40,068,810</u>	<u>40,068,810</u>	<u>38,109,386</u>	<u>(1,959,424)</u>	
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	<u>47,895,000</u>	<u>43,100,000</u>	<u>43,100,000</u>	<u>(4,795,000)</u>	
General fund appropriation	<u>\$456,129,186</u>	<u>\$361,621,126</u>	<u>\$354,609,408</u>	<u>(\$15,290,704)</u>	(4.1%)
First-year per student payments	\$1,729	\$1,413	\$1,400	(\$55)	(3.8%)
First-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u>	<u>(18)</u>	(9.2%)
Total first-year payments	\$1,924	\$1,590	\$1,577	(\$73)	(4.4%)
Second-year per student payments	\$1,806	\$1,440	\$1,412	\$12	0.9%
Second-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u>		0.0%
Total second-year payments	\$2,001	\$1,617	\$1,589	\$12	0.8%
1989-91					
State school aid					
Per student payments	\$458,214,936	\$402,575,604	\$378,769,140	\$23,198,676	
Less: Mill deduct					
40 mills	77,400,055	77,400,055			
21 mills first year, 22 mills second year			<u>41,207,625</u>	<u>2,137,183</u>	
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	<u>40,000,000</u>	<u>34,200,000</u>	<u>36,637,073</u>	<u>(1,472,313)</u>	
Total state school aid appropriation	\$461,514,881	\$400,075,549	\$422,398,588	\$24,689,180	6.2%

Less					
Tuition fund distributions	<u>40,700,000</u>	<u>40,700,000</u>	<u>48,200,000</u>	<u>5,100,000</u>	
General fund appropriation	<u>\$420,814,881</u>	<u>\$359,375,549</u>	<u>\$374,198,588</u>	<u>\$19,589,180</u>	5.5%
First-year per student payments	\$1,850	\$1,641	\$1,525	\$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	\$20	1.3%
Second-year tuition fund payments	<u>169</u>	<u>169</u>	<u>200</u>		0.0%
Total second-year payments	\$2,111	\$1,859	\$1,745	\$20	1.2%
1991-93					
State school aid					
Per student payments	\$435,561,700	\$381,730,789	\$386,784,025	\$8,014,885	
Less: Mill deduct					
40 mills	76,762,904				
22 mills		<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>	<u>\$6,815,746</u>	1.8%
First-year per student payments	\$1,750	\$1,531	\$1,552	\$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	\$56	3.6%
Second-year tuition fund payments	<u>198</u>	<u>198</u>	<u>198</u>	<u>1</u>	0.5%
Total second-year payments	\$2,023	\$1,785	\$1,806	\$57	3.3%
1993-95					
State school aid					
Per student payments	\$457,832,320	\$472,112,798	\$404,839,927	\$18,055,902	
Less: Mill deduct					
40 mills	74,254,832				
50 mills first year, 60 mills second year		103,271,462			
23 mills first year, 24 mills second year			<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> ¹⁵	<u>\$396,519,892</u> ¹⁶	<u>\$15,505,558</u>	4.1%
First-year per student payments	\$1,860	Not specified	\$1,570	(\$38)	(2.4%)
First-year tuition fund payments	<u>197</u>	<u>\$192</u>	<u>192</u>	<u>(6)</u>	(3.0%)
Total first-year payments	\$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%
1995-97					
State school aid					
Per student payments	\$426,533,854	\$417,050,148	\$456,215,232	\$51,375,305	
Less: Mill deduct					
24 mills	46,010,284	46,010,284			
28 mills first year, 32 mills second year			59,709,197	15,789,162	
Net per student payments	\$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> ¹⁸	<u>\$35,106,941</u>	8.9%
First-year per student payments	\$1,662	\$1,652	\$1,757	\$121	7.4%
First-year tuition fund payments	<u>211</u> ¹⁹	<u>190</u> ¹⁹	<u>190</u> ¹⁹	<u>(2)</u>	(1.0%)
Total first-year payments	\$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> ¹⁹	<u>190</u> ¹⁹	<u>190</u> ¹⁹		0.0%
Total second-year payments	\$1,945	\$1,858	\$2,052	\$105	5.4%
1997-99					
State school aid					
Per student payments	\$519,317,404	\$483,650,506	\$501,586,540	\$45,371,308	
Less: Mill deduct					
36.05 mills first year, 39.91 mills second year	78,727,193				
32.42 mills first year, 33.34 mills second year		73,281,153			
32 mills			72,298,601	12,589,404	
Net per student payments	\$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 ²⁰			
Transportation aid	<u>37,671,610</u>	<u>37,128,220</u>	<u>36,768,320</u>	<u>767,522</u>	
Total state school aid appropriation	\$527,534,965	\$516,770,717	\$515,629,403	\$37,105,570	7.8%
Less					
Transportation aid - Special funds				(880,000)	
Tuition fund distributions	<u>49,273,144</u>	<u>49,273,144</u>	<u>49,273,144</u>	<u>3,256,144</u>	
General fund appropriation	<u>\$478,261,821</u>	<u>\$467,497,573</u>	<u>\$466,356,259</u> ²¹	<u>\$34,729,426</u>	8.0%
First-year per student payments	\$2,010	\$1,899	\$1,954	\$92	4.9%
First-year tuition fund payments	<u>225</u> ²²	<u>204</u> ²²	<u>204</u> ²²	<u>14</u>	7.4%
Total first-year payments	\$2,235	\$2,103	\$2,158	\$106	5.2%
Second-year per student payments	\$2,121	\$1,935	\$2,032	\$78	4.0%
Second-year tuition fund payments	<u>225</u> ²²	<u>204</u> ²²	<u>204</u> ²²		0.0%
Total second-year payments	\$2,346	\$2,139	\$2,236	\$78	3.6%
1999-2001					
State school aid					
Per student payments	\$546,659,759	\$517,678,909	\$520,678,909	\$19,092,369	
Less: 32-mill deduct	<u>78,072,650</u>	<u>78,072,650</u>	<u>78,072,650</u>	<u>5,774,049</u>	
Net per student payments	\$468,587,109	\$439,606,259	\$442,606,259	\$13,318,320	
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
Limited English proficient student payments	300,000	300,000	400,000	100,000	
Transportation aid	<u>36,400,000</u>	<u>36,000,000</u>	<u>36,000,000</u>	<u>(768,320)</u>	
Total state school aid appropriation	\$558,815,326	\$529,434,476	\$532,534,476	\$16,905,073	3.3%
Less					
Tuition fund distributions	<u>53,528,217</u>	<u>53,528,217</u>	<u>53,528,217</u>	<u>4,255,073</u>	
General fund appropriation	<u>\$505,287,109</u>	<u>\$475,906,259</u>	<u>\$479,006,259</u>	<u>\$12,650,000</u>	2.7%
First-year per student payments	\$2,195	\$2,129	\$2,145	\$113	5.6%
First-year tuition fund payments	<u>234</u> ²³	<u>220</u> ²³	<u>220</u> ²³	<u>16</u>	7.8%
Total first-year payments	\$2,429	\$2,349	\$2,365	\$129	5.8%
Second-year per student payments	\$2,371	\$2,221	\$2,230	\$85	4.0%
Second-year tuition fund payments	<u>234</u> ²³	<u>220</u> ²³	<u>220</u> ²³		0.0%
Total second-year payments	\$2,605	\$2,441	\$2,450	\$85	3.6%
2001-03					
State school aid					
Per student payments	\$555,110,467	\$532,704,091	\$522,264,541	\$1,585,632	
Less: 32-mill deduct	<u>83,611,330</u>	<u>83,611,330</u>	<u>84,942,893</u>	<u>6,870,243</u>	
Net per student payments	\$471,499,137	\$449,092,761	\$437,321,648	(\$5,284,611)	
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
Limited English proficient student payments	450,000	450,000	650,000	250,000	

Teacher compensation payments			35,036,000 ²⁴	35,036,000	
Transportation aid	<u>36,600,000</u>	<u>36,000,000</u>	<u>36,000,000</u>		
Total state school aid appropriation	\$569,895,162	\$552,781,786	\$576,246,673	\$43,712,197	8.2%
Less					
Tuition fund distributions	<u>61,346,025</u>	<u>67,239,025</u>	<u>67,239,025</u>	<u>13,710,808</u>	
General fund appropriation	<u>\$508,549,137</u>	<u>\$485,542,761</u>	<u>\$509,007,648</u>	<u>\$30,001,389</u>	6.3%
First-year per student payments	\$2,364	\$2,323	\$2,287	\$57	2.6%
First-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>	<u>80</u>	36.4%
Total first-year payments	\$2,630	\$2,623	\$2,587	\$137	5.6%
Second-year per student payments	\$2,506	\$2,420	\$2,347	\$60	2.6%
Second-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>		
Total second-year payments	\$2,772	\$2,720	\$2,647	\$60	2.3%

2003-05

State school aid					
Per student payments	\$605,477,848	\$534,667,340	\$555,800,961	\$33,536,420	
Less: Mill deduct ²⁵	<u>92,127,848</u>	<u>92,460,350</u>	<u>101,870,971</u>	<u>16,928,078</u>	
Net per student payments	\$513,350,000	\$442,206,990	\$453,929,990	\$16,608,342	
Tuition fund distributions	69,495,371	69,495,371	69,495,371	2,256,346	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments		66,277,000	51,854,000 ²⁶	16,818,000	
Transportation aid	<u>36,000,000</u>	<u>35,200,000</u>	<u>34,800,000</u>	<u>(1,200,000)</u>	
Total state school aid appropriation	\$619,495,371	\$613,829,361	\$610,729,361	\$34,482,688	6.0%
Less					
Tuition fund distributions	<u>69,495,371</u>	<u>69,495,371</u>	<u>69,495,371</u>	<u>2,256,346</u>	
General fund appropriation	<u>\$550,000,000</u>	<u>\$544,333,990</u>	<u>\$541,233,990</u>	<u>\$32,226,342</u>	6.3%
First-year per student payments	\$2,766	\$2,430	\$2,509	\$162	6.9%
First-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>	<u>35</u>	11.7%
Total first-year payments	\$3,101	\$2,765	\$2,844	\$197	7.4%
Second-year per student payments	\$2,843	\$2,528	\$2,623	\$114	4.5%
Second-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>		0.0%
Total second-year payments	\$3,178	\$2,863	\$2,958	\$114	4.0%

2005-07

State school aid					
Per student payments	\$628,674,605	\$599,665,519	\$607,953,450	\$52,152,489	
Less: Mill deduct ²⁷	<u>122,961,760</u>	<u>122,961,760</u>	<u>124,549,691</u>	<u>22,678,720</u>	
Net per student payments	\$505,712,845	\$476,703,759	\$483,403,759	\$29,473,769	
Tuition fund distributions	71,600,000	71,600,000	71,600,000	2,104,629	
Limited English proficient student payments	650,000	650,000	650,000		

Teacher compensation payments	50,912,120	50,912,120	50,912,120 ²⁸	(941,880)	
Transportation aid	<u>34,800,000</u>	<u>34,800,000</u>	<u>33,500,000</u>	<u>(1,300,000)</u>	
Total state school aid appropriation	\$663,674,965	\$634,665,879	\$640,065,879	\$29,336,518	4.8%
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>71,600,000</u>	<u>71,600,000</u>	<u>2,104,629</u>	
General fund appropriation	<u>\$592,074,965</u>	<u>\$563,065,879</u>	<u>\$568,465,879</u>	<u>\$27,231,889</u>	5.0%
First-year per student payments	\$2,880	\$2,726	\$2,765	\$142	5.4%
First-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>	<u>16</u>	4.8%
Total first-year payments	\$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%
2007-09²⁹					
State school aid					
Per student formula payments	\$703,565,879	\$724,165,879	\$726,165,879	N/A	
Transportation aid payments	<u>33,500,000</u>	<u>33,500,000</u>	<u>33,500,000</u>	N/A	
Total state school aid appropriation	\$737,065,879	\$757,665,879	\$759,665,879	N/A	
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>76,200,000</u>	<u>76,200,000</u>	N/A ²⁹	N/A ²⁹
General fund appropriation	<u>\$665,465,879</u>	<u>\$681,465,879</u>	<u>\$683,465,879</u>	N/A ²⁹	N/A ²⁹
First-year per student payments	Not specified	\$3,042	\$3,250	N/A ²⁹	N/A ²⁹
Second-year per student payments	Not specified	\$3,142	\$3,325	N/A ²⁹	N/A ²⁹
2009-11					
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 ³⁰	299,444,264	
Transportation aid payments	<u>38,500,000</u>	<u>38,500,000</u>	<u>48,500,000</u> ³¹	<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			4,233,000	4,233,000	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 ³²	\$919,459,478 ³²	\$918,459,478 ³²	\$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>		
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			5,000,000	5,000,000	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%

2013-15

State school aid					
Integrated formula payments	\$1,787,400,000 ³³	\$1,787,400,000 ³³	\$1,752,100,000 ³³	\$833,640,522 ³³	
Federal education jobs fund program payments				(21,242,838)	
Rapid enrollment grants	17,000,000	17,000,000	13,600,000	8,600,000	
Mill levy reduction grants				(341,790,000) ³³	
Transportation aid payments	<u>53,500,000</u>	<u>53,500,000</u>	<u>53,500,000</u>	<u>5,000,000</u>	
Total state school aid appropriation	\$1,857,900,000	\$1,857,900,000	\$1,819,200,000	\$484,207,684	36.3%
Less					
Federal funds				(21,242,838)	N/A
Tuition fund distributions	140,326,000	140,326,000	140,326,000	38,688,000	38.1%
Property tax relief fund	714,173,838	714,173,838			N/A
Oil and gas impact grant fund				(5,000,000)	N/A
General fund appropriation	<u>\$1,003,400,162</u>	<u>\$1,003,400,162</u>	<u>\$1,678,874,000</u>	<u>\$471,762,522</u>	39.1%
First-year integrated per student payment rate	Not specified	\$8,810 ³³	\$8,810 ³³	\$4,830	121.4%
Second-year integrated per student payment rate	Not specified	\$9,092 ³³	\$9,092 ³³	\$282	3.2%

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 Legislative Assembly in 1979 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 Legislative Assembly in 1981 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 Legislative Assembly in 1983 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 Legislative Assembly in 1983 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 Legislative Assembly in 1983 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 Legislative Assembly in 1991, 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 \$1,300,000 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 Legislative Assembly in 1995 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 Legislative Assembly in 2007 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 Legislative Assembly in 2009 provided \$295 million from the general fund for mill levy reduction grants. The Legislative Assembly in 2011 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 Legislative Assembly in 2009 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 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).
- ³³ The Legislative Assembly in 2013 approved a change in the kindergarten through grade 12 state school aid funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. This base level of support will be funded through a combination of local tax sources, local revenue and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment.

MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 2003-05 THROUGH 2013-15 BIENNIUMS

	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15
Assistance to political subdivisions (excluding school-related funding)						
General fund appropriations						
Grants to public libraries	\$844,307	\$1,000,000	\$1,200,000	\$1,300,000	\$1,500,000	\$1,766,500
Library Vision 2014 grants				237,500	237,500	237,500
Homestead tax credit	4,000,000	4,500,000	8,104,000	7,313,000	8,792,788	20,000,000
Disabled veteran property tax credits				3,461,000	5,225,775	7,678,000
Aid to health districts	1,100,000	1,100,000	1,900,000	2,400,000	3,000,000	4,000,000
Weather-related transportation cost-sharing			52,400,000 ⁹			
Local matching funds for federal disaster relief				250,000 ¹⁴		
Emergency medical training grants to rural law enforcement				128,400		
Emergency medical services training			940,000	940,000	940,000	940,000
Emergency medical services operations					3,000,000	5,150,000
Regional public health network pilot project				275,000		700,000
Public water system operator training					180,000	180,000
Funds to local public health units for immunization services				1,200,000 ¹⁵	1,500,000 ¹⁵	2,500,000 ¹⁵
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences						480,000
Grants to counties for portable personal computers for county veterans' service officers				20,000	20,000	20,000
Accreditation and emerging issues training for county veterans' service officers				20,000	30,000	30,000
Matching funds to counties and cities for senior citizen programs	2,382,945 ¹	720,000 ¹	1,000,000	1,091,200	1,174,668	1,264,502
Indian welfare assistance to counties	649,559	1,147,174	955,124	1,959,541	4,990,361	5,597,322
State administration of child support enforcement			7,490,245	2,315,025		
Boys' and girls' clubwork	53,000	53,000	53,000	53,000	53,000	53,000
Soil conservation district grants	580,000	630,000	730,000	837,800	987,800	1,137,800
Noxious weed control	97,215	67,817	67,817	65,817		
Payments in lieu of taxes on carbon dioxide pipeline property	1,910,000	1,545,000	1,365,000	1,151,000		
Clerk of court	10,723,223	11,810,929	13,587,187	15,253,306	16,795,673	20,042,085
Grants to airports	522,500	550,187	550,000	550,000	550,000	6,550,000
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties				35,000,000	48,000,000	220,000,000 ²⁶
County and township roadway projects in areas affected by oil and gas development					142,000,000 ¹⁸	160,000,000
Transportation funding distributions to townships in certain oil-producing counties						8,760,000
Transfer to state disaster relief fund for disaster-related expenses, additional rebuilders loan funding and flood-impacted housing rehabilitation, and road grade raising grants					48,700,000 ²⁵	
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties					252,800	252,800
Total general fund (excluding school-related funding)	\$22,862,749	\$23,124,107	\$90,342,373	\$75,821,589	\$287,930,365	\$467,339,509
Percentage of total general fund appropriations	1.3%	1.2%	3.6%	2.3%	6.7%	6.8%
Special funds appropriations and revenue allocations						
Grants for local water projects and a feasibility study				\$2,634,000 ¹²	\$750,000 ¹²	
Noxious weed control	\$1,402,639	\$1,646,408	\$1,646,408	1,646,408	1,375,274	\$1,375,274
State aid distribution funds to cities and counties ³	74,180,584	84,212,635	105,043,938	120,322,918	210,348,132	255,778,565
Public transportation services (public transportation fund) ⁴	3,000,000	4,650,000	5,700,000	5,800,000	6,300,000	10,000,000

Insurance tax to fire departments						
Insurance tax distribution fund	5,200,000	6,200,000	6,200,000	6,200,000	6,200,000	14,536,386
Insurance tax to emergency medical services operations						
Insurance tax distribution fund			1,250,000	2,750,000	1,250,000	1,250,000
Gaming enforcement grants	617,000	617,000	617,000	510,000	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			
Tobacco education and cessation program grants (community health trust fund)	500,000	395,000	260,000	225,000	225,000	320,000
Tobacco education and cessation program grants (tobacco prevention and control trust fund)				7,653,965	8,822,511	10,898,269
Matching funds to counties and cities for senior citizen programs						
Senior citizen services and programs fund		2,067,918 ¹⁰	2,407,214 ¹⁰	2,710,599 ¹⁰	3,476,461 ¹⁰	4,394,000 ¹⁰
Energy development impact grants (oil and gas impact grant fund)	4,888,100	4,888,100	5,888,100	7,888,100	94,428,269	239,299,174 ²¹
Grants to airports (Aeronautics Commission special funds collections)	1,962,500	2,447,126	2,950,000	5,280,000	5,080,000	7,450,000
Indian welfare assistance to counties (Department of Human Services "retained" funds)	1,964,607	1,964,607	1,964,607	1,964,607	1,964,607	
Motor vehicle fuel tax and registration fee allocations ⁵	118,400,000	129,600,000	129,900,000	161,500,000	153,800,000	220,500,000
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 ⁶	15,800,000	15,400,000	15,341,000	15,285,438	14,616,570	14,616,000
Coal conversion tax allocations ⁶	7,283,433	7,502,657	6,635,592	8,469,281	11,720,403	11,576,000
Oil and gas gross production tax allocations ⁷	42,836,649	55,785,763	80,850,073	101,211,208	247,196,952	592,890,000
Financial institution tax allocations			20,000,000	23,750,000	21,220,280	
Disaster relief funding				43,000,000 ¹¹	25,500,000 ²⁰	
Emergency snow removal grants				9,000,000 ¹⁹		
Cigarette tax allocations ⁸	2,608,771	2,810,000	3,132,474	2,674,442	3,099,055	3,164,000

Total special funds (excluding school-related funding)

	<u>\$302,144,283</u>	<u>\$341,687,214</u>	<u>\$411,586,406</u>	<u>\$547,575,966</u>	<u>\$834,683,514</u>	<u>\$1,405,357,668</u>
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Total major direct assistance to political subdivisions (excluding school-related funding)

	<u><u>\$325,007,032</u></u>	<u><u>\$364,811,321</u></u>	<u><u>\$501,928,779</u></u>	<u><u>\$623,397,555</u></u>	<u><u>\$1,122,613,879</u></u>	<u><u>\$1,872,697,177</u></u>
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School-related assistance to political subdivisions

General fund appropriations - School-related funding

State school aid per student formula payments	\$489,379,990	\$484,053,759	\$649,965,879	\$636,425,958 ¹⁶	\$816,821,478 ²²	\$0 ²⁷
State school aid - Integrated formula payments						1,611,774,000 ²⁷
Supplemental operations grants				16,795,584		
Supplemental one-time grants				85,644,337		
Mill levy reduction grants				295,211,264 ²⁴	341,790,000 ²⁴	
Rapid enrollment grants						13,600,000 ²⁷
Safety grants						3,000,000 ²⁷
Reimbursement for CPR training						450,000 ²⁷
Teacher compensation payments to school districts	51,854,000	50,912,120				
Special education - Gifted and talented per student payments		37,000,000				
School district reorganization bonuses	500,000	759,000				
Educational Technology Council grants	512,822	578,590	800,000	604,750	425,000	1,393,000
Special education	49,898,695					
Revenue supplement payments to school districts	5,000,000	5,000,000				
Transportation aid payments to school districts		33,500,000	33,500,000	43,500,000 ¹³	48,500,000	53,500,000
Contingent supplemental transportation aid payments to school districts				5,000,000 ¹³		
Special education contracts		15,500,000	17,500,000	15,500,000	16,000,000	16,500,000
Joint powers agreement incentives		1,000,000				
Vocational education	10,386,541	13,846,810	14,165,749	17,000,000	19,729,137	22,234,137
School food services	1,080,000	1,080,000	1,080,000	1,380,000	1,380,000	1,380,000
Adult education	920,000	1,055,000	1,055,000	1,850,000	3,110,411	3,110,411
Adult education contingent appropriation					500,000 ²³	

Alternative education program grants					300,000	
Prekindergarten space grants					125,000	125,000
Flood-damaged school infrastructure grant					500,000 ²⁵	
EduTech services, including school district antivirus licenses and PowerSchool funding	2,540,348	2,652,348	2,722,348	5,104,699	3,044,096	3,186,901
School district information technology network costs	3,382,023 ²	3,395,550 ²	3,413,972 ²	5,568,970 ²	4,798,992 ²	4,828,177
Total general fund - School-related funding	\$615,454,419	\$650,333,177	\$724,202,948	\$1,129,585,562	\$1,257,024,114	\$1,735,081,626
Percentage of total general fund appropriations	33.9%	32.5%	28.1%	34.8%	29.3%	25.3%
Special funds appropriations and revenue allocations - School-related funding						
Per student/integrated formula payments (state tuition fund)	\$69,495,371	\$71,600,000	\$76,200,000	\$86,300,000	\$101,638,000	\$140,326,000 ²⁷
Grants for adult education programs (displaced homemaker fund)	240,000	240,000	240,000	250,000	250,000	225,000 ²⁷
Rapid enrollment grants (oil and gas impact grant fund)					5,000,000	
Mill levy reduction grants to school districts (property tax relief fund)				4,233,000		
Vocational Education					112,724	112,724
Total special funds - School-related funding	\$69,735,371	\$71,840,000	\$76,440,000	\$90,783,000	\$107,000,724	\$140,663,724
Total major school-related assistance to political subdivisions	\$685,189,790	\$722,173,177	\$800,642,948	\$1,220,368,562	\$1,364,024,838	\$1,875,745,350
Total general fund assistance to political subdivisions	\$638,317,168	\$673,457,284	\$814,545,321	\$1,205,407,151	\$1,544,954,479	\$2,202,421,135
Total special funds assistance	\$371,879,654	\$413,527,214	\$488,026,406	\$638,358,966	\$941,684,238	\$1,546,021,392
Total major direct assistance to political subdivisions	\$1,010,196,822	\$1,086,984,498	\$1,302,571,727	\$1,843,766,117	\$2,486,638,717	\$3,748,442,527

¹ 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.

² 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.

³ The Legislative Assembly in 1987 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 Legislative Assembly in 1997 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. The Legislative Assembly in 2013 increased the .4 to .435 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 July 1, 2014.

⁴ 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. The 2013-15 amounts include a \$1.1 million contingent general fund transfer to the public transportation fund.

⁵ 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. The amounts shown do not include highway tax distribution fund deposits in the public transportation fund which are shown separately in this schedule.

⁶ Beginning in the 2001-03 biennium, the coal severance tax allocation is based on the provision that 70 percent of the tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties.

Beginning in the 2001-03 biennium, the coal conversion tax allocation is based on the provision that 15 percent of the tax revenue is allocated to the county in which the plant is located. Previously, 35 percent had been allocated to the county in which the plant is located.

⁷ The oil and gas gross production tax allocation is based on a formula which allocates a percentage of gross production tax revenue to the producing county with the remainder going to the state. Prior to the 2009-11 biennium, the amount allocated to a county was capped based on the population of the county. The 2013-15 allocations from the gross production tax revenue are distributed to counties, cities, school districts, townships, and hub cities based on a formula which provides one set of percentages for counties that received less than \$5 million in allocations during the previous state fiscal year and another set of percentages for counties that received \$5 million or more in allocations during the previous state fiscal year.

⁸ The cigarette tax allocation is based on the provision that 3 cents per regular package and 3.75 cents per larger package are distributed to cities based on population.

⁹ The Legislative Assembly in 2009 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).

- ¹⁰ The Legislative Assembly in 2005 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 Legislative Assembly in 2011 Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The Legislative Assembly in 2013 Senate Bill No. 2162, increased the amount of collections allocated to the fund to eighty-five percent of one mill levied statewide each year.
- ¹¹ The Legislative Assembly in 2009 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).
- ¹² The Legislative Assembly in 2009 provided in House Bill No. 1305, \$2,792,000,000 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 Legislative Assembly in 2011 authorized \$500,000 of the funding to continue during the 2011-13 biennium. In addition, the Legislative Assembly in 2011 provided \$250,000 for flood-related water projects in the Nelson County Water Resource District.
- ¹³ In addition, the Legislative Assembly in 2009 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.
- ¹⁴ The Legislative Assembly in 2009 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.
- ¹⁵ The Legislative Assembly in 2009 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 Legislative Assembly in 2011 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 purchasing contract. The Legislative Assembly in 2013 provided in the department's base budget, an additional \$1 million for the universal vaccine program.
- ¹⁶ The Legislative Assembly in 2009 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 Legislative Assembly in 2009 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.
- ¹⁷ 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.
- ¹⁸ The Legislative Assembly in 2011 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.
- ¹⁹ Senate Bill No. 2369 (2011) 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 was allowed to be utilized in the 2011-13 biennium for disaster relief initiatives as outlined in Section 4 of 2011 Senate Bill No. 2369.
- ²⁰ Section 4 of Senate Bill No. 2369 (2011) provided an appropriation of \$22 million from the permanent oil tax trust fund to the state disaster relief fund and provided 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) provided 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 Section 37-17.1-27.
- ²¹ House Bill No. 1358 (2013) provides \$23,299,174 for energy infrastructure and impact grants from money deposited in the oil and gas impact grant fund. Of this amount, House Bill No. 1358 provides \$5 million for eligible counties experiencing new oil and gas development activities, \$60 million for grants to airports, \$4 million for grants to public institutions of higher education, \$3 million for a dust control pilot project, \$7 million for county sheriff's departments, \$7 million for grants to emergency medical service providers, \$3.5 million for grants to fire protection districts, and \$14 million for grants to hub cities.
- ²² In addition, the Legislative Assembly in 2011 provided \$101,638,000,000 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 Legislative Assembly in 2011 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.
- ²³ The Legislative Assembly in 2011 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.
- ²⁴ 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.
- ²⁵ The Legislative Assembly during its November 2011 special legislative session, in Senate Bill No. 2371, provided a one-time transfer of \$48.7 million from the general fund to the state disaster relief fund for disaster-related expenses (\$32.7 million), additional rebuilders loan funding and flood-impacted housing rehabilitation (\$10 million), and road grade raising grants (\$6 million). The bill also included a \$500,000 general fund appropriation for a flood-damaged school infrastructure grant.

²⁶ Senate Bill No. 2176 (2013) appropriated \$100 million from the general fund to the State Treasurer for transportation funding distributions to non-oil-producing political subdivisions. House Bill No. 1358 (2013) appropriated \$120 million from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing counties.

²⁷ The Legislative Assembly in 2013 approved a change in the kindergarten through grade 12 school funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine a base level of support necessary to education students and this base level of support will be provided through a combination of local tax sources, local revenue and state integrated formula payments. The 2013 Legislative Assembly provided integrated formula payments totaling \$1,752,000,000, of which \$1,611,774,000 is from the general fund and \$140,326,000 is from the state tuition fund. The new formula results in an increase of \$491.9 million from the state school aid and mill levy grants, totaling \$1.26 billion provided during the 2011-13 biennium. The increase of \$491.9 million includes increases in funding of \$453.2 million from the general fund and \$38.7 million from the state tuition fund. Integrated formula payments include \$656.5 million for an increase in the mill levy buydown from 75 mills to 125 mills for the 2013-15 biennium, an increase of \$314.7 million from the \$341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium. The 2013 Legislative Assembly also provided from the general fund \$13.6 million for rapid enrollment grants (HB 1261), \$3 million for safety grants (SB 2267), and \$450,000 for the reimbursement of CPR training (SB 2238).

²⁸ The Legislative Assembly in Senate Bill No. 2325 repealed the business privilege/financial institution tax and increased the allocation of sales and use tax and motor vehicle tax allocations to the state aid distribution fund to replace the loss of funds to counties and cities from the repeal of the business privilege/financial institution tax.