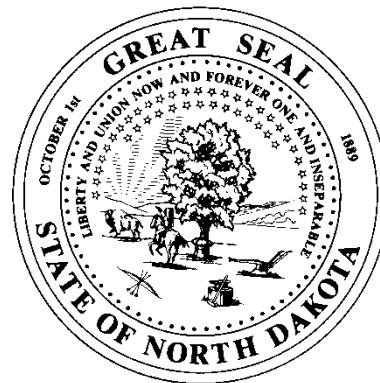


65TH LEGISLATIVE ASSEMBLY STATE BUDGET ACTIONS FOR THE 2017-19 BIENNIUM

(Including Supplemental and Statistical Information Regarding the State Budget)



**LEGISLATIVE COUNCIL
STATE CAPITOL
BISMARCK, NORTH DAKOTA
JUNE 2017**

This report contains information on actions by the 2017 Legislative Assembly affecting the state budget, including the 2017 Legislative Assembly's changes to base budget levels for the July 1, 2017, through June 30, 2019, biennium (2017-19). The 2017-19 biennium appropriations for state agencies and institutions are also compared to 2015-17 biennium appropriations.

In preparing this analysis, the Legislative Council staff reviewed 2017 appropriation acts, the "purposes of amendments" contained in the House and Senate journals, and other available fiscal records.

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

INDEX

Description	Page No.
Abandoned Oil and Gas Well Plugging and Site Reclamation Fund.....	L-1
Adjutant General	H-94
Administrative Hearings, Office of.....	H-11
Aeronautics Commission	H-70
Agricultural Experiment Station.....	H-115
Agriculture Commissioner.....	D-22
Agronomy Seed Farm.....	H-117
Aid to Political Subdivisions	L-53, M-29
Appropriations.....	Section C
2017-19 Biennium Summary	A-1, C-1
Comparison of 2015-17 and 2017-19 Legislative Appropriations	C-2
Comparison of 2015-17 and 2017-19 Ongoing General Fund Appropriations.....	C-5
Comparison of Appropriations to Personal Income	M-2
Comparison of Executive Budget Recommendations to Legislative Budgets.....	M-4
Contingent 2017-19 General Fund Appropriations	C-9
Deficiency Appropriations for the 2015-17 Biennium.....	B-6
Graphs.....	C-10, C-11, C-12, C-13
One-Time Funding.....	C-7
Arts, Council on the.....	H-124
Attorney General.....	D-10
Auditor, State	D-6
Badlands Human Service Center.....	G-7
Bank of North Dakota.....	H-75
Beginning Farmer Revolving Loan Fund.....	L-3
Bismarck State College.....	F-20
Blind, School for the.....	H-37
Board of University and School Lands	H-28
Bonding Fund	L-4
Branch Research Extension Centers.....	H-109
Budget Stabilization Fund.....	L-5
Capital Construction.....	Section I
Extraordinary Repairs	I-3
Lease Payments and Balances	I-7
Major Capital Construction	I-2
Overview.....	I-1

Capitol Building Fund	L-7
Career and Technical Education, Department of	H-40
Carrington Research Extension Center	H-109
Centers of Excellence Fund	L-8
Centers of Research Excellence Fund.....	L-9
Central Grasslands Research Extension Center	H-109
Coal Development Trust Fund	L-11
College of Science	F-40
Commerce, Department of.....	H-99
Commission on Legal Counsel for Indigents.....	H-22
Common Schools Trust Fund	L-13
Community Health Trust Fund	L-17
Corrections and Rehabilitation, Department of	H-89
Council on the Arts.....	H-124
Dakota College at Bottineau	F-56
Deaf, School for the	H-34
Developmental Center (Life Skills and Transition Center)	G-7
Dickinson Research Extension Center.....	H-109
Dickinson State University	F-43
District Court	H-18
Elected Officials	Section D
Elected Officials' Salaries	J-16
Electronic Health Information Exchange Fund.....	L-25
Elementary and Secondary Education.....	Section E
Overview.....	E-1
Payments and Students.....	E-17
Public Instruction, Department of.....	E-4
State School Aid	E-14
State School Aid Funding History	M-15
Emergency Services, Department of	H-94
Employees, State.....	Section J
Analysis of FTE Changes	J-3
Analysis of State Employee Salary Increases	J-12
Number of State Employees - History	J-10
Overview.....	J-1
Salary and Health Insurance Increases - Cost History	J-17
Environment and Rangeland Protection Fund	L-28
Executive Summary, State Budget	Section A
Fair, State	H-118

FTE - Full-time Equivalent Positions	J-3
Number of State Employees - History	J-10
Financial Institutions, Department of.....	H-72
Fire and Tornado Fund	L-31
Fire Department Payments	D-17
Forest Service.....	F-59
Foundation Aid Stabilization Fund	L-32
Game and Fish Department.....	H-126
General Fund	
Appropriations	Section C
2017-19 Biennium Summary	A-1, C-1
Comparison of 2015-17 and 2017-19 Legislative Appropriations	C-2
Comparison of 2015-17 and 2017-19 Ongoing Appropriations.....	C-5
Comparison of Executive Budget Recommendations to Legislative Budgets.....	M-4
Contingent 2017-19 General Fund Appropriations	C-9
Graphs.....	C-10, C-11, C-12, C-13
History of General Fund Budgets	M-1
One-Time Funding.....	C-7
Revenue Estimates	B-1, B-7
Governor.....	D-1
Health Care Trust Fund	L-35
Health Information Technology Planning Loan Fund	L-37
Health, State Department of	H-43
Hettinger Research Extension Center.....	H-109
Higher Education	Section F
Enrollment - FTE.....	F-3
Overview.....	F-1
Tuition Rates	F-4
Highway Patrol.....	H-86
Historical Data.....	Section M
Historical Society	H-121
Homestead Tax Credit - See Tax Commissioner	D-15
Housing Finance Agency	H-78
Human Services.....	Section G
Human Services, Department of.....	G-11
Overview.....	G-1
Indian Affairs Commission	H-54
Industrial Commission.....	H-64
Information Technology Department.....	H-6

Information Technology Projects.....	K-1
Insurance Commissioner	D-17
Insurance Tax Payments to Fire Departments.....	D-17
International Peace Garden	H-129
Job Service North Dakota	H-60
Judicial Branch.....	H-18
Judicial Conduct Commission.....	H-18
Labor and Human Rights, Department of	H-68
Lake Region Human Service Center.....	G-7
Lake Region State College	F-23
Land Department	H-28
Langdon Research Extension Center	H-109
Lease Payments, Capital Construction	I-7
Legacy Fund	L-39
Legal Counsel for Indigents, Commission on.....	H-22
Legislative Assembly	H-12
Legislative Council.....	H-15
Library, State	H-32
Lignite Research Fund.....	L-41
Main Research Center	H-115
Management and Budget, Office of	H-1
Mayville State University.....	F-47
Mill and Elevator	H-80
Minot State University	F-50
North Central Human Service Center	G-7
North Central Research Extension Center.....	H-109
North Dakota State College of Science.....	F-40
North Dakota State University.....	F-36
NDSU Extension Service	H-111
Northeast Human Service Center	G-7
Northern Crops Institute.....	H-113
Northwest Human Service Center.....	G-7
Office of Management and Budget	H-1
Outdoor Heritage Fund	L-43
Parks and Recreation Department.....	H-129
Peace Garden.....	H-129
Political Subdivisions, Assistance to	L-53, M-29
Protection and Advocacy Project	H-59
Public Employees Retirement System	H-25

Public Instruction, Department of	E-4
Public Printing.....	D-3
Public Service Commission	D-19
Racing Commission.....	H-119
Research North Dakota Fund	L-45
Resources Trust Fund	L-47
Retirement and Investment Office.....	H-24
Revenues, General Fund.....	Section B
Deficiency Appropriations for the 2015-17 Biennium	B-6
Estimates.....	B-1, B-7
Graphs.....	B-9, B-10
Major Tax and Fee Increases	B-2
Summary	A-1, B-1
Oil and Gas Tax Distribution.....	B-11, B-13
Risk Management Fund.....	L-50
School for the Blind.....	H-37
School for the Deaf	H-34
Secretary of State	D-3
Securities Department	H-73
Senior Citizen Services and Programs Fund	L-51
South Central Human Service Center.....	G-7
Southeast Human Service Center.....	G-7
State Aid Distribution Fund	L-53
State Disaster Relief Fund	L-20
State Employees.....	Section J
Analysis of FTE Changes	J-3
Analysis of State Employee Salary Increases	J-12
Number of State Employees - History	J-10
Overview.....	J-1
Salary and Health Insurance Increases - Cost History	J-17
State Fair	H-118
State Hospital	G-7
State Library	H-32
Strategic Investment and Improvements Fund	L-55
Student Loan Trust Fund	L-58
Supreme Court.....	H-18
Tax and Fee Increases	B-2
Tax Commissioner	D-15
Tax Relief Fund.....	L-61

Tobacco Prevention and Control Executive Committee.....	H-49
Tobacco Prevention and Control Trust Fund	L-63
Tobacco Settlement Trust Fund.....	L-66
Tourism Division of Department of Commerce	H-99
Transportation, Department of	H-138
Treasurer, State	D-8
Trust Fund Analyses	Section L
Trust Lands, Department of	H-28
Tuition Trust Fund.....	L-69
University of North Dakota	F-29
UND Medical Center	F-33
University System	Section F
University System Office.....	F-9
University System Overview	F-1
Upper Great Plains Transportation Institute	H-107
Valley City State University	F-53
Veterans' Affairs, Department of	H-56
Veterans' Home	H-52
Veterans' Postwar Trust Fund.....	L-71
Vision Services - School for the Blind	H-37
Water Commission, State	H-134
Water Development Trust Fund.....	L-73
West Central Human Service Center	G-7
Williston Research Extension Center.....	H-109
Williston State College	F-26
Workforce Safety and Insurance.....	H-83

EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2017	\$30,890,381 ¹
Add estimated 2017-19 general fund revenues and transfers	4,329,815,889
Total resources available	\$4,360,706,270
Less 2017-19 general fund appropriations	4,310,262,641
Estimated general fund balance - June 30, 2019	\$50,443,629 ²

¹This amount reflects \$617,010 of 2015-17 deficiency appropriations, and \$57,007,000 of estimated 2015-17 unspent general fund appropriation authority.

²In addition, the budget stabilization fund is projected to have a June 30, 2019, balance of \$75,000,000.

TOTAL APPROPRIATIONS SUMMARY

	2015-17 Adjusted Legislative Appropriations	Increase (Decrease)	2017-19 Legislative Appropriations
General fund	\$5,687,291,911	(\$1,377,029,270)	\$4,310,262,641
Estimated income	8,319,007,773	924,116,038	9,243,123,811
Total all funds	\$14,006,299,684	(\$452,913,232)	\$13,553,386,452

2017-19 GENERAL FUND REVENUES

1. Provided for **general fund revenues** of \$4.36 billion, \$1.29 billion, or 22.8 percent, less than the 2015-17 biennium revenues as included in the 2017 legislative revenue forecast.
2. Anticipated state agency **unexpended 2015-17 biennium general fund appropriation authority** of \$57 million, increasing the July 1, 2017, estimated general fund balance.
3. Major areas of **tax and fee revenue change** (as compared to the revised revenue forecast for the 2015-17 biennium) include:
 - a. Insurance premium tax collections are estimated to increase by \$21.28 million, or 19.6 percent.
 - b. Mineral leasing fees are estimated to increase by \$4.13 million, or 15.7 percent.
 - c. Corporate income taxes are estimated to decrease by \$57.78 million, or 36.1 percent.
4. Legislative action estimated to have a **major impact on tax and fee revenues** include:
 - a. House Bill No. 1010 decreases the payments to fire departments and the North Dakota Firefighter's Association resulting in an increase of \$1.64 million in deposits in the general fund.
 - b. House Bill No. 1045 reduces the tax credits for investments in angel funds from 45 to 35 percent for qualifying in-state business investments and 25 percent for out-of-state business investments resulting in an estimated increase of \$900,000 in individual income tax collections.

- c. Senate Bill No. 2133 changes the definition of a coal conversion facility's taxable revenue resulting in an increase of \$1.06 million of coal conversion tax collections.
 - d. Senate Bill No. 2344 implements the provisions for medical marijuana resulting in an increase of \$1.55 million in sales and use tax collections.
5. Legislative action estimated to have a **major impact on transfers and other sources of revenue to the general fund** include:
 - a. House Bill No. 1015 recognizes \$200 million of legacy fund earnings anticipated to be transferred to the general fund, transfers \$183 million from the tax relief fund to the general fund, and transfers \$248 million from the strategic investment and improvements fund to the general fund.
 - b. House Bill No. 1020 authorizes the refinancing of Western Area Water Supply Authority debt to repay a loan of \$25 million to the general fund.
 - c. Senate Bill No. 2014 transfers \$140 million from Bank of North Dakota profits to the general fund and increases the annual transfer of Mill and Elevator profits from 50 to 75 percent to provide a total of \$18.57 million.
 6. Anticipated **oil prices** to average \$47 per barrel for the entire 2017-19 biennium. The average oil price in April 2017 was \$39.86 per barrel based on prices reported by Flint Hills Resources and \$51.12 per barrel based on prices reported by West Texas Intermediate, resulting in an average price of \$45.49 for North Dakota crude oil.
 7. **Oil production** is anticipated to increase from 925,000 barrels per day for the 1st year to 950,000 barrels per day in the 2nd year of the 2017-19 biennium. Average production in March 2017 was 1.03 million barrels per day.
 8. **General fund oil tax revenues** are \$400 million, an increase of \$100 million from the 2015-17 biennium.

PROPERTY TAX RELIEF

1. Appropriated \$160.7 million, of which \$26 million is from the general fund and \$134.7 million is from the tax relief fund, to the Department of Human Services for a state-paid economic assistance and social services pilot program during the 2017-19 biennium.
2. Appropriated \$23.3 million from the general fund to the Department of Human Services to continue state funding for certain county costs of child welfare and service payments for elderly and disabled services.
3. Appropriated \$22.9 million from the general fund to the Tax Department for the homestead tax credit program (\$14.8 million) and the disabled veterans' property tax credit program (\$8.1 million).

2017-19 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of \$4.31 billion, \$1.38 billion, or 24.2 percent, less than the 2015-17 adjusted legislative appropriations.
2. Major general fund appropriations changes relate to:
 - a. Department of Transportation - (\$613.4 million).
 - b. Department of Public Instruction - (\$266.1 million).
 - c. State Treasurer - (\$241.3 million).
 - d. Higher Education - (\$212.1 million).
 - e. Department of Human Services - \$57.6 million.
 - f. Office of Management and Budget - (\$6.1 million).
 - g. Attorney General - (\$7.0 million).
 - h. Industrial Commission - (\$7.3 million).
 - i. Parks and Recreation Department - (\$16.5 million).
 - j. Department of Corrections and Rehabilitation - \$9.8 million.
 - k. Department of Commerce - (\$21.2 million).

2017-19 SPECIAL FUNDS APPROPRIATIONS

1. Provided special funds (estimated income) appropriations of \$9.24 billion, \$924.1 million, or 11.1 percent more than the 2015-17 adjusted legislative appropriations.
2. Major special funds appropriations increases include:
 - a. Information Technology Department - \$72.9 million.
 - b. Attorney General - \$12.3 million.
 - c. Department of Public Instruction - \$272.9 million.
 - d. Department of Trust Lands - \$90.2 million.
 - e. Higher Education - \$1,993.3 million.
 - f. State Department of Health - \$13.6 million.
 - g. Department of Human Services - \$309.4 million.

2017-19 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Projected ongoing general fund revenues of \$3.76 billion for the 2017-19 biennium, an increase of \$220 million, or 6 percent, from the estimated ongoing general fund revenues of \$3.54 billion for the 2015-17 biennium.
2. Provided \$4,269,624,415 of ongoing general fund appropriations and \$40,638,226 of "one-time" general fund appropriations for the 2017-19 biennium.
3. Retained an estimated \$125.4 million at the end of the 2017-19 biennium, including \$50.4 million in the general fund and \$75 million in the budget stabilization fund.

HIGHER EDUCATION

1. Decreased ongoing **general fund** support by \$68.6 million and decreased one-time general fund support by \$143.4 million as follows:

	2015-17 Adjusted Legislative Appropriations	2017-19 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$681,876,059	\$613,242,154	(\$68,633,905)	(10.1%)
One-time general fund appropriations	155,973,153	12,554,626	(143,418,527)	(92.0%)
Total	\$837,849,212	\$625,796,780	(\$212,052,432)	(25.3%)

2. Increased appropriations from **special funds** by \$1,993,306,011, or 2,990.96 percent. The increase relates primarily to the reporting of total special fund appropriations for higher education institutions. Previously, higher education special funds were only specifically appropriated for certain items, such as capital projects. Other special funds were spent pursuant to continuing appropriations.
3. Increased the authorized number of **full-time equivalent (FTE) positions** from 2,430.35 to 6,767.76, an increase of 4,337.41. The increase relates primarily to the authorization and reporting of FTE positions supported from special funds. Previously, the Legislative Assembly only authorized FTE positions supported by the general fund.
4. Decreased campus **base funding formula distributions** from the general fund by \$59.5 million.
5. Provided additional funding of \$15.2 million for **student residency positions** at the University of North Dakota School of Medicine and Health Sciences. Of the \$15.2 million, \$13,806,856 is from the student loan trust fund, \$893,144 is from the general fund, and \$500,000 is from local funds.
6. Added one-time funding of \$2 million from the general fund for the **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. For every \$2 of private funds donated to an institution, a match of \$1 is to be provided from the fund.

ELEMENTARY AND SECONDARY EDUCATION

1. Provided funding of \$2,015,904,163, of which \$1,409,357,258 is from the general fund, \$301,000,000 is from the foundation aid stabilization fund, and \$305,546,905 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 \$12.5 million, including a decrease in funding of \$258.9 million from the general fund and increases in funding of \$185 million from the foundation aid stabilization fund and \$86.4 million from the state tuition fund, from the 2015-17 adjusted legislative appropriation of \$2,003,444,530. In 2013 the Legislative Assembly approved a change in the K-12 state school

aid funding formula. The formula 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. For the 2017-19 biennium, the **integrated payment rate** will remain at \$9,646 for each year of the biennium, the same as the 2nd year of the 2015-17 biennium. The Legislative Assembly provided funding for **integrated formula payments** totaling \$1,935,204,163, of which \$1,334,657,258 is from the general fund, \$295,000,000 is from the foundation aid stabilization fund, and \$305,546,905 is from the state tuition fund. This level of funding represents an increase of \$18.6 million, including a decrease in funding of \$246.8 million from the general fund and increases in funding of \$179 million from the foundation aid stabilization fund and \$86.4 million from the state tuition fund, from the 2015-17 biennium adjusted appropriation for integrated formula payments of \$1.917 billion. The Legislative Assembly provided **transportation aid** totaling \$55.4 million from the general fund, a decrease of \$1.6 million from transportation aid funding of \$57 million provided during the 2015-17 biennium. The Legislative Assembly provided \$19.3 million from the general fund for **special education contracts**, an increase of \$2 million from special education contract funding of \$17.3 million provided during the 2015-17 biennium.

2. Provided funding from the general fund for the following grants:
 - a. **National writing projects** - \$20,000 (decrease of \$173,000 from the 2015-17 biennium).
 - b. **North Dakota Museum of Art** - \$350,000 (decrease of \$85,000 from the 2015-17 biennium).
 - c. **School food services** - \$1,380,000 (the same as the 2015-17 biennium).
 - d. **Adult education grants** - \$3,100,000 (decrease of \$1,010,411 from the 2015-17 biennium).
 - e. **North Central Council for Educational Media Services** - \$238,000 (decrease of \$297,000 from the 2015-17 biennium).
 - f. **Global Bridges (Atlantik-Brucke) exchange program** - \$200,000 (decrease of \$50,000 from the 2015-17 biennium).
 - g. **North Dakota young entrepreneur education program** - \$30,000 (decrease of \$70,000 from the 2015-17 biennium).
 - h. **"We the People" program** - \$10,000 (decrease of \$15,000 from the 2015-17 biennium).
 - i. **Teacher, principal, and instructional coach mentoring program** - \$2,050,000 (decrease of \$650,000 from the 2015-17 biennium).
 - j. **Free breakfast program** - \$200,000 (decrease of \$5,000 from the 2015-17 biennium).
 - k. **Flexible program grant pool** - \$1,530,000 for a flexible program grant pool, including continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher

- and principal evaluation system grants, and programs for leveraging the senior year and leadership.
3. Removed funding from the general fund for the North Dakota LEAD Center, teacher center network, prekindergarten space grants, Gearing Up for Kindergarten, Pathfinders Parent project, and Medicaid matching grants.
4. Provided funding from the general fund for **national board certification** - \$120,000 (the same as the 2015-17 biennium).
5. Provided \$220,000 of one-time funding from the student loan trust fund for support of the **Governor's School** program, \$240,000 less than the \$460,000 general fund appropriation provided during the 2015-17 biennium.
6. Provided \$6 million of one-time funding from the foundation aid stabilization fund for **rapid enrollment grants**, \$6,504,530 less than the adjusted one-time 2015-17 legislative general fund appropriation.
7. Provided \$500,000 of one-time funding from the foundation aid stabilization fund for supplemental **English language learner grants** to school districts, a decrease of \$500,000 from the 2015-17 legislative general fund appropriation.
8. Provided \$100,000 of one-time funding from the foundation aid stabilization fund for **regional education association merger grants**.
9. Provided \$5.5 million from the general fund for **PowerSchool** in a separate line item of the department's appropriation (decrease of \$500,000 from the 2015-17 biennium).

HUMAN SERVICES

1. Provided total general fund appropriations for the Department of Human Services of \$1,339.2 million, \$57.6 million, or 4.5 percent, more than the \$1,281.6 million appropriated for the 2015-17 biennium.
2. Provided \$17.9 million from the general fund to replace a reduction in federal funds for **Medicaid Expansion** due to a declining federal matching percentage. The schedule below presents the federal matching percentage for Medicaid Expansion:

Calendar Year	Percentage of Medicaid Expansion Paid by Federal Government
2016	100%
2017	95%
2018	94%
2019	93%
After 2019	90%

3. Provided \$224.9 million, of which \$66.9 million is from the general fund for **cost, caseload, utilization, rate, and other changes** in programs authorized by the 2017 Legislative Assembly.
4. Reduced funding by \$5.0 million, of which \$3.1 million is from the general fund, to provide for a **departmentwide reduction** of 33 FTE positions.

5. Provided one-time funding of \$160.7 million, of which \$26 million is from the general fund, for a **county social services financing pilot program**.
6. Provided funding of \$7.5 million, of which \$500,000 is from the general fund, to implement, in conjunction with the Department of Corrections and Rehabilitation, a **community behavioral health program**.
7. Replaced funding from the general fund with funding from the **tobacco prevention and control trust fund** (\$37.8 million), from the **community health trust fund** (\$18 million), and from the **health care trust fund** (\$1.7 million).
8. Increased funding for **Medicare Part D "clawback" payments** by \$7.8 million from the general fund to provide a total of \$40.4 million.
9. Provided one-time federal funding for a **child care licensing system** (\$3 million), and for a **health information technology and care coordination system** (\$40.8 million).

CAPITAL CONSTRUCTION

1. Provided a total of \$1.32 billion for the following capital projects:
 - a. \$261.2 million for major capital projects.
 - b. \$23.1 million for extraordinary repairs.
 - c. \$12.5 million for bond payments.
 - d. \$714.5 million for transportation-related projects.
 - e. \$305.4 million for water projects.
 - f. \$2.7 million for other projects.

The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$0	\$261,189,000
Extraordinary repairs	16,893,689	6,237,341
Bond payments	11,655,818	827,688
Transportation-related projects	0	714,500,000
Water projects	0	305,375,000
Other projects	312,120	2,654,404
Total	\$28,861,627	\$1,290,783,433

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. Did not provide funding for state employee salary increases for the 2017-19 biennium and did not change elected officials' statutory salary levels.
2. Continued funding for the cost of **health insurance** premiums for state employees at \$1,240.83 per month for state employee health insurance premiums, an increase of \$110.61, or 9.8 percent, compared to the 2015-17 biennium premium of \$1,130.22 per month. Funding of \$42.8

million, of which \$19.7 million is from the general fund, is added for the health insurance premium increase.

3. Authorized a total of 15,847.38 FTE positions, 4,009.81 FTE positions more than the 2015-17 authorized level of 11,837.57. The total number of FTE positions for the 2017-19 biennium now recognizes certain higher education positions that were previously not included in the budget.
4. The 2017-19 biennium FTE level of 15,847.38 is an overall decrease of 620.18 FTE positions compared to the adjusted 2015-17 biennium total, including a decrease of 313.27 FTE positions in higher education and a decrease of 306.91 FTE positions in all other state agencies.

CORRECTIONS

1. Provided a total general fund appropriation for the Department of Corrections and Rehabilitation of \$214.3 million, \$9.8 million, or 4.8 percent more than the \$204.5 million adjusted appropriation for the 2015-17 biennium.
2. Provided an ongoing general fund appropriation for the Department of Corrections and Rehabilitation of \$214.3 million, \$11.3 million, or 5.6 percent more than the \$203.0 million appropriated for the 2015-17 biennium.
3. Added 9 **new FTE positions**, including 8 FTE Youth Correctional Center positions to maintain compliance with the federal Prison Rape Elimination Act (PREA) and 1 FTE community behavioral health program position.
4. Provided \$27.2 million for **contract housing and programming**.
5. Provided \$10.8 million from the general fund for **female inmate contract housing** (Dakota Women's Correctional and Rehabilitation Center).
6. Provided \$7 million from the general fund for a community behavioral health program in cooperation with the Department of Human Services.

INFORMATION TECHNOLOGY

1. Provided \$144.1 million from other funds for **state agency information technology projects** for the 2017-19 biennium.
2. Provided one-time funding of \$43.5 million from special funds to the Information Technology Department for a **North Dakota Health Information Network expansion project**. Of this total, the Department of Human Services will provide \$40.8 million in federal funds for the project, which was also appropriated.
3. Provided one-time funding of \$3 million from special funds to the Department of Human Services for a **child care licensing system**.
4. Provided funding of \$28.7 million to the Information Technology Department for the Statewide Interoperable Radio Network (SIRN). Of this amount, \$15 million is loan proceeds from the Bank of North Dakota. Additional funding received by the department for the SIRN project is the

result of an amendment to North Dakota Century Code Section 57-40.6-02, which mandates political subdivisions to add an additional \$0.50 to the fee imposed on assessed communications services, as approved by the 2017 Legislative Assembly in House Bill No. 1178.

5. Provided one-time funding of \$9.5 million, of which \$660,000 is from the general fund, to the Information Technology Department for **information technology equipment costs**.
6. Provided one-time funding of \$11.2 million from federal funds to Job Service North Dakota for an **unemployment insurance modernization project**.
7. Provided one-time funding from special funds to Workforce Safety and Insurance for Phase 3 of the claims and policy system project (\$8.1 million), an extranet enhancement project (\$538,500), and an Oracle Reports enhancement project (\$275,000).
8. Provided one-time funding from special funds of \$3.6 million to the Department of Trust Lands for an information technology system replacement.

ECONOMIC DEVELOPMENT

1. Provided \$2 million from the general fund for the **North Dakota Trade Office**, a decrease of \$600,000 from the 2015-17 biennium appropriation of \$2.6 million.
2. Provided \$500,000 to the Department of Commerce from the Research North Dakota fund for a grant to be awarded to the Energy and Environmental Research Center (EERC) at the University of North Dakota. The grant must be utilized for economic development and diversification of the North Dakota economy and may be provided only to the extent the EERC provides \$1 of matching funds from private or other public sources for each \$1 provided by the department.
3. Provided funding of \$3.2 million from special funds for the Agricultural Products Utilization Commission, compared to appropriations of \$1 million from the general fund and \$2.3 million from special funds provided for the program for the 2015-17 biennium.
4. Provided funding of \$10.9 million, of which \$9.9 million is from the general fund for **North Dakota tourism**, a decrease of \$2.4 million from the 2015-17 biennium amount of \$13.3 million.
5. Provided one-time funding of \$2 million from the strategic investment and improvements fund for an **unmanned aircraft systems grant**.
6. Provided one-time funding of \$3 million, of which \$1 million is from the general fund and \$2 million is from the strategic investment and improvements fund, for **enhanced use lease grants**.
7. Provided \$600,000 of one-time funding from the strategic investment and improvements fund for **base retention grants** for providing grants of up to \$200,000 each to assist in base retention efforts in three communities with Air Force bases--Minot Air Force Base, Grand Forks Air Force Base, and Fargo Air National Guard Base.

8. Provided \$2.25 million, of which \$600,000 is from the general fund and \$1.5 million is from the Research North Dakota fund, for entrepreneurship grants and vouchers, also known as **Innovate North Dakota**.
9. Provided \$950,000 from the general fund to the Department of Commerce for **Operation Intern**, a program providing matching funds to help expand the number of internships, work experience, and apprenticeship positions with North Dakota employers. This appropriation is a \$550,000 decrease from the 2015-17 biennium appropriation of \$1.5 million.
10. Provided one-time funding of \$500,000 from the student loan trust fund to the Department of Commerce for providing workforce grants to tribally controlled community colleges in North Dakota.
11. Eliminated the **Workforce 20/20** program in Job Service North Dakota, a decrease of \$1.6 million from the 2015-17 biennium. Provided \$2 million from the general fund for **workforce training** in the Department of Career and Technical Education, a \$1 million decrease from the 2015-17 biennium.

CHILD CARE

1. Provided \$22,625,379, of which \$2,409,427 is from the general fund, to the Department of Human Services for **child care assistance** programs:
 - a. \$22,274,519, of which \$2,409,427 is from the general fund, \$12,947,117 is from federal funds, and \$6,917,975 is from retained funds for **grant assistance payments**;
 - b. \$350,860 from federal funds for payments to **temporary assistance for needy families**; and
2. Provided \$6,717,394, of which \$4,166,217 is from the general fund, for **workforce development and training**:
 - c. \$4 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;
 - d. \$2,717,394, of which \$166,217 is from the general fund and \$2,551,177 is from federal funds to the Department of Human Services for contracts to provide **technical assistance**.
3. Provided \$1.5 million from the general fund to the Department of Commerce for early childhood education grants.
4. Provided \$1.53 million from the general fund to the Department of Public Instruction for a grant pool that may be used for **preschool continuing education grants**, as well as other non-childcare programs, including leveraging the senior year, leadership program, continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants.

INFRASTRUCTURE

1. Provided \$713.6 million, of which \$523.8 million is from federal funds and \$189.8 million is from state and local highway funds, for **road projects**.

2. Provided \$46.7 million, including funding from the general fund (\$900,000), the Aeronautics Commission fund (\$5.8 million), the energy impact fund (\$15 million), and the oil and gas impact grant fund (\$25 million) for **airport grants**.
3. Provided \$652.47 million for **water projects** from various sources, including a Bank of North Dakota line of credit (\$75 million), the resources trust fund (\$542.52 million), and the water development trust fund (\$34.95 million).

TRANSPORTATION

1. Anticipated regular **federal highway construction funds** of \$615.1 million with \$141.9 million state and local matching funds for the 2017-19 biennium, compared to \$545.3 million with \$134.1 million state and local matching funds for the 2015-17 biennium.
2. Anticipated funding for **federal emergency relief projects** of \$21.7 million, of which \$2.3 million is state and local matching funds for the 2017-19 biennium, compared to \$42.4 , of which \$6.2 million was state and local matching funds for the 2015-17 biennium.

MILITARY-RELATED PROGRAMS

1. Provided \$318,553 from the general fund for rental payments and project costs for **city-owned armories**.
2. Provided \$2,617,500 from the general fund for the National Guard **tuition assistance program**.
3. Provided \$1,261,384 from the general fund for the **reintegration program** to support National Guard members and their families.
4. Provided an exemption to allow the carryover of unexpended appropriations for the **veterans' bonus program** into the 2017-19 biennium.

MAJOR SPECIAL FUND BALANCES

	Estimated June 30, 2019, Balance
Legacy fund	\$5,131,779,229
Tax relief fund	\$182,300,000
Strategic investment and improvements fund	\$372,560,249
Budget stabilization fund	\$75,000,000

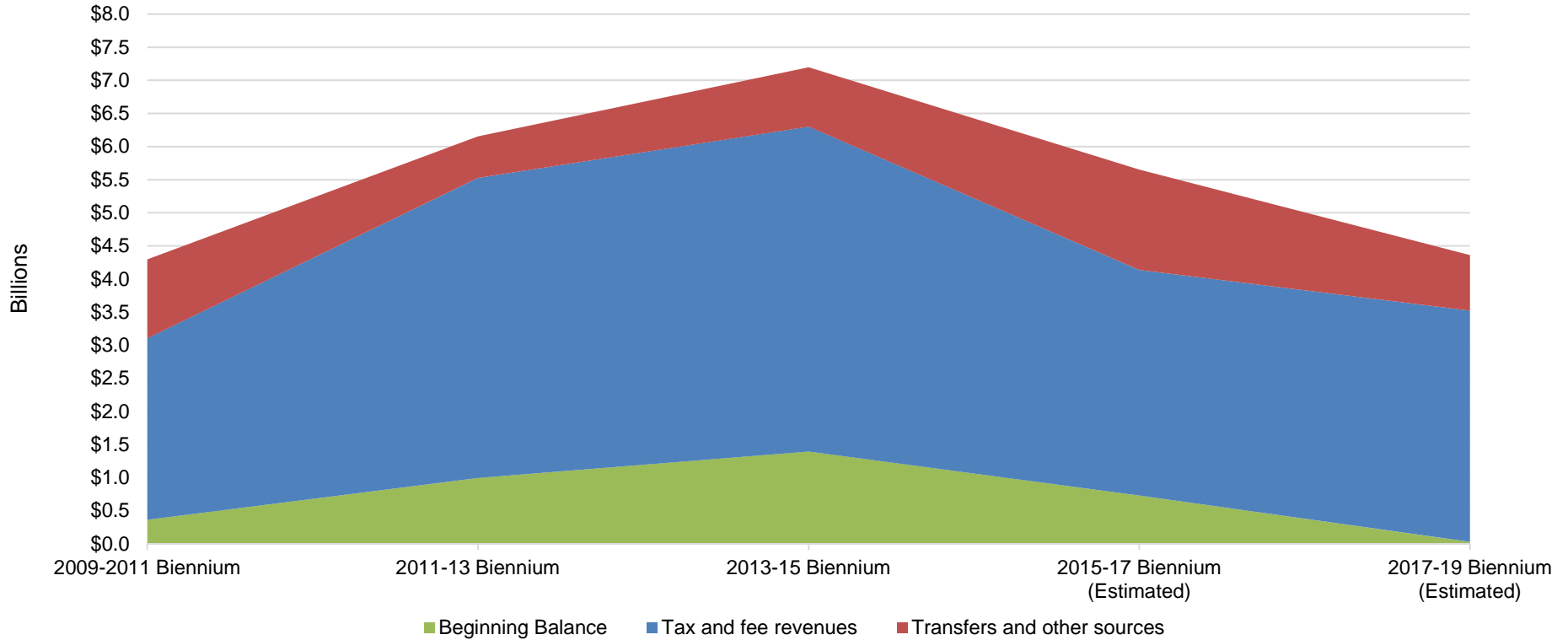
SECTION B - REVENUES

REVENUE SUMMARY	B-1
DEFICIENCY APPROPRIATIONS FOR THE 2015-17 BIENNIUM	B-6
GENERAL FUND REVENUES FROM THE 2011-13 BIENNIUM TO THE 2017-19 BIENNIUM	B-7
PIE GRAPH – 2017-19 ESTIMATED GENERAL FUND REVENUES	B-9
PIE GRAPH – 2015-17 ESTIMATED GENERAL FUND REVENUES	B-10
OIL AND GAS TAX ALLOCATIONS FROM THE 2011-13 BIENNIUM TO THE 2017-19 BIENNIUM	B-11
2017-19 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART	B-13

REVENUE SUMMARY

TOTAL GENERAL FUND REVENUES

Based on the 2017 legislative revenue forecast, total 2017-19 biennium general fund revenues, including the beginning balance, tax and fee revenues, and transfers are estimated to be \$4,360.71 million, which is \$1,290.61 million, or 22.8 percent, less than total 2015-17 biennium estimated revenues of \$5,651.32 million.



	2009-2011 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium (Estimated)	2017-19 Biennium (Estimated)
Beginning balance	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389	\$30,890,381
Tax and fee revenues	2,742,612,281	4,530,367,522	4,906,838,448	3,408,797,656	3,490,883,165
Transfers and other sources	1,190,082,508	625,487,038	894,959,058	1,512,990,053	838,932,724
Total	\$4,294,538,303	\$6,152,687,271	\$7,197,856,692	\$5,651,317,098	\$4,360,706,270

GENERAL FUND BEGINNING BALANCE

Based on final legislative action, **the July 1, 2017, estimated beginning balance is \$30.89 million**, which reflects an increase of \$116.91 million compared to the January 2017 base revenue forecast and an increase of \$173.27 million compared to the March 2017 revised revenue forecast. The January 2017 base revenue forecast reflected a 2017-19 biennium estimated general fund beginning balance of (\$86.02) million. The March 2017 revised revenue forecast decreased the 2017-19 biennium estimated beginning balance by \$56.36 million, from (\$86.02) million to (\$142.38) million.

The schedule below provides information on other legislative action affecting the July 1, 2017, beginning general fund balance.

Bill No.	Description	Amount
1012	Provides a deficiency appropriation to the Department of Human Services for long-term care facility rate adjustments (\$417,010) and for the substance use disorder voucher program (\$200,000)	(\$617,010)
1013	Uses unexpended 2015-17 biennium state school aid funding for 2015-17 biennium transportation grants and special education grants	(1,308,000)
1015	Recognizes additional estimated unexpended 2015-17 biennium appropriation authority from various state agencies for a total of \$52 million	13,880,000
1024	Provides a transfer from the strategic investment and improvements fund to the general fund for the 2015-17 biennium	155,000,000
2003	Removes exemptions for unexpended 2015-17 biennium higher education appropriations relating to student financial assistance	5,000,000
2018	Removes exemptions for unexpended 2015-17 biennium prekindergarten grants (\$315,000) and unmanned aircraft systems grants (\$1,000,000)	1,315,000
Total		\$173,269,990

GENERAL FUND TAX AND FEE REVENUES

Based on final legislative action, **2017-19 biennium estimated general fund tax and fee revenues total \$3,490.88 million**, which reflects an increase of \$110,000 compared to the January 2017 base revenue forecast and an increase of \$103.34 million compared to the March 2017 revised revenue forecast. The January 2017 base revenue forecast reflected 2017-19 biennium estimated tax and fee revenues of \$3,490.77 million. The March 2017 revised revenue forecast decreased the 2017-19 biennium estimated tax and fee revenues by \$103.23 million, from \$3,490.77 million to \$3,387.54 million.

Based on the March 2017 revised revenue forecast and final legislative action, 2015-17 biennium estimated general fund tax and fee revenues total \$3,408.80 million. Compared to the 2015-17 biennium revised estimated general fund tax and fee revenues, 2017-19 biennium estimated general fund tax and fee revenues of \$3,490.88 million reflect an increase of \$82.08 million, or 2.4 percent.

Major areas of 2017-19 biennium **tax and fee revenue change** compared to the 2015-17 biennium revised revenue forecast include:

- Insurance premium tax collections are estimated to **increase** by \$21.28 million, or 19.6 percent.
- Mineral leasing fees are estimated to **increase** by \$4.13 million, or 15.7 percent.
- Corporate income taxes are estimated to **decrease** by \$57.78 million, or 36.1 percent.

The 2017 Legislative Assembly approved the following bills, which are estimated to have a major impact on tax and fee revenues:

- **Sales and use tax collections** - Senate Bill No. 2344 implements the provisions for medical marijuana resulting in an increase of \$1.55 million in sales and use tax collections.
- **Individual income tax collections** - House Bill No. 1045 reduces the tax credits for investments in angel funds from 45 to 35 percent for qualifying in-state business investments and 25 percent for out-of-state business investments resulting in an estimated decrease of \$900,000 in individual income tax collections.
- **Insurance premium tax collections** - House Bill No. 1010 decreases the payments to fire departments and the North Dakota Firefighter's Association resulting in an increase of \$1.64 million in deposits in the general fund.
- **Coal conversion tax collections** - Senate Bill No. 2133 changes the definition of a coal conversion facility's taxable revenue resulting in an increase of \$1.06 million of coal conversion tax collections.

TRANSFERS AND OTHER SOURCES OF REVENUE TO THE GENERAL FUND

Based on final legislative action, **2017-19 biennium transfers and other sources of revenue to the general fund total \$838.93 million**, which reflects an increase of \$649.54 million compared to the January 2017 base revenue forecast and the March 2017 revised revenue forecast. The January 2017 base revenue forecast reflected 2017-19 biennium estimated transfers and other sources of revenues to the general fund totaling \$189.39 million. The March 2017 revised revenue forecast did not change the 2017-19 biennium estimated transfers and other sources of revenue to the general fund.

Major legislative action affecting the 2017-19 biennium transfers and other sources of revenue to the general fund includes:

- **House Bill No. 1015** recognizes \$200 million of estimated legacy fund earnings anticipated to be transferred to the general fund, transfers \$183 million from the tax relief fund to the general fund, and transfers \$248 million from the strategic investment and improvements fund to the general fund.
- **House Bill No. 1020** authorizes the refinancing of Western Area Water Supply Authority debt to repay a loan of \$25 million to the general fund.
- **Senate Bill No. 2014** transfers \$140 million from Bank of North Dakota profits to the general fund and increases the annual transfer of Mill and Elevator profits from 50 to 75 percent to provide a total of \$18.57 million.

COMPARISON OF ONGOING AND ONE-TIME GENERAL FUND REVENUES 2017-19 Biennium

Based on final legislative action, 2017-19 biennium estimated general fund revenue totals \$4,360.71 million, including ongoing general fund revenue of \$3,760.28 million and one-time general fund revenue of \$600.43 million.

Ongoing general fund revenues for the 2017-19 biennium include general fund tax and fee revenues (\$3,390.88 million), the transfer of Bank of North Dakota profits (\$140 million), the transfer of 50 percent of the Mill and Elevator Association's profits (\$12.38 million), the transfer from the lottery (\$15 million), the transfer from the gas tax administration (\$2.02 million), and the transfer of legacy fund earnings (\$200 million).

One-time general fund revenues for the 2017-19 biennium include the beginning balance (\$30.89 million), \$100 million of the \$400 million of oil and gas tax collections, the additional transfer of 25 percent of the Mill and Elevator Association's profits (\$6.18 million), the transfer from the tax relief fund (\$183 million), the transfer from the strategic investment and improvements fund (\$248 million), the transfer from the Research North Dakota fund (\$4 million), the transfer from the insurance tax distribution fund (\$480,000), political subdivision oil and gas tax distributions deposited in the general fund (\$2.88 million), and Western Area Water Supply Authority debt refinancing (\$25 million).

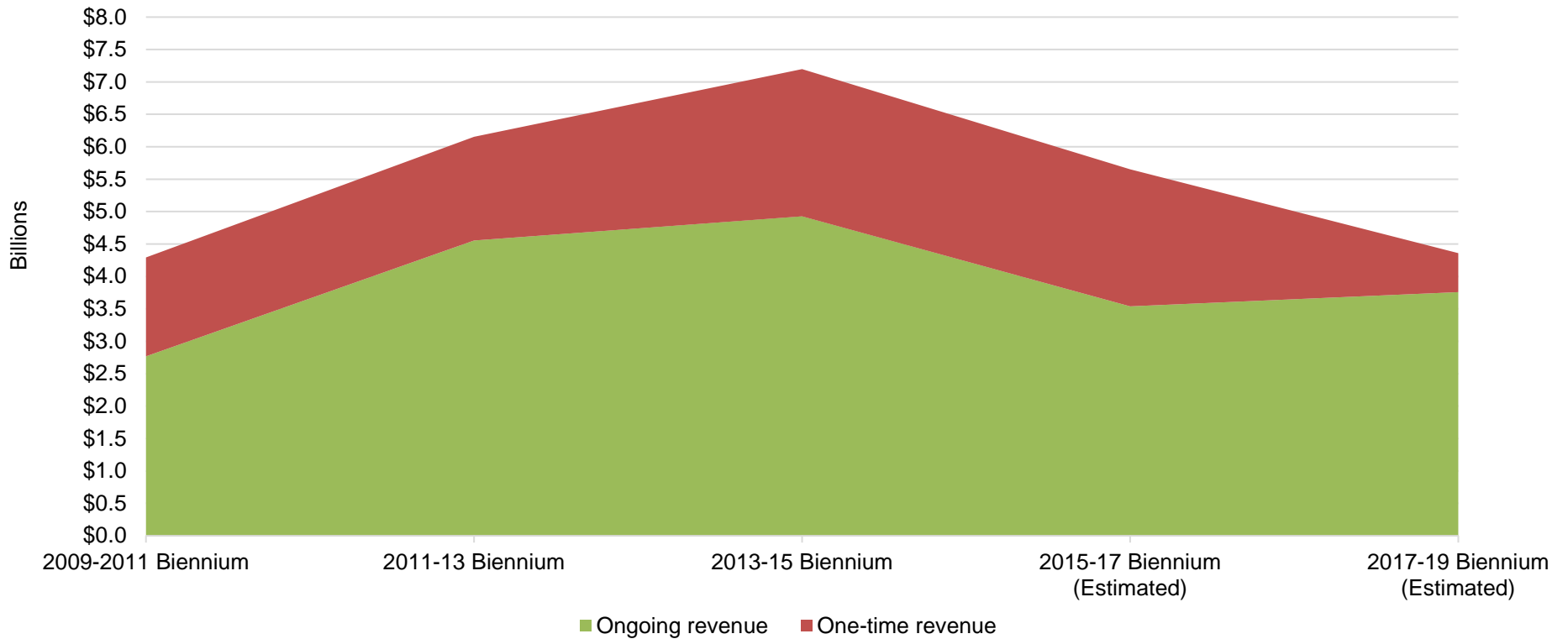
2015-17 Biennium

Based on the March 2017 revised revenue forecast, 2015-17 biennium estimated general fund revenue totals \$5,651.32 million, including ongoing general fund revenue of \$3,537.23 million and one-time general fund revenue of \$2,114.09 million.

Ongoing general fund revenues for the 2015-17 biennium include general fund tax and fee revenues (\$3,408.80 million), the transfer of Bank of North Dakota profits (\$100 million), the transfer of 50 percent of the Mill and Elevator Association's profits (\$9.19 million), the transfer from the lottery (\$17.21 million), and the transfer from the gas tax administration (\$2.03 million).

One-time general fund revenues for the 2015-17 biennium include the beginning balance (\$729.53 million), the transfer from the tax relief fund (\$657 million), the transfer from the strategic investment and improvements fund (\$155 million), the transfer from the budget stabilization fund (\$572.49 million), and other transfers (\$70,000).

Due to a revenue shortfall, the Legislative Assembly provided \$827.49 million of additional transfers during the 2015-17 biennium, including the transfer of \$100 million of Bank of North Dakota profits and the transfer of \$572.49 million from the budget stabilization fund during the August 2016 special legislative session and the transfer of \$155 million from the strategic investment and improvements fund during the 2017 legislative session.



	2009-2011 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium (Estimated)	2017-19 Biennium (Estimated)
Ongoing revenue	\$2,768,202,549	\$4,555,601,444	\$4,928,733,008	\$3,537,226,350	\$3,760,277,021
One-time revenue	1,526,335,754	1,597,085,827	2,269,123,684	2,114,090,748	600,429,249
Total	\$4,294,538,303	\$6,152,687,271	\$7,197,856,692	\$5,651,317,098	\$4,360,706,270

OIL AND GAS TAX REVENUE

Based on final legislative action, the **2017-19 biennium estimated oil and gas tax revenue collections total \$3,120.07 million**. The 2017-19 biennium forecasted oil tax revenue collections are based on the tax rates, incentives and exemptions, oil prices, and oil production. The March 2017 revised revenue forecast reflects oil prices remaining at \$47 per barrel and average daily oil production increasing from 925,000 barrels per day for the 1st year to 950,000 barrels per day in the 2nd year of the 2017-19 biennium. Actual oil prices, oil production, and other factors throughout the 2017-19 biennium could increase or decrease actual oil and gas tax revenue collections.

Senate Bill No. 2013 changes the allocations to hub cities by excluding the first 2 percentage points of mining employment, changes the supplemental school district allocation to provide specific allocations at varying levels, and changes the basis for the distributions to political subdivisions to reflect the most recently completed even-numbered fiscal year. Senate Bill No. 2013 also creates an energy impact fund and, only for the 2017-19 biennium, designates \$2 million per fiscal year of the allocations to counties that received more than \$5 million to the energy impact fund.

House Bill No. 1020 decreases the percentage transferred from the resources trust fund to the renewable energy development fund from 5 to 3 percent and limits the allocations to the energy conservation fund to \$200,000 only for the 2017-19 biennium. House Bill No. 1020 also limits the total amount deposited in the infrastructure revolving loan fund to \$26 million.

House Bill No. 1152 changes the state's share of oil and gas tax allocations to increase the allocation to the general fund from \$300 million to \$400 million (only for the 2017-19 biennium); to provide an allocation of \$75 million to the budget stabilization fund; to provide an allocation of up to \$3 million to the lignite research fund; and to decrease the allocation to the state disaster relief fund from up to \$22 million to up to \$20 million.

The flowchart in the "Allocation of Oil Extraction and Oil and Gas Gross Production Taxes for the 2017-19 Biennium" section of this report provides more detailed information on the allocation of oil and gas tax revenue.

OTHER MAJOR TAX AND FEE CHANGES - OTHER FUNDS

The following is a summary of other bills approved by the 2017 Legislative Assembly that provide for major tax or fee changes for the 2017-19 biennium:

Bill No.	Description	Estimated Impact - Other Funds
1002	Secretary of State - Establishes a fee of \$40 for request of lists or compilations of information recorded or filed with the Secretary of State, rather than an amount equal to the cost of each request	Cannot be determined
1015	Various state agencies - Allows state agencies to charge a reasonable fee to those who request to have a publication printed or mailed if that publication is available electronically	Cannot be determined
1019	Parks and Recreation Department - Increases the annual park entrance fee from \$25 to \$35 and increases the daily park entrance fee from \$5 to \$7	\$750,000
1178	Information Technology Department and Adjutant General - Increases the fee on assessed communications services (\$9.6 million) and increases the emergency 911 fee on prepaid wireless services (\$463,000)	\$10,063,000
1217	Aeronautics Commission - Removes the scheduled reductions in aircraft registration fees for aircraft and increases the permanent registration fee from \$85 to \$125	\$150,000
1255	Department of Transportation - Creates a large truck primary highway network and a monthly or annual permit for overweight vehicles using the network	\$607,750
1288	Department of Transportation - Creates an annual permit fee for overlength loads and increases the permit fee for overwidth loads	\$285,480
2003	North Dakota University System - Provides a tuition and fee waiver of up to \$500,000 annually at state institutions of higher education for peace officers decreasing collections at the institutions	(\$1,000,000)
2011	Highway Patrol - Allows the Highway Patrol to charge a fee of \$10 to nonstate employees that are eligible to receive a Capitol building access card and allows the Highway Patrol to charge a fee of up to \$15, rather than \$15, for the issuance of an electronic oversized vehicle permit	Cannot be determined
2045	Department of Transportation - Allows certain overweight violation fees to continue to be retained by the jurisdiction with the road on which the violation occurred rather than be deposited in the state highway fund	(\$200,000)
2210	Secretary of State - Increases the fee on combative sports gross revenue from 3 to 5 percent	Cannot be determined
2344	State Department of Health - Provides for various fees associated with the manufacture and distribution of medical marijuana	\$837,500

DEFICIENCY APPROPRIATIONS FOR THE 2015-17 BIENNIUM

Bill No.	Description	General Fund	Other Funds	Total
1012	Department of Human Services - Provides \$417,010 from the general fund and \$417,010 from federal or other funds for long-term care facility rate adjustments, \$200,000 from the general fund for the substance use disorder voucher program, and \$9,000,000 from federal funds for Medicaid program costs	\$617,010	\$9,417,010	\$10,034,020
1015	North Dakota State University - \$1,634,854 from the strategic investment and improvements fund for Minard Hall cost reimbursements		1,634,854	1,634,854
1024	Deficiency appropriations for various state agencies as follows:			
	State Treasurer - \$8.1 million from the strategic investment and improvements fund for property tax relief credit payments		8,100,000	8,100,000
	Commission on Legal Counsel for Indigents - \$189,000 from the strategic investment and improvements fund for Marsy's law costs		189,000	189,000
	State Department of Health - \$250,000 from the strategic investment and improvements fund for federal litigation costs		250,000	250,000
	Department of Human Services - \$9 million from the strategic investment and improvements fund for Medicaid program costs		9,000,000	9,000,000
	Adjutant General - \$79,500 from the strategic investment and improvements fund to repay a Bank of North Dakota loan for the state's share of disaster costs		79,500	79,500
	State Historical Society - \$50,000 from the strategic investment and improvements fund for litigation expenses related to the Heritage Center construction project		50,000	50,000
	Total deficiency appropriations for the 2015-17 biennium	\$617,010	\$28,720,364	\$29,337,374

GENERAL FUND REVENUES FROM THE 2011-13 BIENNIUM TO THE 2017-19 BIENNIUM

General Fund Revenue Source	Actual		Estimated		2017-19 Biennium Increase (Decrease) Compared to the 2015-17 Biennium	
	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium ¹	2017-19 Biennium ²	Amount	Percentage
Beginning balance	\$996,832,711	\$1,396,059,186	\$729,529,389	\$30,890,381 ³	(\$698,639,008)	(95.8%)
Tax and fee revenues						
Sales and use tax	\$2,196,977,793	\$2,478,246,782	\$1,689,030,574	\$1,701,747,285	\$12,716,711	0.8%
Motor vehicle excise tax	252,725,403	277,152,752	213,712,785	220,003,000	6,290,215	2.9%
Individual income tax	1,046,161,236 ⁴	1,050,062,577 ⁴	687,556,749 ⁴	698,728,000	11,171,251	1.6%
Corporate income tax	385,814,247 ⁵	435,243,053 ⁵	159,867,800 ⁵	102,088,415 ⁵	(57,779,385)	(36.1%)
Insurance premium tax	82,857,729	92,526,176	108,352,655	129,637,121	21,284,466	19.6%
Business privilege tax	11,236,510	(4,985,620) ⁶	1,299,254 ⁶	0 ⁶	(1,299,254)	(100.0%)
Cigarette and tobacco tax	53,723,649	60,262,694	57,082,715	53,247,000	(3,835,715)	(6.7%)
Oil and gas taxes	300,000,000 ⁷	300,000,000 ⁷	300,000,000 ⁷	400,000,000 ⁷	100,000,000	33.3%
Coal conversion tax	38,399,414	40,767,148	42,725,976	39,564,000	(3,161,976)	(7.4%)
Gaming tax	11,136,421	7,195,937	6,757,233	7,301,480	544,247	8.1%
Wholesale liquor tax	17,617,501	18,704,869	18,195,988	18,083,000	(112,988)	(0.6%)
Mineral leasing fees	43,052,074	41,348,389	26,367,218	30,500,000	4,132,782	15.7%
Interest income	13,671,280	27,042,938	16,517,492	8,000,000	(8,517,492)	(51.6%)
Departmental collections	76,994,265	83,270,753	81,331,217	81,983,864	652,647	0.8%
Total tax and fee revenues	\$4,530,367,522	\$4,906,838,448	\$3,408,797,656	\$3,490,883,165	\$82,085,509	2.4%
Transfers and other sources						
Transfer - Bank of North Dakota	\$0	\$0	\$100,000,000 ⁸	\$140,000,000 ⁸	\$40,000,000	40.0%
Transfer - Mill and Elevator Association	9,448,922 ⁹	6,817,200 ⁹	9,184,894 ⁹	18,566,604 ⁹	9,381,710	102.1%
Transfer - Lottery	14,300,000	13,300,000	17,210,000	15,000,000	(2,210,000)	(12.8%)
Transfer - Gas tax administration	1,485,000	1,777,360	2,033,800	2,016,120	(17,680)	(0.9%)
Transfer - Legacy fund	0	0	0	200,000,000 ¹⁰	200,000,000	N/A
Transfer - Tax relief fund	295,000,000	341,790,000	657,000,000	183,000,000	(474,000,000)	(72.1%)
Transfer - Strategic investment and improvements fund	305,000,000	520,000,000	155,000,000 ¹¹	248,000,000 ¹¹	93,000,000	60.0%
Transfer - Budget stabilization fund	0	11,060,345	572,485,453	0	(572,485,453)	(100.0%)
Transfer - Research North Dakota fund	0	0	0	4,000,000 ¹²	4,000,000	N/A
Transfer - Insurance tax distribution fund	0	0	0	475,000 ¹³	475,000	N/A
Transfer - Other	253,116	214,153	75,906	0	(75,906)	(100.0%)
Other - Political subdivision oil tax distributions	0	0	0	2,875,000 ¹⁴	2,875,000	N/A
Other - Western Area Water Supply loan refinance	0	0	0	25,000,000 ¹⁵	25,000,000	N/A
Total transfers and other sources	\$625,487,038	\$894,959,058	\$1,512,990,053	\$838,932,724	(\$674,057,329)	(44.6%)
Total general fund revenues	\$6,152,687,271	\$7,197,856,692	\$5,651,317,098	\$4,360,706,270	(\$1,290,610,828)	(22.8%)

¹ These amounts reflect the revised 2015-17 revenue forecast (March 2017).

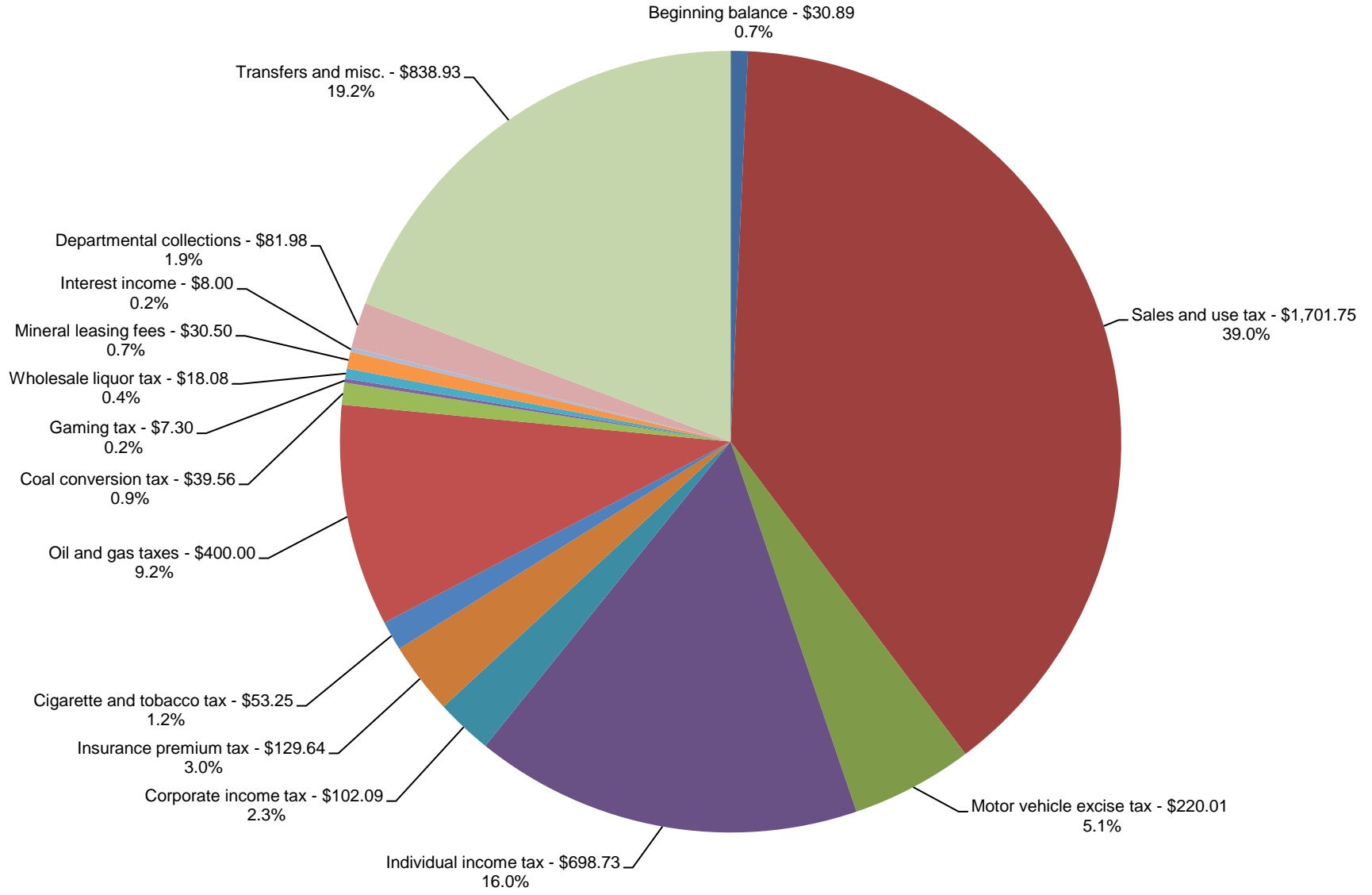
² These amounts reflect the legislative forecast for the 2017-19 biennium.

³ House Bill No. 1015 (2017) identifies \$52 million of estimated unexpended 2015-17 biennium appropriations, which increases the beginning balance for the 2017-19 biennium.

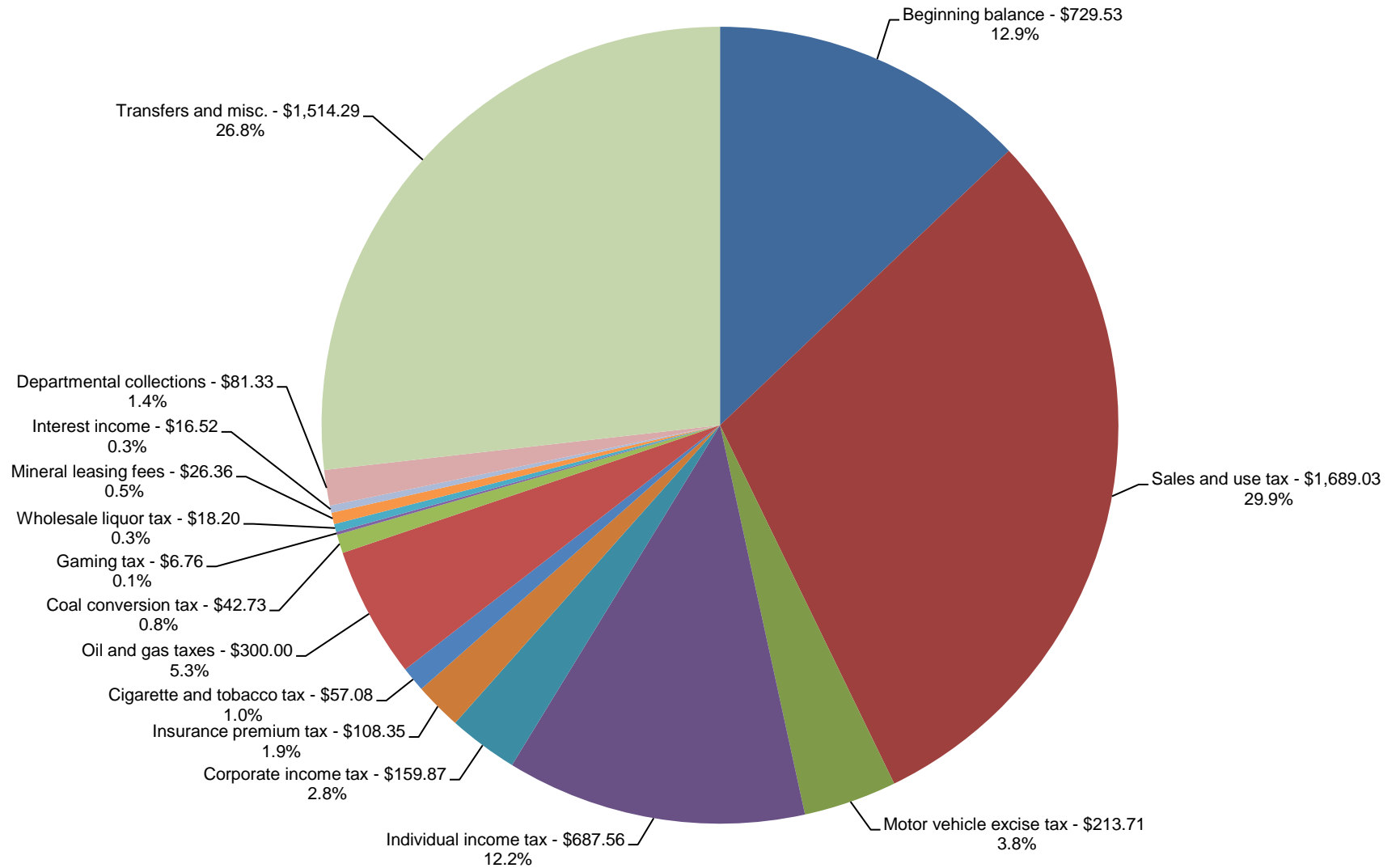
⁴ The amount shown for the 2011-13 biennium reflects income tax rate reductions of 17.9 percent as provided in House Bill No. 1047 (2011), an estimated reduction of \$120 million. The amount shown for the 2013-15 biennium reflects income tax rate reductions of 19.3 percent as provided in Senate Bill No. 2156 (2013), an estimated reduction of \$200 million, and housing incentive fund tax credits as provided in House Bill No. 1029 (2013) and Senate Bill No. 2014 (2013), an estimated reduction of \$10 million. The amount shown for the 2015-17 biennium includes estimated reductions of \$87 million relating to income tax rate reductions of 9.9 percent as provided in Senate Bill No. 2349 (2015) and \$15 million relating to housing incentive fund tax credits as provided in House Bill No. 1014 (2015).

- ⁵ The amount shown for the 2011-13 biennium reflects income tax rate reductions of 19.5 percent as provided in House Bill No. 1047 (2011), an estimated reduction of \$25 million. The amount shown for the 2013-15 biennium reflects income tax rate reductions of 11.9 percent as provided in Senate Bill No. 2156 (2013), an estimated reduction of \$50 million, and housing incentive fund tax credits as provided in House Bill No. 1029 (2013) and Senate Bill No. 2014 (2013), an estimated reduction of \$10 million. The amount shown for the 2015-17 biennium includes estimated reductions of \$21 million relating to income tax rate reductions of 4.9 percent as provided in Senate Bill No. 2349 (2015); \$15 million relating to the phase in of the single sales factor income apportionment method as provided in Senate Bill No. 2292 (2015); and \$15 million relating to housing incentive fund tax credits as provided in House Bill No. 1014 (2015). The amount shown for the 2017-19 biennium includes an estimated reduction of \$50 million relating to the single sales factor income apportionment method as provided in Senate Bill No. 2292 (2015).
- ⁶ 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. Prior period adjustments resulted in refunds in the 2013-15 biennium and collections in the 2015-17 biennium.
- ⁷ The 2011 Legislative Assembly created North Dakota Century Code Section 57-51.1-07.5 to designate the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. For the 2011-13 biennium through the 2015-17 biennium, the designations included allocations totaling \$300 million to the general fund. The 2017 Legislative Assembly amended the section to provide \$400 million of allocations to the general fund for the 2017-19 biennium and \$300 million after the 2017-19 biennium.
- The amounts shown for the oil and gas tax collections for the 2015-17 and 2017-19 bienniums reflect the March 2017 revised revenue forecast and final legislative action. The state's share of oil and gas tax collections are estimated to total \$753 million for the 2015-17 biennium, including allocations of \$300 million to the general fund. The state's share of oil and gas tax collections are estimated to be \$935 million for the 2017-19 biennium, including allocations of \$400 million to the general fund. The flowchart in the "Allocation of Oil Extraction and Oil and Gas Gross Production Taxes for the 2017-19 Biennium" section of this report provides more detailed information on the allocation of oil and gas tax revenue.
- ⁸ Senate Bill No. 2379, approved by the Legislative Assembly during the August 2016 special session and amended in House Bill No. 1015 (2017), provides for a transfer of \$100 million from Bank of North Dakota profits to the general fund for the 2015-17 biennium. Senate Bill No. 2014 (2017) provides for a transfer of \$140 million from Bank of North Dakota profits to the general fund for the 2017-19 biennium.
- ⁹ The 2009 Legislative Assembly repealed the \$5 million transfer from the Mill and Elevator Association for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits. The 2013 Legislative Assembly 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. The amount shown for the 2015-17 biennium reflects the changes approved by the 2015 Legislative Assembly, which provides for a transfer of 50 percent of the profits without limitation. Senate Bill No. 2014 (2017) increases the transfer from 50 to 75 percent only for the 2017-19 biennium.
- ¹⁰ Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, will be transferred to the general fund at the end of each biennium. Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. House Bill No. 1015 (2017) identifies \$200 million of estimated earnings for budget status reporting purposes.
- ¹¹ House Bill No. 1024 (2017) provides a transfer of \$155 million from the strategic investment and improvements fund to the general fund for the 2015-17 biennium, and House Bill No. 1015 (2017) provides a transfer of \$248 million from the strategic investment and improvements fund to the general fund for the 2017-19 biennium.
- ¹² Senate Bill No. 2018 (2017) provides for a transfer of \$4 million from the Research North Dakota fund to the general fund for the 2017-19 biennium.
- ¹³ House Bill No. 1010 (2017) provides for an estimated transfer of \$475,000 from the insurance tax distribution fund to the general fund for the 2017-19 biennium.
- ¹⁴ Senate Bill No. 2003 (2017) requires the State Treasurer to withhold a portion of the oil and gas tax allocations to Dickinson and Stark County and to deposit the withholdings in the general fund.
- ¹⁵ House Bill No. 1020 (2017) authorizes the refinancing of Western Area Water Supply Authority debt to repay a loan from the general fund.

2017-19 ESTIMATED GENERAL FUND REVENUES
Total 2017-19 Estimated General Fund Revenues - \$4,360,706,270
(Amounts Shown in Millions)



2015-17 ESTIMATED GENERAL FUND REVENUES
Total 2015-17 Estimated General Fund Revenues - \$5,651,317,098
(Amounts Shown in Millions)



NOTE: The amount shown for transfers and miscellaneous revenues includes business privilege tax collections of \$1,299,254 related to prior period adjustments. The 2013 Legislative Assembly repealed the business privilege tax.

OIL AND GAS TAX ALLOCATIONS FROM THE 2011-13 BIENNIUM TO THE 2017-19 BIENNIUM

Allocations	Actual		Estimated		2017-19 Biennium Increase (Decrease) Compared to the 2015-17 Biennium	
	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium ¹	2017-19 Biennium ²	Amount	Percentage
Three Affiliated Tribes	\$196,434,608	\$443,091,532 ³	\$219,740,000 ³	\$223,210,000 ³	\$3,470,000	1.6%
Legacy fund	1,271,057,343 ⁴	1,860,223,128 ⁴	813,630,000 ⁴	869,060,000 ⁴	55,430,000	6.8%
North Dakota outdoor heritage fund	0	18,641,973 ⁵	19,750,000 ⁵	10,870,000 ⁵	(8,880,000)	(45.0%)
Abandoned well reclamation fund	0	10,000,000 ⁶	10,200,000 ⁶	8,430,000 ⁶	(1,770,000)	(17.4%)
Oil and gas impact grant fund	100,000,000	240,000,000	75,730,000 ⁷	29,110,000 ⁷	(46,620,000)	(61.6%)
Political subdivisions*	265,629,304	664,714,101 ⁸	542,500,000 ⁸	496,490,000 ⁸	(46,010,000)	(8.5%)
Energy impact fund	0	0	0	4,000,000 ⁹	4,000,000	N/A
Common schools trust fund	195,171,179 ¹⁰	282,260,501 ¹⁰	121,750,000 ¹⁰	133,550,000 ¹⁰	11,800,000	9.7%
Foundation aid stabilization fund	195,171,179 ¹⁰	282,260,501 ¹⁰	121,750,000 ¹⁰	133,550,000 ¹⁰	11,800,000	9.7%
Resources trust fund	390,342,356 ¹¹	564,521,002 ¹¹	243,510,000 ¹¹	267,100,000 ¹¹	23,590,000	9.7%
Oil and gas research fund	4,000,000 ¹²	10,000,000 ¹²	10,000,000 ¹²	10,000,000 ¹²	0	0.0%
General fund	300,000,000	300,000,000	300,000,000	400,000,000 ¹³	100,000,000	33.3%
Tax relief fund	341,790,000	341,790,000	300,000,000	200,000,000 ¹³	(100,000,000)	(33.3%)
Budget stabilization fund	0	0	0	75,000,000 ¹³	75,000,000	N/A
Lignite research fund	0	0	0	3,000,000 ¹³	3,000,000	N/A
Strategic investment and improvements fund	786,998,032	1,004,122,890	133,530,000	256,700,000 ¹³	123,170,000	92.2%
State disaster relief fund	22,000,000	22,000,000	5,410,000	0 ¹³	(5,410,000)	(100.0%)
Political subdivision allocation fund	0	0	14,360,000	0 ¹³	(14,360,000)	(100.0%)
Total oil and gas tax allocations	\$4,068,594,001	\$6,043,625,628	\$2,931,860,000	\$3,120,070,000	\$188,210,000	6.4%
*The amounts shown for the allocations to political subdivisions include the following:						
	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium¹	2017-19 Biennium²	Amount	Percentage
Hub cities in oil-producing counties	\$7,281,532	\$100,644,230	\$117,970,000	\$79,110,000	(\$38,860,000)	(32.9%)
Hub cities in non-oil-producing counties	0	0	10,310,000	440,000	(9,870,000)	(95.7%)
Hub city schools	0	16,541,668	27,400,000	14,000,000	(13,400,000)	(48.9%)
Counties	235,866,442	359,293,774	242,040,000	252,650,000	10,610,000	4.4%
Cities	22,481,330	118,028,352	81,070,000	84,790,000	3,720,000	4.6%
Schools	0	36,195,048	39,850,000	40,760,000	910,000	2.3%
Townships	0	34,011,029	23,860,000	24,740,000	880,000	3.7%
Total political subdivisions	\$265,629,304	\$664,714,101	\$542,500,000	\$496,490,000	(\$46,010,000)	(8.5%)

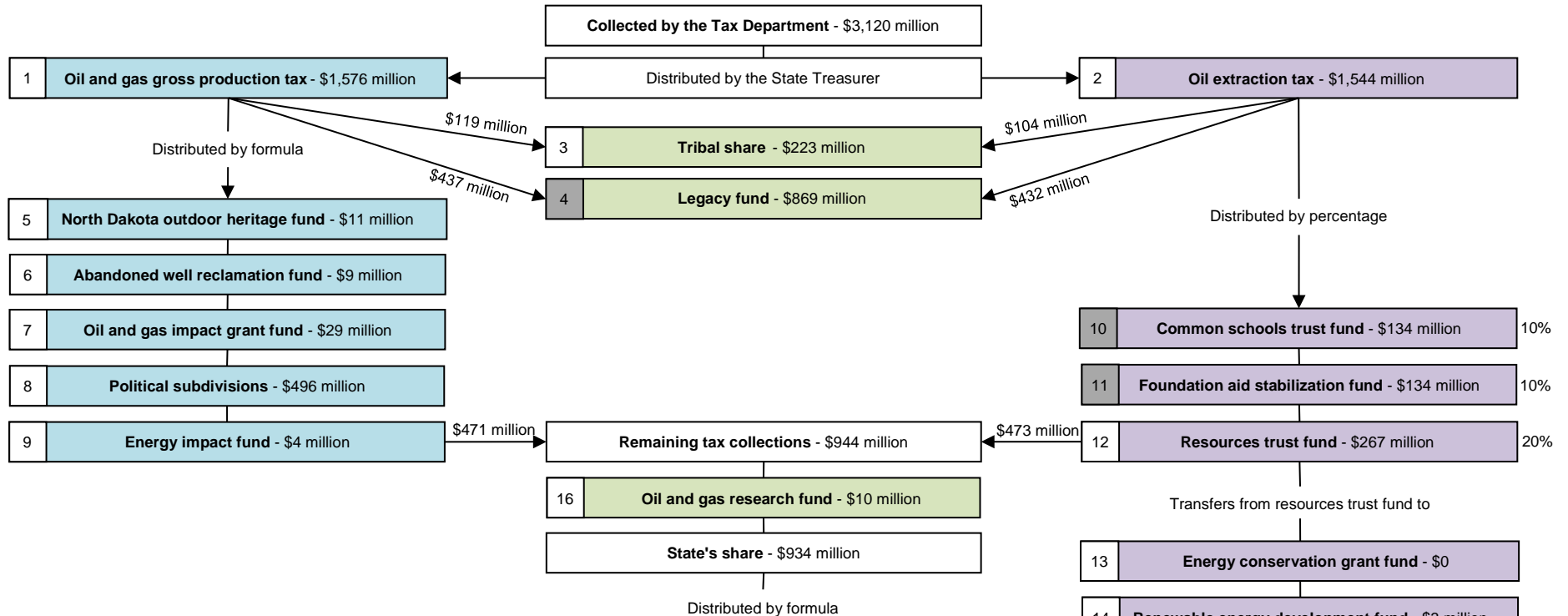
¹ These amounts reflect the revised 2015-17 revenue forecast (March 2017).

² These amounts reflect the legislative forecast for the 2017-19 biennium.

³ The 2013 Legislative Assembly in House Bill No. 1198 amended North Dakota Century Code 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 reservation after June 30, 2013. As a result, oil and gas tax revenue collections from tribal lands are allocated 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation.

- ⁴ The passage of Constitutional Measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. Beginning July 1, 2011, the legacy fund receives an allocation of 30 percent of oil and gas gross production and oil extraction taxes.
- ⁵ The 2013 Legislative Assembly in House Bill No. 1278 amended Section 57-51-15 to provide 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 limit of \$15 million, or \$30 million per biennium. The 2015 Legislative Assembly in House Bill No. 1176 increased the allocation to 8 percent with an annual funding cap of \$20 million. **Senate Bill No. 2013 (2017) limits the allocation to \$10 million per biennium only for the 2017-19 biennium.**
- ⁶ House Bill No. 1333 (2013) amended Section 57-51-15 to provide 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. In House Bill No. 1032, the 2015 Legislative Assembly increased the allocation limit from \$5 million to \$7.5 million per fiscal year and increased the fund balance limit from \$75 million to \$100 million. **Senate Bill No. 2013 (2017) limits the allocation to \$4 million per fiscal year only for the 2017-19 biennium.**
- ⁷ The 2015 Legislative Assembly amended Section 57-51-15 to provide an allocation of up to \$140 million to the oil and gas impact grant fund for the 2015-17 biennium. However, the actual allocations to the oil and gas impact grant fund for the 2015-17 biennium are anticipated to be less than \$140 million due to lower oil prices and oil production levels than originally forecasted. **Senate Bill No. 2013 (2017) decreases the allocations to provide up to \$25 million per biennium for the 2017-19 biennium, and after the 2017-19 biennium, to provide up to \$5 million per biennium.**
- ⁸ Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. In House Bill No. 1358, the 2013 Legislative Assembly changed the formula to provide 100 percent of the first \$5 million of revenue and 25 percent of all revenue over \$5 million to the county. In House Bill No. 1176, the 2015 Legislative Assembly increased the county allocation of revenue over \$5 million by 5 percent to provide 30 percent of all revenue over \$5 million to the county. **Senate Bill No. 2013 (2017) changes the allocations to hub cities by excluding the first 2 percentage points of mining employment; changes the supplemental school district allocation to provide specific allocations at varying levels; and changes the basis for the distributions to political subdivisions to reflect the most recently completed even-numbered fiscal year.**
- ⁹ Senate Bill No. 2013 (2017) creates an energy impact fund and, only for the 2017-19 biennium, designates \$2 million per fiscal year of the allocations to counties that received more than \$5 million to the energy impact fund.
- ¹⁰ The 1993 Legislative Assembly passed Senate Concurrent Resolution No. 4011, and the voters approved the constitutional measure in the November 1994 general election. The constitutional measure allocates 10 percent of the oil extraction tax revenues to the common schools trust fund and 10 percent to the foundation aid stabilization fund.
- ¹¹ Senate Bill No. 2014 (2013) provides an 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 and an allocation of .5 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. **House Bill No. 1020 (2017) decreases the percentage transferred to the renewable energy development fund from 5 to 3 percent and limits the allocations to the energy conservation fund to \$200,000 only for the 2017-19 biennium.**
- Section 61-02-78 (2013 Senate Bill No. 2233) establishes an infrastructure revolving loan fund within the resources trust fund, which became effective January 1, 2015. The fund receives 10 percent of the oil extraction tax revenue deposited in the resources trust fund, which is available to provide loans for water supply, flood protection, or other water development and water management projects. **House Bill No. 1020 (2017) limits the total amount deposited in the infrastructure revolving loan fund to \$26 million.**
- ¹² Section 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 2013 Legislative Assembly in Senate Bill No. 2014 increased the allocation to \$10 million per biennium.
- ¹³ The 2011 Legislative Assembly created a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1. In House Bill No. 1377, the 2015 Legislative Assembly amended the section to change the allocations. **House Bill No. 1152 (2017) changes the allocations for the 2017-19 biennium to increase the allocation to the general fund from \$300 million to \$400 million (only for the 2017-19 biennium); to provide an allocation of \$75 million to the budget stabilization fund; to provide an allocation of up to \$3 million to the lignite research fund; and to decrease the allocation to the state disaster relief fund from up to \$22 million to up to \$20 million.**

2017-19 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART BASED ON APRIL 2017 LEGISLATIVE FORECAST



Summary of Estimated 2017-19 Biennium Allocations	
	Total
3 Tribal share	\$223,210,000
4 Legacy fund	869,060,000
5 North Dakota outdoor heritage fund	10,870,000
6 Abandoned well reclamation fund	8,430,000
7 Oil and gas impact grant fund	29,110,000
8 Political subdivisions	496,490,000
9 Energy impact fund	4,000,000
10 Common schools trust fund	133,550,000
11 Foundation aid stabilization fund	133,550,000
12 Resources trust fund	263,900,000
13 Energy conservation grant fund	200,000
14 Renewable energy development fund	3,000,000
15 Infrastructure revolving loan fund	0
16 Oil and gas research fund	10,000,000
17 General fund	400,000,000
18 Tax relief fund	200,000,000
19 Budget stabilization fund	75,000,000
20 Lignite research fund	3,000,000
21 Strategic investment and improvements fund	256,700,000
22 State disaster relief fund	0
Total	\$3,120,070,000

17A	General fund - First \$200 million - \$200 million
18	Tax relief fund - Next \$200 million - \$200 million
19	Budget stabilization fund - Next \$75 million - \$75 million
17B	General fund - Next \$200 million - \$200 million
20	Lignite research fund - 20 percent of next \$100 million up to \$3 million - \$3 million
21A	Strategic investment and improvements fund - 80 percent or 100 percent of next \$100 million - \$97 million
22	State disaster relief fund - Next \$20 million if fund balance does not exceed \$20 million - \$0
21B	Strategic investment and improvements fund - Any remaining revenues - \$159 million

A summary of the funds is shown on the following page.

The shading in the number boxes represents constitutional allocations

NOTE: The amounts shown are preliminary estimates. The actual amounts allocated for the 2017-19 biennium may differ significantly from these amounts based on actual oil price and oil production.

Box	Tax/Fund	Description
1	Oil and gas gross production tax	North Dakota Century Code Section 57-51-02 provides for a tax of 5 percent of the gross value at the well of oil produced in North Dakota unless exempted and tax on gas of four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.
2	Oil extraction tax	Section 57-51.1-02, as amended by 2015 House Bill No. 1476, provides for a tax of 5 percent of the gross value at the well on the extraction of oil unless exempted. Prior to January 1, 2016, the oil extraction tax rate was 6.5 percent.
3	Tribal share	Chapter 57-51.2 provides the requirements for allocating oil and gas tax related to the oil production within the Fort Berthold Reservation. The oil and gas tax revenues are allocated 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation.
4	Legacy fund	Section 26 of Article X of the Constitution of North Dakota provides for a deposit to the legacy fund of 30 percent of total revenue derived from taxes on oil and gas production and extraction.
5	North Dakota outdoor heritage fund	House Bill No. 1278 (2013) created the North Dakota outdoor heritage fund to preserve natural areas and public lands. House Bill No. 1176 (2015) amended Section 57-51-15 to provide 8 percent of revenues from the first 1 percent of the oil and gas gross production tax, up to \$20 million per fiscal year, be deposited in the fund. Senate Bill No. 2013 (2017) limits the allocations to \$10 million per biennium only for the 2017-19 biennium.
6	Abandoned oil and gas well plugging and site reclamation fund	House Bill No. 1333 (2013) and House Bill No. 1032 (2015) amended Section 57-51-15 to increase the allocations to the abandoned oil and gas well plugging and site reclamation fund. Based on current law, 4 percent of the first 1 percent of oil and gas gross production tax is allocated to the fund not to exceed \$7.5 million per fiscal year and not in an amount that would bring the balance of the fund to more than \$100 million. Senate Bill No. 2013 (2017) limits the allocations to \$4 million per fiscal year only for the 2017-19 biennium.
7	Oil and gas impact grant fund	Section 57-51-15 (1989 House Bill No. 1302) establishes the oil and gas impact grant fund to provide grants to political subdivisions impacted by oil development. House Bill No. 1176 (2015) amended Section 57-51-15 to provide an allocation from the first 1 percent of the 5 percent oil and gas gross production tax, up to \$140 million for the 2015-17 biennium. Senate Bill No. 2013 (2017) decreases the allocations to provide up to \$25 million per biennium for the 2017-19 biennium, and after the 2017-19 biennium, to provide up to \$5 million per biennium.
8	Political subdivisions	Oil and gas gross production taxes are distributed to political subdivisions under Section 57-51-15 as amended by Senate Bill No. 2013 (2017).
9	Energy impact fund	Senate Bill No. 2013 (2017) creates the energy impact fund and, only for the 2017-19 biennium, provides an allocation of up to \$2 million per fiscal year from the allocations to counties that received \$5 million or more of total allocations.
10	Common schools trust fund	Section 1 of Article IX of the Constitution of North Dakota provides for a common schools trust fund to be used to support the common schools of the state. Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the common schools trust fund to become part of the principal of the fund. The earnings are distributed through the state school aid payments.
11	Foundation aid stabilization fund	Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the foundation aid stabilization fund. Section 24, as amended by 2015 Senate Concurrent Resolution No. 4003 and approved by the voters, restricts a portion of the fund to offset state school aid payments due to a revenue shortfall and allows the remainder to be used for educational purposes.
12	Resources trust fund	Section 57-51.1-07 provides for a distribution of 20 percent of oil extraction taxes to the resources trust fund. Section 22 of Article X of the Constitution of North Dakota provides that the fund may be used, subject to legislative appropriation, for constructing water-related projects, including rural water systems, and funding of programs for energy conservation.
13	Energy conservation grant fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of one-half of 1 percent of the amount credited to the resources trust fund from the resources trust fund into the energy conservation grant fund, up to \$1.2 million per biennium. House Bill No. 1020 (2017) limits the allocations to \$200,000 per biennium only for the 2017-19 biennium.
14	Renewable energy development fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of 5 percent of the amount credited to the resources trust fund from the resources trust fund into the renewable energy development fund, up to \$3 million per biennium. House Bill No. 1020 (2017) decreases the percentage transferred from 5 to 3 percent.
15	Infrastructure revolving loan fund	Senate Bill No. 2233 (2013) created an infrastructure revolving loan fund within the resources trust fund to provide loans for water projects. Ten percent of the oil extraction tax allocations deposited in the fund are designated for the infrastructure revolving loan fund. House Bill No. 1020 (2017) limits the total amount deposited in the infrastructure revolving loan fund to \$26 million.
16	Oil and gas research fund	Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes the oil and gas research fund for the Oil and Gas Research Council to provide grants. Senate Bill No. 2014 (2013) amended Section 57-51.1-07.3 to provide that 2 percent of the state's share of the oil and gas tax revenues, up to \$10 million per biennium, is to be deposited into the oil and gas research fund.
17A, 17B	General fund	The general fund is the chief operating fund of the state. Section 57-51.1-07.5, as amended by 2017 House Bill No. 1152 provides for an allocation of \$400 million of the state's share of oil and gas tax revenues to the general fund for the 2017-19 biennium and an allocation of \$300 million after the 2017-19 biennium.
18	Tax relief fund	House Bill No. 1152 (2017) amends Section 57-51.1-07.5 to provide for the allocation of \$200 million of the state's share of oil and gas tax revenues to the tax relief fund each biennium.

19	Lignite research fund	The lignite research fund is established under Section 57-61-01.6 for research, development projects, and marketing activities related to the lignite industry. House Bill No. 1152 (2017) amends Section 57-51.1-07.5 to provide for an allocation of up to \$3 million from the state's share of oil and gas tax revenues.
20	Budget stabilization fund	The budget stabilization fund is established under Section 54-27.2-01. The Governor may order a transfer from the budget stabilization fund to the general fund when certain criteria are met to offset a general fund revenue shortfall. House Bill No. 1152 (2017) amends Section 57-51.1-07.5 to provide for an allocation of up to \$75 million from the state's share of oil and gas tax revenues.
21A, 21B	Strategic investment and improvements fund	Section 15-08.1-08 provides for the strategic investment and improvements fund. The fund is to be used for one-time expenditures to improve state infrastructure or initiatives to improve the efficiency and effectiveness of state government. Section 57-51.1-07.5 provides for the allocation of certain oil tax revenues to the strategic investment and improvements fund.
22	State disaster relief fund	Section 37-17.1-27 provides for the state disaster relief fund to be used for the required state share of funding for expenses associated with presidential-declared disasters. Section 57-51.1-07.5, as amended by 2017 House Bill No. 1152, provides for the distribution of up to \$20 million of oil tax revenues to the state disaster relief fund each biennium, but not in an amount that would bring the balance of the fund to more than \$20 million.

SECTION C - APPROPRIATIONS

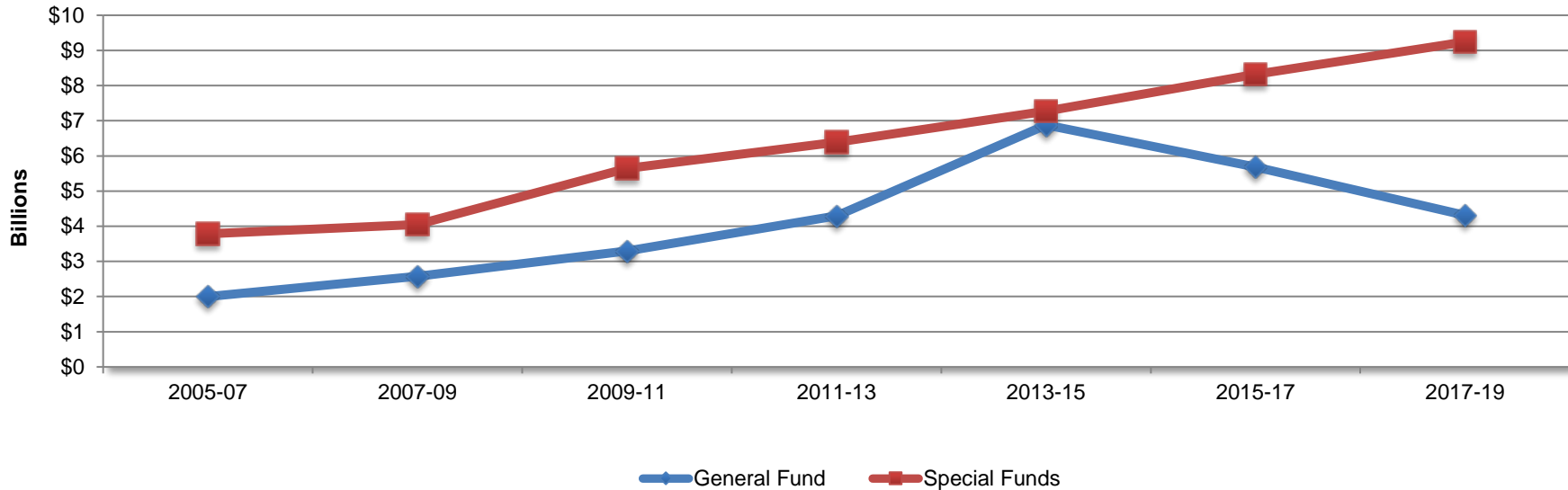
APPROPRIATIONS SUMMARY	C-1
COMPARISON OF 2015-17 AND 2017-19 LEGISLATIVE APPROPRIATIONS	C-2
COMPARISON OF 2015-17 AND 2017-19 BIENNIUM ONGOING GENERAL FUND APPROPRIATIONS	C-5
ONE-TIME FUNDING ITEMS FOR THE 2017-19 BIENNIUM	C-7
CONTINGENT GENERAL FUND APPROPRIATIONS	C-9
PIE GRAPH - 2017-19 BIENNIUM GENERAL FUND APPROPRIATIONS	C-10
BAR CHART - COMPARISON OF 2015-17 AND 2017-19 GENERAL FUND APPROPRIATIONS	C-11
PIE GRAPH - 2017-19 BIENNIUM ALL FUNDS APPROPRIATIONS	C-12
BAR CHART - COMPARISON OF 2015-17 AND 2017-19 ALL FUNDS APPROPRIATIONS	C-13

APPROPRIATIONS SUMMARY

The Legislative Assembly in 2017 provided general fund appropriations of \$4,310,262,641, \$1,377,029,270, or 24.2 percent, less than the 2015-17 legislative general fund appropriations. Of the \$4,310,262,641 of general fund appropriations, \$4,269,624,415 is considered ongoing general fund appropriations and \$40,638,226 is considered one-time general fund appropriations. Ongoing general fund spending decreased by 6.6 percent compared to 2015-17 appropriations. Additional information regarding one-time general fund appropriations is provided in the one-time funding schedule included in this section.

The 2017 Legislative Assembly provided special fund appropriations of \$9,243,123,811, \$924,116,038, or 11.1 percent, more than the 2015-17 legislative special fund appropriations.

The following is a summary of legislative appropriations for the bienniums 2005-07 through 2017-19:



Biennium	General Fund Appropriations	Special Fund Appropriations	Total Appropriations
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	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336
2015-17 ¹	\$5,687,291,911	\$8,319,007,773	\$14,006,299,684
2017-19 ²	\$4,310,262,641	\$9,243,123,811	\$13,553,386,452

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

¹The 2015-17 biennium amounts have been adjusted to reflect changes made during the August 2016 special legislative session. The Legislative Assembly reduced original general fund appropriations by \$359,487,777, from \$6,046,162,678 to \$5,686,674,901, and increased special fund appropriations by \$116,053,293, from \$8,174,234,116 to \$8,290,287,409. These amounts were further affected by deficiency appropriations approved by the 2017 Legislative Assembly.

²The special funds appropriations amount for the 2017-19 biennium reflects a change in reporting relating to the North Dakota University System to specifically appropriate higher education special funds, including tuition and fees. This reporting change increased special fund appropriations by \$1,848,493,203.

COMPARISON OF 2015-17 and 2017-19 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 2015-17 ¹		Legislative Appropriation 2017-19		Increase (Decrease) From 2015-17 ¹ to 2017-19	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government							
101	Governor's office	\$4,204,759	\$4,204,759	\$4,007,758	\$4,007,758	(\$197,001)	(\$197,001)
108	Secretary of State	9,424,720	13,008,256	5,808,732	9,046,887	(3,615,988)	(3,961,369)
110	Office of Management and Budget	37,357,027	59,342,417	31,220,260	42,454,347	(6,136,767)	(16,888,070)
112	Information Technology Department	26,078,145	177,791,184	20,532,334	245,099,322	(5,545,811)	67,308,138
117	State Auditor	9,776,582	13,282,452	9,498,608	12,910,095	(277,974)	(372,357)
120	State Treasurer	243,023,598	243,023,598	1,747,399	1,747,399	(241,276,199)	(241,276,199)
125	Attorney General	51,749,685	87,650,470	44,795,840	93,010,160	(6,953,845)	5,359,690
127	Tax Commissioner	54,920,488	55,045,488	51,264,499	51,389,499	(3,655,989)	(3,655,989)
140	Office of Administrative Hearings		2,965,651		2,918,634		(47,017)
150	Legislative Assembly	14,844,875	14,844,875	14,159,170	14,159,170	(685,705)	(685,705)
160	Legislative Council	12,558,870	12,628,870	11,891,138	11,961,138	(667,732)	(667,732)
180	Judicial branch	105,253,664	107,620,470	102,257,770	105,579,609	(2,995,894)	(2,040,861)
188	Commission on Legal Counsel for Indigents	17,105,184	19,212,098	17,983,876	20,930,623	878,692	1,718,525
190	Retirement and Investment Office		5,413,425		5,340,054		(73,371)
192	Public Employees Retirement System		9,496,373		9,258,390		(237,983)
Total General Government		\$586,297,597	\$825,530,386	\$315,167,384	\$629,813,085	(\$271,130,213)	(\$195,717,301)
Education							
Elementary, Secondary, and Other Education							
201	Department of Public Instruction	\$1,701,708,569 ²	\$2,326,394,335 ²	\$1,435,601,984 ²	\$2,333,149,049 ²	(\$266,106,585)	\$6,754,714
226	Department of Trust Lands		148,243,153		238,481,273	0	90,238,120
250	State Library	6,329,981	8,768,732	5,618,301	7,865,861	(711,680)	(902,871)
252	School for the Deaf	8,541,881	10,231,091	7,488,526	10,686,970	(1,053,355)	455,879
253	North Dakota Vision Services - School for the Blind	4,748,647	5,373,972	4,394,146	5,608,893	(354,501)	234,921
270	Department of Career and Technical Education	31,698,298	41,396,185	29,556,283	41,649,949	(2,142,015)	253,764
Total Elementary, Secondary, and Other Education		\$1,753,027,376	\$2,540,407,468	\$1,482,659,240	\$2,637,441,995	(\$270,368,136)	\$97,034,527
Higher Education							
215	North Dakota University System office	\$144,500,818	\$149,512,034	\$103,909,530	\$130,321,636	(\$40,591,288)	(\$19,190,398)
227	Bismarck State College	35,656,619	36,256,619	30,724,971	103,716,969	(4,931,648)	67,460,350
228	Lake Region State College	15,546,322	15,546,322	12,751,580	36,862,672	(2,794,742)	21,316,350
229	Williston State College	11,913,254	11,913,254	8,395,347	28,250,945	(3,517,907)	16,337,691
230	University of North Dakota (UND)	224,696,697	230,696,697	134,896,566	954,767,016	(89,800,131)	724,070,319
232	UND School of Medicine and Health Sciences	66,758,247	66,758,247	57,811,281	211,889,901	(8,946,966)	145,131,654
235	North Dakota State University (NDSU)	147,100,150	158,700,150	129,126,235	818,512,564	(17,973,915)	659,812,414
238	North Dakota State College of Science	54,228,814	54,228,814	35,241,463	92,847,076	(18,987,351)	38,618,262
239	Dickinson State University	25,246,388	38,746,388	26,091,469	55,829,296	845,081	17,082,908
240	Mayville State University	15,642,731	15,642,731	14,306,518	44,613,666	(1,336,213)	28,970,935
241	Minot State University	45,564,520	45,564,520	39,916,756	104,259,672	(5,647,764)	58,695,152
242	Valley City State University	37,154,475	53,154,475	20,516,098	71,486,755	(16,638,377)	18,332,280
243	Dakota College at Bottineau	9,160,347	19,808,541	7,682,539	17,311,712	(1,477,808)	(2,496,829)
244	Forest Service	4,679,830	6,329,830	4,426,427	15,077,175	(253,403)	8,747,345
Total Higher Education		\$837,849,212	\$902,858,622	\$625,796,780	\$2,685,747,055	(\$212,052,432)	\$1,782,888,433 ³
Total Education		\$2,590,876,588	\$3,443,266,090	\$2,108,456,020	\$5,323,189,050	(\$482,420,568)	\$1,879,922,960
Health and Welfare							
301	State Department of Health	\$48,871,568	\$193,042,532	\$43,474,460	\$201,494,418	(\$5,397,108)	\$8,451,886
305	Tobacco Prevention and Control Executive Committee		16,548,039				(16,548,039)

Budget No.	Budget	Legislative Appropriation 2015-17 ¹		Legislative Appropriation 2017-19		Increase (Decrease) From 2015-17 ¹ to 2017-19	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
313	Veterans' Home	8,128,024	23,611,276	5,951,439	24,692,032	(2,176,585)	1,080,756
316	Indian Affairs Commission	1,137,515	1,137,515	1,112,111	1,112,111	(25,404)	(25,404)
321	Department of Veterans' Affairs	1,506,877	1,794,895	1,155,162	3,246,733	(351,715)	1,451,838
325	Department of Human Services	1,281,017,188	3,527,057,151	1,339,231,350	3,913,112,132	58,214,162	386,054,981
360	Protection and Advocacy Project	3,020,926	6,453,779	2,958,999	6,447,600	(61,927)	(6,179)
380	Job Service North Dakota	1,977,580	72,445,446	545,793	55,444,949	(1,431,787)	(17,000,497)
Total Health and Welfare		\$1,345,659,678	\$3,842,090,633	\$1,394,429,314	\$4,205,549,975	\$48,769,636	\$363,459,342
Regulatory							
401	Insurance Commissioner		\$28,246,346		\$25,793,430		(\$2,452,916)
405	Industrial Commission	\$32,675,889	63,295,658	\$25,408,987	47,702,193	(\$7,266,902)	(15,593,465)
406	Labor Commissioner	2,347,241	2,785,073	2,303,986	2,743,902	(\$43,255)	(41,171)
408	Public Service Commission	7,415,451	21,716,026	6,630,762	19,051,778	(\$784,689)	(2,664,248)
412	Aeronautics Commission	934,500	11,257,327	900,000	10,885,412	(\$34,500)	(371,915)
413	Department of Financial Institutions		8,455,767		8,409,912		(45,855)
414	Securities Department		2,260,781		2,354,714		93,933
471	Bank of North Dakota	2,090,781	76,287,301	2,184,714	59,299,204	0	(16,988,097)
473	Housing Finance Agency		37,520,089		44,530,239	0	7,010,150
475	Mill and Elevator		64,315,898		68,213,519		3,897,621
485	Workforce Safety and Insurance		68,865,170		72,481,659		3,616,489
Total Regulatory		\$45,463,862	\$385,005,436	\$37,428,449	\$361,465,962	(\$8,035,413)	(\$23,539,474)
Public Safety							
504	Highway Patrol	\$43,600,558	\$56,663,099	\$42,527,428	\$60,866,706	(\$1,073,130)	\$4,203,607
530	Department of Corrections and Rehabilitation	204,510,187	242,872,893	214,336,704	253,600,864	9,826,517	10,727,971
540	Adjutant General	18,458,502	85,392,854	16,436,554	124,611,332	(2,021,948)	39,218,478
	Department of Emergency Services	12,482,270	153,700,445	9,449,868	99,743,570	(3,032,402)	(53,956,875)
Total Public Safety		\$279,051,517	\$538,629,291	\$282,750,554	\$538,822,472	\$3,699,037	\$193,181
Agriculture and Economic Development							
601	Department of Commerce	\$52,522,359	\$127,691,832	\$31,342,680	\$100,228,338	(\$21,179,679)	(\$27,463,494)
602	Agriculture Commissioner	10,822,497	32,540,550	9,109,101	31,316,777	(1,713,396)	(1,223,773)
627	Upper Great Plains Transportation Institute	4,529,614	22,705,271	3,543,174	22,360,242	(986,440)	(345,029)
628	Branch research centers	18,758,636	38,750,766	17,155,257	38,936,948	(1,603,379)	186,182
630	NDSU Extension Service	27,837,062	53,663,770	25,648,320	52,295,009	(2,188,742)	(1,368,761)
638	Northern Crops Institute	1,964,467	3,712,202	1,886,891	3,642,721	(77,576)	(69,481)
640	Main Research Center	55,198,683	133,297,208	49,557,415	108,642,243	(5,641,268)	(24,654,965)
649	Agronomy Seed Farm		1,521,007		1,536,129		15,122
665	State Fair Association	999,915	999,915	515,665	515,665	(484,250)	(484,250)
670	Racing Commission	387,821	546,551	379,621	542,178	(8,200)	(4,373)
Total Agriculture and Economic Development		\$173,021,054	\$415,429,072	\$139,138,124	\$360,016,250	(\$33,882,930)	(\$55,412,822)
Natural Resources							
701	State Historical Society	\$20,177,760	\$26,952,661	\$16,673,644	\$20,829,439	(\$3,504,116)	(\$6,123,222)
709	Council on the Arts	1,630,444	3,375,911	1,564,876	3,351,798	(65,568)	(24,113)
720	Game and Fish Department		77,231,739		83,976,222	0	6,744,483
750	Parks and Recreation Department	31,113,442	45,976,277	14,654,276	33,693,856	(16,459,166)	(12,282,421)
770	State Water Commission		1,158,935,836		722,173,475	0	(436,762,361)
Total Natural Resources		\$52,921,646	\$1,312,472,424	\$32,892,796	\$864,024,790	(\$20,028,850)	(\$448,447,634)
Transportation							

Budget No.	Budget	Legislative Appropriation 2015-17 ¹		Legislative Appropriation 2017-19		Increase (Decrease) From 2015-17 ¹ to 2017-19	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
801	Department of Transportation	\$613,382,959 ⁴	\$3,214,538,978 ⁴	\$0	\$1,270,504,868	(\$613,382,959)	(\$1,944,034,110)
	Total Transportation	<u>\$613,382,959</u>	<u>\$3,214,538,978</u>	<u>\$0</u>	<u>\$1,270,504,868</u>	<u>(\$613,382,959)</u>	<u>(\$1,944,034,110)</u>
	TOTAL APPROPRIATIONS	<u>\$5,686,674,901</u>	<u>\$13,976,962,310</u>	<u>\$4,310,262,641</u>	<u>\$13,553,386,452⁴</u>	<u>(\$1,376,412,260)</u>	<u>(\$423,575,858)</u>
APPROPRIATION SUMMARY							
	General Government	\$586,297,597	\$825,530,386	\$315,167,384	\$629,813,085	(271,130,213)	(\$195,717,301)
	Education	2,590,876,588	3,443,266,090	2,108,456,020	5,323,189,050	(482,420,568)	1,879,922,960
	Health and Welfare	1,345,659,678	3,842,090,633	1,394,429,314	4,205,549,975	48,769,636	363,459,342
	Regulatory	45,463,862	385,005,436	37,428,449	361,465,962	(8,035,413)	(23,539,474)
	Public Safety	279,051,517	538,629,291	282,750,554	538,822,472	3,699,037	193,181
	Agriculture and Economic Development	173,021,054	415,429,072	139,138,124	360,016,250	(33,882,930)	(55,412,822)
	Natural Resources	52,921,646	1,312,472,424	32,892,796	864,024,790	(20,028,850)	(448,447,634)
	Transportation	613,382,959	3,214,538,978	0	1,270,504,868	(613,382,959)	(1,944,034,110)
	TOTAL APPROPRIATIONS	<u>\$5,686,674,901[*]</u>	<u>\$13,976,962,310[*]</u>	<u>\$4,310,262,641</u>	<u>\$13,553,386,452⁴</u>	<u>(\$1,376,412,260)</u>	<u>(\$423,575,858)</u>
	* 2015-17 appropriations made by the 64th Legislative Assembly	\$5,686,674,901	\$13,976,962,310				
	2015-17 deficiency appropriations made by the 65th Legislative Assembly	617,010	29,337,374				
	Total 2015-17 appropriations	<u>\$5,687,291,911</u>	<u>\$14,006,299,684</u>				

¹ The 2015-17 biennium appropriation amounts reflect action by the Legislative Assembly during the August 2016 special legislative session, including a 6.55 percent general fund budget authority reduction to state agency budgets, an additional \$33,305,071 general fund appropriation to the Department of Human Services, and an additional \$3,230,809 general fund appropriation to the Department of Corrections and Rehabilitation. The amounts also reflect distributions from the targeted market equity pool under the Office of Management and Budget to the State Department of Health, the Veterans' Home, the Department of Human Services, the Protection and Advocacy Project, and the Adjutant General and a \$116,053,293 transfer from the foundation aid stabilization fund to the Department of Public Instruction for state school aid payments to offset general fund allotments.

² The 2015-17 biennium amounts for the Department of Public Instruction include integrated formula payments of \$1,916,640,000 for state school aid payments and property tax relief. The 2017-19 biennium amounts for the Department of Public Instruction include integrated formula payments of \$1,935,204,163 for state school aid payments and property tax relief.

³ The total funds appropriation amount for the 2017-19 biennium reflects a change in reporting relating to the North Dakota University System to specifically appropriate higher education special funds, including tuition and fee income. This reporting change increased total funds appropriations by \$1,848,493,203.

⁴ The 2015-17 biennium amounts shown for the Department of Transportation reflect \$521.1 million in transfers from the general fund to the highway fund for enhanced state highway and infrastructure investments and \$112 million in transportation funding distributions to non-oil-producing political subdivisions.

COMPARISON OF 2015-17 and 2017-19 BIENNIUM ONGOING GENERAL FUND APPROPRIATIONS

Budget No.	Budget	Ongoing Appropriations 2015-17	Ongoing Appropriations 2017-19	2017-19 Increase (Decrease) From 2015-17	
		General Fund	General Fund	General Fund	Percentage
General Government					
101	Governor's office	\$4,094,559	\$4,007,758	(\$86,801)	(2.1%)
108	Secretary of State	6,374,720	5,808,732	(565,988)	(8.9%)
110	Office of Management and Budget	30,826,724	30,720,260	(106,464)	(0.3%)
112	Information Technology Department	23,406,055	20,532,334	(2,873,721)	(12.3%)
117	State Auditor	9,776,582	9,498,608	(277,974)	(2.8%)
120	State Treasurer	1,856,899	1,747,399	(109,500)	(5.9%)
125	Attorney General	48,466,861	44,695,840	(3,771,021)	(7.8%)
127	Tax Commissioner	54,912,488	51,264,499	(3,647,989)	(6.6%)
150	Legislative Assembly	13,730,065	14,159,170	429,105	3.1%
160	Legislative Council	11,948,410	11,891,138	(57,272)	(0.5%)
180	Judicial branch	101,591,134	102,257,770	666,636	0.7%
188	Commission on Legal Counsel for Indigents	16,982,909	17,983,876	1,000,967	5.9%
Total General Government		\$323,967,406	\$314,567,384	(\$9,400,022)	(2.9%)
Education					
Elementary, Secondary, and Other Education					
201	Department of Public Instruction	\$1,689,008,539	\$1,435,601,984	(\$253,406,555)	(15.0%)
250	State Library	6,079,981	5,618,301	(461,680)	(7.6%)
252	School for the Deaf	8,541,881	7,488,526	(1,053,355)	(12.3%)
253	North Dakota Vision Services - School for the Blind	4,748,647	4,394,146	(354,501)	(7.5%)
270	Department of Career and Technical Education	31,698,298	29,306,283	(2,392,015)	(7.5%)
Total Elementary, Secondary, and Other Education		\$1,740,077,346	\$1,482,409,240	(\$257,668,106)	(14.8%)
Higher Education					
215	North Dakota University System office	\$110,229,818	\$101,639,530	(\$8,590,288)	(7.8%)
227	Bismarck State College	34,281,736	30,600,597	(3,681,139)	(10.7%)
228	Lake Region State College	14,143,353	12,700,623	(1,442,730)	(10.2%)
229	Williston State College	9,388,952	8,360,503	(1,028,449)	(11.0%)
230	University of North Dakota (UND)	150,984,527	134,132,901	(16,851,626)	(11.2%)
232	UND School of Medicine and Health Sciences	53,166,247	57,811,281	4,645,034	8.7%
235	North Dakota State University (NDSU)	147,055,924	128,591,042	(18,464,882)	(12.6%)
238	North Dakota State College of Science	40,916,239	35,089,376	(5,826,863)	(14.2%)
239	Dickinson State University	24,527,233	17,806,843	(6,720,390)	(27.4%)
240	Mayville State University	15,642,731	14,249,605	(1,393,126)	(8.9%)
241	Minot State University	45,536,886	39,750,979	(5,785,907)	(12.7%)
242	Valley City State University	23,218,126	20,429,502	(2,788,624)	(12.0%)
243	Dakota College at Bottineau	8,104,457	7,652,945	(451,512)	(5.6%)
244	Forest Service	4,679,830	4,426,427	(253,403)	(5.4%)
Total Higher Education		\$681,876,059	\$613,242,154	(\$68,633,905)	(10.1%)
Total Education		\$2,421,953,405	\$2,095,651,394	(\$326,302,011)	(13.5%)
Health and Welfare					
301	State Department of Health	\$48,535,568	\$43,474,460	(\$5,061,108)	(10.4%)
313	Veterans' Home	8,128,024	5,951,439	(2,176,585)	(26.8%)
316	Indian Affairs Commission	1,127,740	1,112,111	(15,629)	(1.4%)
321	Department of Veterans' Affairs	1,429,982	1,136,562	(293,420)	(20.5%)
325	Department of Human Services	1,262,925,021	1,313,231,350	50,306,329	4.0%

Budget No.	Budget	Ongoing Appropriations	Ongoing Appropriations	2017-19 Increase (Decrease)	
		2015-17	2017-19	From 2015-17	Percentage
		General Fund	General Fund	General Fund	
360	Protection and Advocacy Project	3,020,926	2,958,999	(61,927)	(2.0%)
380	Job Service North Dakota	1,888,080	445,793	(1,442,287)	(76.4%)
Total Health and Welfare		\$1,327,055,341	\$1,368,310,714	\$41,255,373	3.1%
Regulatory					
405	Industrial Commission	\$24,957,746	\$25,408,987	\$451,241	1.8%
406	Labor Commissioner	2,347,241	2,303,986	(\$43,255)	(1.8%)
408	Public Service Commission	7,175,827	6,630,762	(\$545,065)	(7.6%)
412	Aeronautics Commission	934,500	900,000	(\$34,500)	(3.7%)
414	Securities Department	2,090,781	2,184,714	93,933	4.5%
Total Regulatory		\$37,506,095	\$37,428,449	(\$77,646)	(0.2%)
Public Safety					
504	Highway Patrol	\$42,943,745	\$42,527,428	(\$416,317)	(1.0%)
530	Department of Corrections and Rehabilitation	203,044,020	214,336,704	11,292,684	5.6%
540	Adjutant General	29,096,100	25,886,422	(3,209,678)	(11.0%)
Total Public Safety		\$275,083,865	\$282,750,554	\$7,666,689	2.8%
Agriculture and Economic Development					
601	Department of Commerce	\$33,859,099	\$30,342,680	(\$3,516,419)	(10.4%)
602	Agriculture Department	9,961,137	9,109,101	(852,036)	(8.6%)
627	Upper Great Plains Transportation Institute	3,900,791	3,443,174	(457,617)	(11.7%)
628	Branch research centers	18,483,636	17,155,257	(1,328,379)	(7.2%)
630	NDSU Extension Service	27,824,562	25,633,320	(2,191,242)	(7.9%)
638	Northern Crops Institute	1,964,467	1,886,891	(77,576)	(3.9%)
640	Main Research Center	53,581,255	49,557,415	(4,023,840)	(7.5%)
665	State Fair Association	532,665	515,665	(17,000)	(3.2%)
670	Racing Commission	387,821	379,621	(8,200)	(2.1%)
Total Agriculture and Economic Development		\$150,495,433	\$138,023,124	(\$12,472,309)	(8.3%)
Natural Resources					
701	State Historical Society	\$17,254,791	\$16,673,644	(\$581,147)	(3.4%)
709	Council on the Arts	1,630,444	1,564,876	(65,568)	(4.0%)
750	Parks and Recreation Department	16,702,916	14,654,276	(2,048,640)	(12.3%)
Total Natural Resources		\$35,588,151	\$32,892,796	(\$2,695,355)	(7.6%)
TOTAL ONGOING GENERAL FUND APPROPRIATIONS		\$4,571,649,696	\$4,269,624,415	(\$302,025,281)	(6.6%)
APPROPRIATION SUMMARY					
	General government	\$323,967,406	\$314,567,384	(9,400,022)	(2.9%)
	Education	2,421,953,405	2,095,651,394	(326,302,011)	(13.5%)
	Health and welfare	1,327,055,341	1,368,310,714	41,255,373	3.1%
	Regulatory	37,506,095	37,428,449	(77,646)	(0.2%)
	Public safety	275,083,865	282,750,554	7,666,689	2.8%
	Agriculture and economic development	150,495,433	138,023,124	(12,472,309)	(8.3%)
	Natural resources	35,588,151	32,892,796	(2,695,355)	(7.6%)
TOTAL ONGOING GENERAL FUND APPROPRIATIONS		\$4,571,649,696	\$4,269,624,415	(\$302,025,281)	(6.6%)

ONE-TIME GENERAL FUND APPROPRIATIONS FOR THE 2017-19 BIENNIUM

Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
110	Office of Management and Budget Theodore Roosevelt Center grant	HB 1015	\$500,000
125	Attorney General DOS-based deposit system rewrite	HB 1003	100,000
215	North Dakota University System office Higher education challenge fund	SB 2003	2,000,000
	2-year campus study	SB 2003	40,000
	Midwestern Higher Education Compact dues	SB 2003	230,000
227	Bismarck State College Institution operations distribution	SB 2003	124,374
228	Lake Region State College Institution operations distribution	SB 2003	50,957
229	Williston State College Institution operations distribution	SB 2003	34,844
230	University of North Dakota Institution operations distribution	SB 2003	763,665
235	North Dakota State University Institution operations distribution	SB 2003	535,193
238	North Dakota State College of Science Institution operations distribution	SB 2003	152,087
239	Dickinson State University Institution operations	HB 1015	875,000
	Funding formula hold-harmless provision	SB 2003	2,309,626
	Institution operations	SB 2003	2,000,000
	Biesiot Activities Center debt repayment	SB 2003	3,100,000
240	Mayville State University Institution operations distribution	SB 2003	56,913
241	Minot State University Institution operations distribution	SB 2003	165,777
242	Valley City State University Institution operations distribution	SB 2003	86,596
243	Dakota College at Bottineau Institution operations distribution	SB 2003	29,594
270	Department of Career and Technical Education Marketplace for Kids program	SB 2019	250,000
321	Department of Veterans' Affairs Transport vans	SB 2025	18,600
325	Department of Human Services County social services pilot program	HB 1012	26,000,000
380	Job Service North Dakota Bismarck regional office renovation	SB 2016	100,000

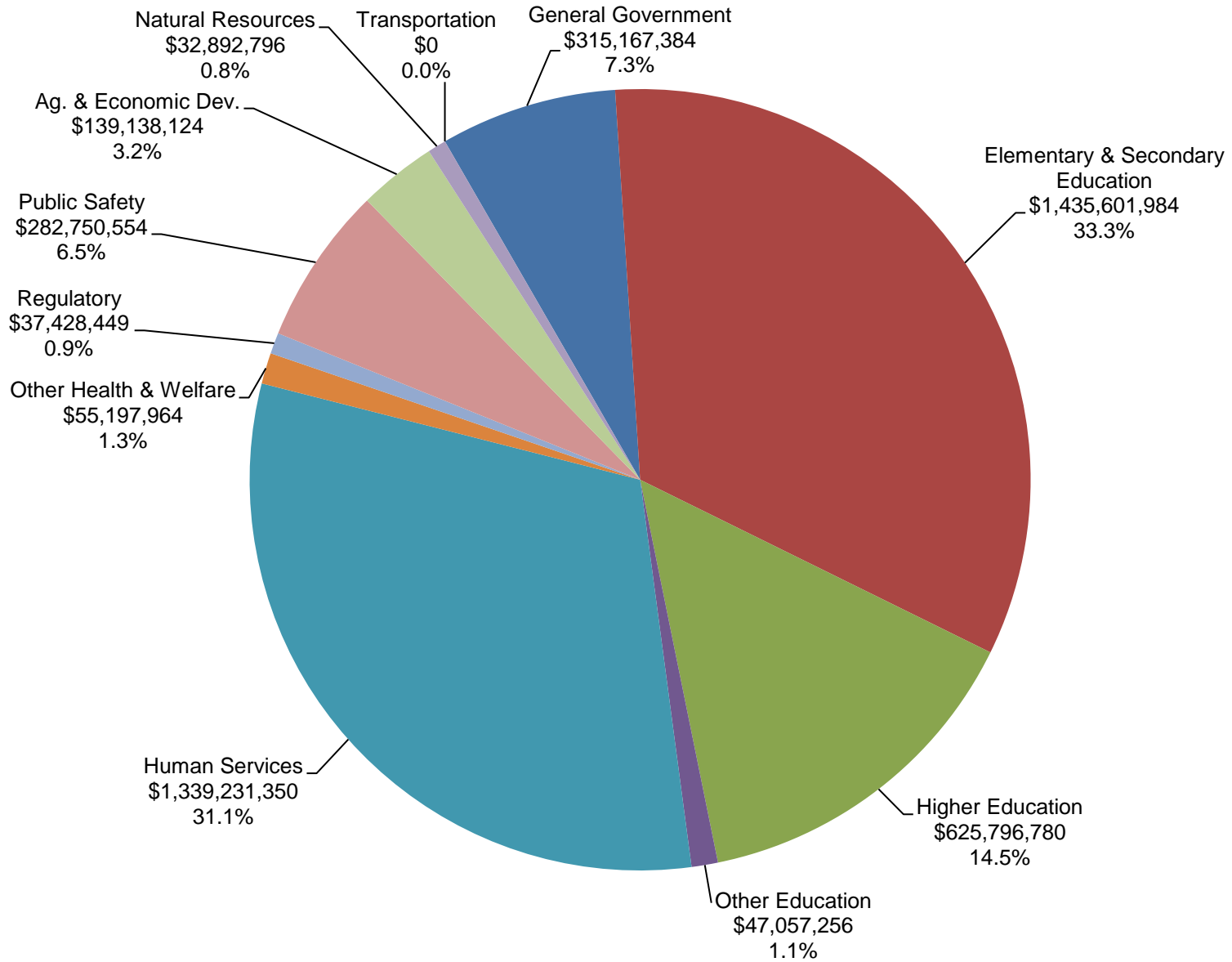
Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
601	Department of Commerce Enhanced use lease grants	SB 2018	1,000,000
627	Upper Great Plains Transportation Institute Road and bridge asset management system	SB 2020	100,000
630	NDSU Extension Service Junior Master Gardener program	SB 2020	15,000
	Total		\$40,638,226

CONTINGENT 2017-19 BIENNIUM GENERAL FUND APPROPRIATIONS

Bill No. - Agency	Description	Amount
Senate Bill No. 2014 - Industrial Commission	The Industrial Commission may expend \$221,737 from the general fund for 2 FTE positions if the total number of wells capable of production and injection exceeds 18,200.	\$221,737
Total		\$221,737

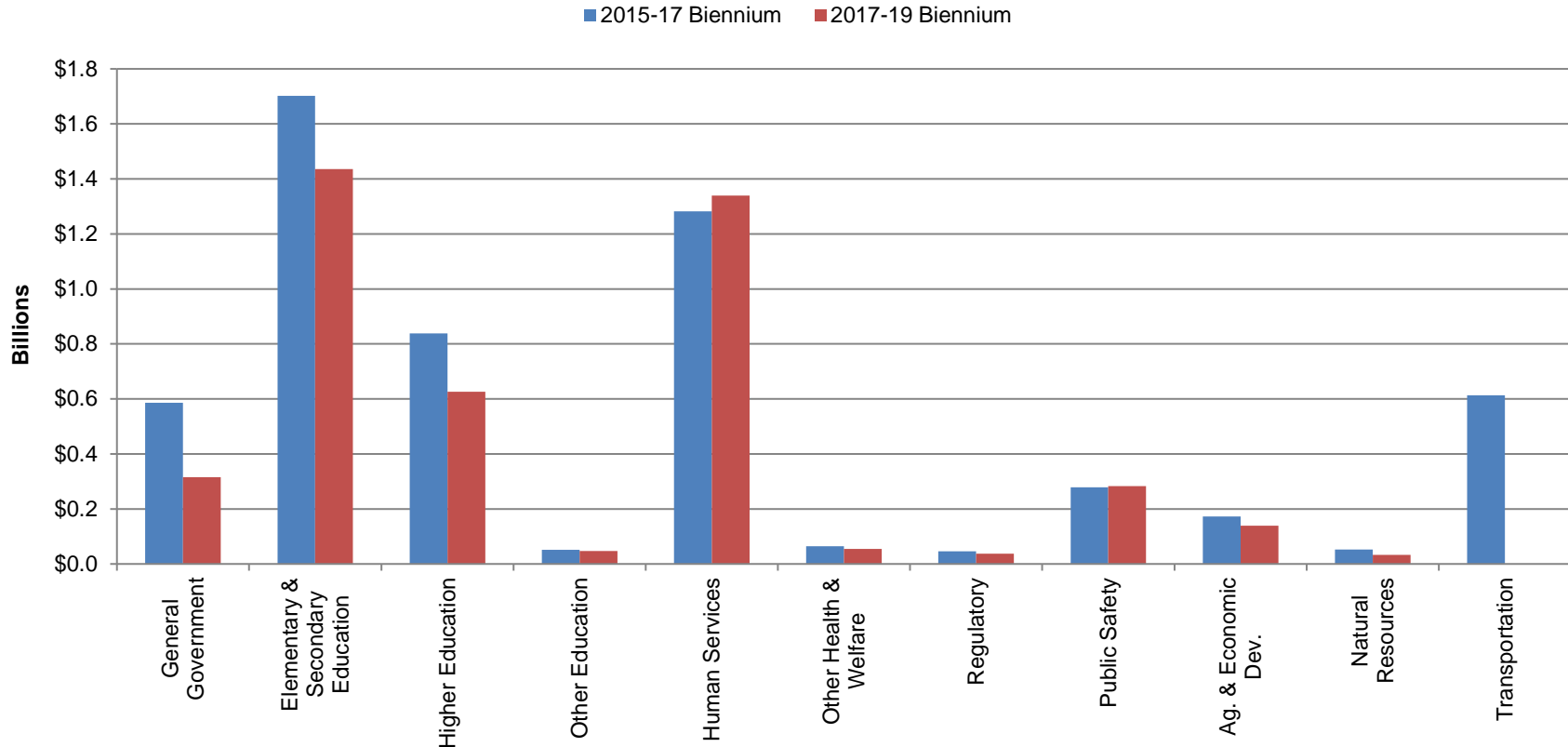
2017-19 BIENNIUM GENERAL FUND APPROPRIATIONS

Total 2017-19 General Fund Appropriations - \$4,310,262,641



COMPARISON OF 2015-17 AND 2017-19 GENERAL FUND APPROPRIATIONS

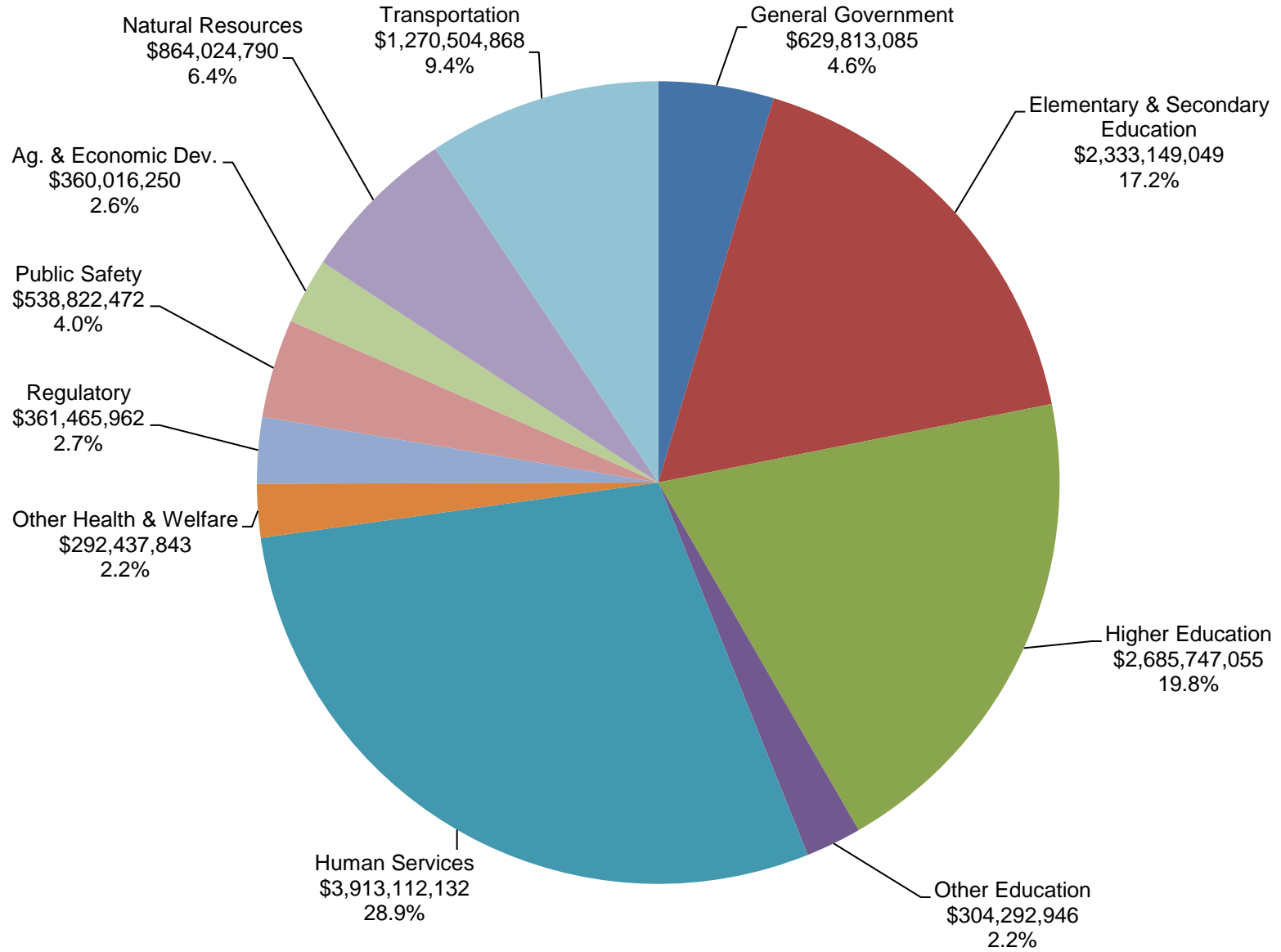
(Amounts Shown in Billions)



	2015-17 Biennium	2017-19 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$586,297,597	\$315,167,384	(\$271,130,213)	(46.2%)
Elementary & Secondary Education	1,701,708,569	1,435,501,984	(266,206,585)	(15.6%)
Higher Education	837,849,212	625,796,780	(212,052,432)	(25.3%)
Other Education	51,318,807	47,157,256	(4,161,551)	(8.1%)
Human Services	1,281,634,198	1,339,231,350	57,597,152	4.5%
Other Health & Welfare	64,642,490	55,197,964	(9,444,526)	(14.6%)
Regulatory	45,463,862	37,428,449	(8,035,413)	(17.7%)
Public Safety	279,051,517	282,750,554	3,699,037	1.3%
Ag. & Economic Dev.	173,021,054	139,138,124	(33,882,930)	(19.6%)
Natural Resources	52,921,646	32,892,796	(20,028,850)	(37.8%)
Transportation	613,382,959	0	(613,382,959)	(100.0%)
Total	\$5,687,291,911	\$4,310,262,641	(\$1,377,029,270)	(24.2%)

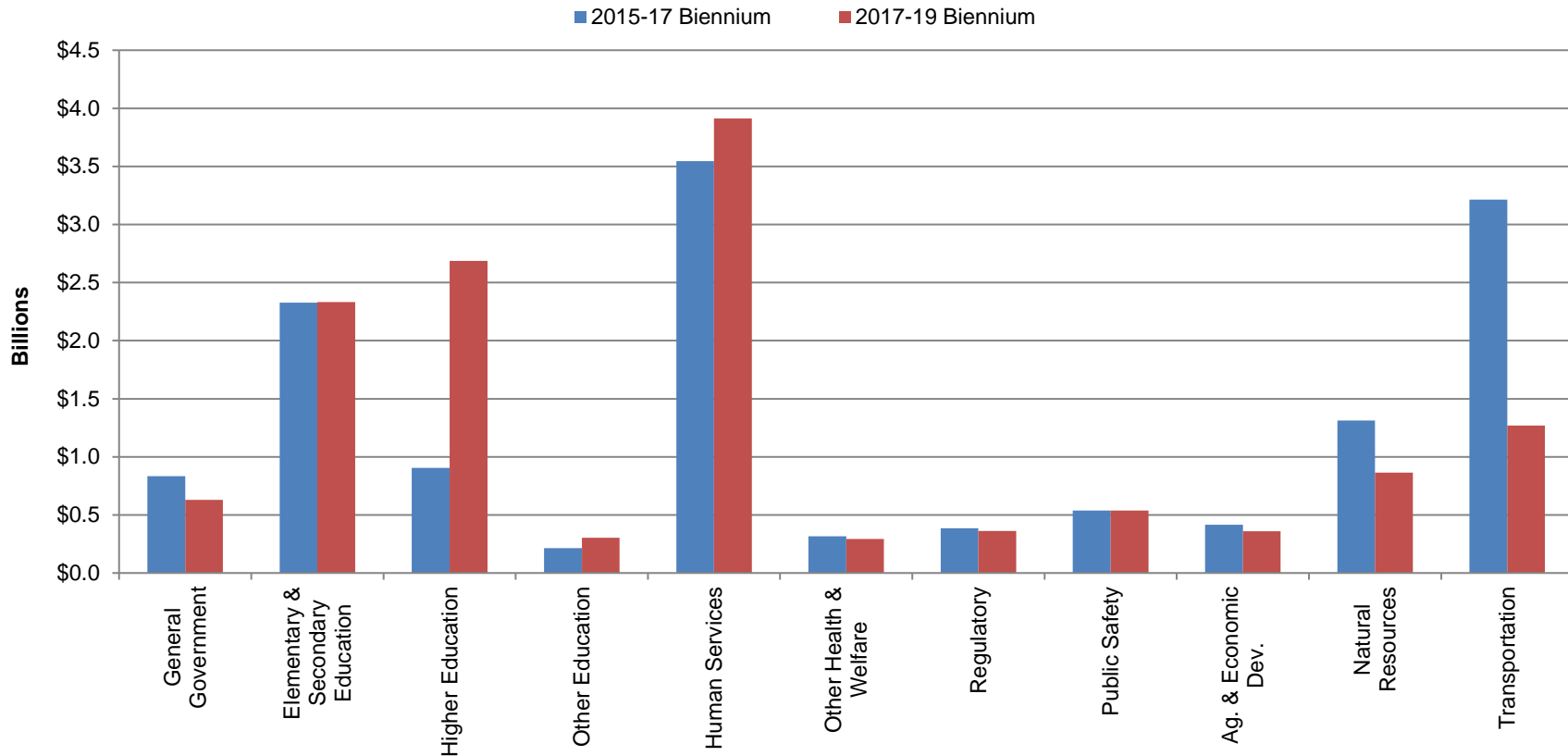
2017-19 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2017-19 Biennium All Funds Appropriations - \$13,553,386,452



COMPARISON OF 2015-17 AND 2017-19 ALL FUNDS APPROPRIATIONS

(Amounts Shown in Billions)



	2015-17 Biennium	2017-19 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$833,819,386	\$629,813,085	(\$204,006,301)	(24.5%)
Elementary & Secondary Education	2,326,394,335	2,333,149,049	6,754,714	0.3%
Higher Education	904,493,476	2,685,747,055	1,781,253,579	196.9%
Other Education	214,013,133	304,292,946	90,279,813	42.2%
Human Services	3,546,091,171	3,913,112,132	367,020,961	10.4%
Other Health & Welfare	315,283,482	292,437,843	(22,845,639)	(7.2%)
Regulatory	385,005,436	361,465,962	(23,539,474)	(6.1%)
Public Safety	538,708,791	538,822,472	113,681	0.0%
Ag. & Economic Dev.	415,429,072	360,016,250	(55,412,822)	(13.3%)
Natural Resources	1,312,522,424	864,024,790	(448,497,634)	(34.2%)
Transportation	3,214,538,978	1,270,504,868	(1,944,034,110)	(60.5%)
Total	\$14,006,299,684	\$13,553,386,452	(\$452,913,232)	(3.2%)

SECTION D - ELECTED OFFICIALS

AGRICULTURE COMMISSIONER	D-22
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-6
STATE TAX COMMISSIONER	D-15
STATE TREASURER	D-8

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	18.00	\$4,007,758	\$0	\$4,007,758
2017-19 base budget	18.00	4,094,559	0	4,094,559
Legislative increase (decrease) to base budget	0.00	(\$86,801)	\$0	(\$86,801)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$4,007,758	\$0	\$4,007,758
2015-17 adjusted legislative appropriations	4,094,559	110,200	4,204,759
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$86,801)	(\$110,200)	(\$197,001)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(2.2%)	(100.0%)	(4.9%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for salaries and wages, including base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$93,004)		(\$93,004)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		46,457		46,457
Adjusted funding for operating expenses.		(45,254)		(45,254)
Restored contingencies funding that was reduced as a result of the August 2016 general fund budget reductions to provide total contingencies funding of \$10,000.		5,000		5,000
Total	0.00	(\$86,801)	\$0	(\$86,801)

FTE Changes

The Legislative Assembly approved 18 FTE positions for the Governor's office for the 2017-19 biennium, the same as the 2015-17 biennium.

Governor's Salary

The Legislative Assembly appropriated funding for the Governor's salary for the 2017-19 biennium in a separate line item. Section 5 of the bill provides legislative intent that the Governor accept the salary designated for the position. If the Governor chooses to decline any or all of the salary, the section provides the funds in the Governor's salary line item may not be used for any other purpose and must be canceled at the end of the 2017-19 biennium. Funding for the fringe benefits of the Governor is provided in the salaries and wages line item.

Other Sections in House Bill No. 1001

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Additional income - Section 4 appropriates any additional federal or other funds made available to the Governor's office during the 2017-19 biennium. The Governor's office must provide a report to the Legislative Management regarding any funds received or expended pursuant to this appropriation authority.

Related Legislation

House Bill No. 1153 - Employee bonuses awarded by the Governor - Limits the amount of a recruitment and retention bonus that can be awarded to an employee in the Governor's office or an employee appointed by the Governor. **(The Governor vetoed this bill.)**

Secretary of State
 Budget No. 108
 House Bill No. 1002 and Senate Bill No. 2021

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	32.00	\$5,808,732	\$3,238,155	\$9,046,887
2017-19 base budget	34.00	6,374,720	3,583,536	9,958,256
Legislative increase (decrease) to base budget	(2.00)	(\$565,988)	(\$345,381)	(\$911,369)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$5,808,732	\$0	\$5,808,732
2015-17 adjusted legislative appropriations	6,374,720	3,050,000	9,424,720
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$565,988)	(\$3,050,000)	(\$3,615,988)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(8.9%)	(100.0%)	(38.4%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$69,361)	(\$202,484)	(\$271,845)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		85,159	2,651	87,810
Removed 2 FTE positions and related funding of \$211,268 from the general fund.	(2.00)	(211,268)		(211,268)
Adjusted funding source from the general fund to the general services operating fund for 1 FTE position.		(106,823)	106,823	0
Adjusted funding for overtime and temporary salaries.		(50,000)	200,000	150,000

Added funding from the general services operating fund for North Dakota central indexing system hosting and maintenance.		526,000	526,000
Adjusted funding for operating expenses, including an increase of \$343,956 from the general services operating fund, of which \$118,956 is for information technology expenses.	(262,100)	343,956	81,856
Added funding for campaign disclosure software.	50,000		50,000
Reduced funding for election reform to provide a total appropriation of \$1,192,655. Of the amount reduced, \$1,100,000 is from federal funds and the remaining amount is from the election reform matching fund.		(1,516,327)	(1,516,327)
Reduced funding for public printing to provide a total appropriation of \$288,450.	(1,595)		(1,595)
Added one-time funding for an electronic payment processing system to be implemented by the Information Technology Department, of which \$93,000 is provided from the proceeds of a loan from the Bank of North Dakota and \$101,000 is for repayment of the loan. (Senate Bill No. 2021)		194,000	194,000
Total	<u>(2.00)</u>	<u>(\$565,988)</u>	<u>(\$345,381)</u>

FTE Changes

The 2017-19 biennium appropriations for the Secretary of State include funding for 32 FTE positions, a decrease of 2 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE office assistant III position and 1 FTE nonclassified position. The Legislative Assembly also changed the funding source for 1 FTE nonclassified position from the general fund to the general services operating fund.

One-Time Funding

In Sections 10 and 11 of Senate Bill No. 2021, the Legislative Assembly authorized loans from the Bank of North Dakota to various agencies, including the Secretary of State, for implementing an electronic payment processing system. This one-time appropriation for the Secretary of State totals \$194,000, of which \$93,000 is authorized from the Bank of North Dakota loan and \$101,000 is authorized for the repayment of the loan, using special funds derived from additional revenue received as a result of the new system.

Other Sections in House Bill No. 1002

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Exemption - General services operating fund - Section 4 provides any unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2017, 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 2017-19 biennium.

Subcontributor contributions - Section 5 amends Section 16.1-08.1-03.1 related to special requirements for statements required of subcontributors engaged in activities regarding ballot measures.

Information preparation fee - Section 6 amends Section 54-09-04(7) to change the fee for preparation of listings and other information compilations to \$40 per request, rather than the actual cost for assembling and providing the information. If the information requested is provided in a paper format, an additional fee of \$0.50 per page may be charged. Prior to the 2013-15 biennium, the fee was set at \$35, but in 2013 was amended in House Bill No. 1340 to allow the Secretary of State to charge the actual cost of assembling and providing information for each request.

Confidential information - Section 7 amends Section 54-09-12 to authorize the Secretary of State or an employee, agent, or contractor of the Secretary of State's office to release social security or federal tax identification numbers to public entities if disclosure is necessary for the public entity to perform the entity's duties and responsibilities.

Related Legislation

Revised Uniform Athlete Agents Act - House Bill No. 1212 establishes new definitions, certificate of registration requirements, registration and renewal fees, and a civil penalty related to the Revised Uniform Athlete Agents Act.

Session laws and Century Code distribution - House Bill No. 1280 amends Section 46-04-05, relating to the distribution of session laws and Century Code books to county officials.

County auditors - House Bill No. 1363 amends various sections relating to county auditors and the Secretary of State duties.

Statements of interest - House Bill No. 1418 provides for a Legislative Management study of the purpose and content of statements of interests and the forms and information required to be filed, including the appropriate financial interest and other necessary content.

Electronic payment processing system - Senate Bill No. 2021 provides a total special fund appropriation of \$194,000 to the Secretary of State. Section 10 of the bill authorizes the Secretary of State to obtain a \$93,000 loan from the Bank of North Dakota, to be used to pay the Information Technology Department to implement an electronic payment processing system for credit card fees. Section 11 of the bill includes an appropriation of \$101,000 from special funds derived from additional revenue received as a result of the new system to repay the loan.

Combative sports - Senate Bill No. 2210 amends Section 53-01-07 to allow the Secretary of State to charge a fee equal to the actual cost incurred to regulate competitions and exhibitions of all boxing, kickboxing, mixed fighting style competitions, and sparring exhibitions. The Secretary of State must also adopt rules to perform screening tests for controlled substances, as defined in Section 19-03.1-01, on boxers, kickboxers, and mixed style fighters participating in a competition or an exhibition.

Campaign finance reporting - Senate Bill No. 2343 establishes new campaign finance reporting requirements.

**State Auditor
Budget No. 117
House Bill Nos. 1004 and 1015**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	56.00	\$9,498,608	\$3,411,487	\$12,910,095
2017-19 base budget	59.80	9,776,582	3,505,870	13,282,452
Legislative increase (decrease) to base budget	(3.80)	(\$277,974)	(\$94,383)	(\$372,357)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$9,498,608	\$0	\$9,498,608
2015-17 adjusted legislative appropriations	9,776,582	0	9,776,582
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$277,974)	\$0	(\$277,974)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(2.8%)	N/A	(2.8%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
Governor Burgum vetoed House Bill No. 1004, the appropriation bill for the State Auditor. Sections 4 and 5 of House Bill No. 1015, the appropriation bill for the Office of Management and Budget, included the following legislative action related to the State Auditor:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$99,658)	\$30,422	(\$69,236)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		104,201	36,495	140,696
Restored funding for 4 FTE North Dakota University System audit positions removed by the State Auditor as part of the 2015-17 biennium budget reductions, including salaries and wages of \$611,300 and operating expenses of \$41,392.		652,692		652,692

Removed 2 FTE University System audit positions, including salaries and wages of \$297,135 and operating expenses of \$12,500.	(2.00)	(309,635)		(309,635)
Removed 1 FTE performance audit manager position.	(1.00)	(277,191)		(277,191)
Removed a 0.80 FTE administrative officer II position due to salaries and wages funding reductions.	(0.80)			
Reduced salaries and wages in anticipation of savings from vacant positions and employee turnover.		(21,768)		(21,768)
Added funding for salaries and wages to reclassify 1 FTE auditor position to a budget specialist position.		25,000		25,000
Reduced funding for operating expenses.		(101,615)	38,700	(62,915)
Removed funding for University System information technology security audits.			(200,000)	(200,000)
Removed funding for information technology consultants.		(250,000)		(250,000)
Total	<u>(3.80)</u>	<u>(\$277,974)</u>	<u>(\$94,383)</u>	<u>(\$372,357)</u>

FTE Changes

The Legislative Assembly approved 56 FTE positions for the State Auditor for the 2017-19 biennium, a decrease of 3.80 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 2 FTE University System audit positions, 1 FTE performance audit manager position, and a 0.80 FTE administrative officer II position.

Other Sections in House Bill No. 1015

Health insurance increase - Section 5 of House Bill No. 1015 identifies the amount of funding included in the State Auditor budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Occupational and professional board audits and reports - House Bill No. 1149 amends North Dakota Century Code Section 54-10-27 to increase the annual receipts threshold from \$50,000 to \$200,000 for allowing occupational or professional boards to submit an annual report to the State Auditor's office instead of a required audit.

**State Treasurer
Budget No. 120
House Bill No. 1005**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	7.00	\$1,747,399	\$0	\$1,747,399
2017-19 base budget	8.00	1,856,899	0	1,856,899
Legislative increase (decrease) to base budget	(1.00)	(\$109,500)	\$0	(\$109,500)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$1,747,399	\$0	\$1,747,399
2015-17 adjusted legislative appropriations	1,856,899	241,166,699	243,023,598
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$109,500)	(\$241,166,699)	(\$241,276,199)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(5.9%)	(100.0%)	(99.3%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$263		\$263
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		21,239		21,239
Removed 1 FTE deputy state treasurer position (A portion of the funding for this position was removed as part of the August 2016 budget reductions).	(1.00)	(88,000)		(88,000)
Reduced funding for temporary staff and for an FTE position that had duties reassigned.		(44,696)		(44,696)
Added funding for information technology costs.		50,646		50,646

Reduced funding for coal severance shortfall payments related to changes in the coal severance tax revenue allocation formula.		(48,952)		(48,952)
Total	<u>(1.00)</u>	<u>(\$109,500)</u>	<u>\$0</u>	<u>(\$109,500)</u>

FTE Changes

The Legislative Assembly approved 7 FTE positions for the State Treasurer for the 2017-19 biennium, a decrease of 1 FTE position from the 2015-17 biennium authorized level of 8 FTE positions. The Legislative Assembly removed 1 FTE deputy state treasurer position.

Deficiency Appropriations

House Bill No. 1024 (2017) provides a deficiency appropriation of \$8.1 million from the strategic investment and improvements fund for state-paid property tax relief credits during the 2015-17 biennium. After the August 2016 special legislative session, the appropriation for the state-paid property tax relief credit program decreased from \$250 million to \$233.4 million. The deficiency appropriation provides total funding of \$241.5 million for the state-paid property tax relief credit program for the 2015-17 biennium. The Legislative Assembly did not provide funding for the state-paid property tax relief credit program for the 2017-19 biennium.

Other Sections in House Bill No. 1005

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Coal severance tax revenue allocations - Section 4 adjusts the allocation of coal severance tax revenue by reducing the coal production limitation from 3.4 million tons to 3 million tons, and by reducing the reimbursement percentage for the coal severance shortfall payments, from 50 to 30 percent. The coal severance tax revenue from the first 3 million tons is distributed to Oliver County and Morton County, after which the remaining revenue is distributed to Oliver County. Oliver County is reimbursed for 30 percent of the amount distributed to Morton County.

Related Legislation

Senate Bill No. 2013 - Transportation distributions to non-oil-producing townships - Section 4 provides one-time funding of \$16.1 million, of which \$8 million is from the strategic investment and improvements fund and \$8.1 million is from the state disaster relief fund, for special transportation funding distributions to non-oil-producing townships. The section provides for an allocation of \$10,000 to each organized and unorganized township within non-oil-producing counties to be allocated in August 2017. To be eligible to receive an allocation, a township must be located in one of the 44 counties that received no allocation or an allocation of less than \$5 million under North Dakota Century Code Section 57-51-15 (oil and gas gross production tax allocations) during fiscal year 2016. **The Governor vetoed this section.**

**Attorney General
Budget No. 125
House Bill Nos. 1003 and 1024 and Senate Bill Nos. 2191 and 2203**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	237.00	\$44,795,840	\$48,214,320	\$93,010,160
2017-19 base budget	250.00	48,466,861	35,247,452	83,714,313
Legislative increase (decrease) to base budget	(13.00)	(\$3,671,021)	\$12,966,868	\$9,295,847

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$44,695,840	\$100,000	\$44,795,840
2015-17 adjusted legislative appropriations	48,466,861	3,282,824	51,749,685
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$3,771,021)	(\$3,182,824)	(\$6,953,845)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.8%)	(97.0%)	(13.4%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$522,049)	\$1,106,134	\$584,085
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		590,945	54,129	645,074
Removed 13 undesignated FTE positions.	(13.00)	(130,782)	(60,722)	(191,504)
Reduced salaries and wages in anticipation of savings from vacant positions and employee turnover.		(929,297)		(929,297)
Changed funding source for 8 FTE positions from the general fund to federal and other funds.		(1,120,322)	1,120,322	0
Removed funding for the 24/7 sobriety program (The Attorney General has a continuing appropriation, authorized in North Dakota Century Code Section 54-12-29, from the revenues received for the 24/7 sobriety program).			(6,375,572)	(6,375,572)
Reduced funding for criminal justice information sharing to provide total funding of \$3,391,562.		(188,741)	(291,482)	(480,223)

Reduced funding for law enforcement programs.	(219,348)		(219,348)
Reduced funding for operating expenses.	(1,029,271)	(1,026,220)	(2,055,491)
Removed funding for abortion litigation fees of \$400,000 and added \$100,000 to operating expenses and \$100,000 to litigation fees.	(200,000)		(200,000)
Adjusted funding for equipment.	(194,388)	606,882	412,494
Increased funding from the Attorney General refund fund for Indian gaming audit expenses.		37,500	37,500
Added funding for information technology disaster recovery system.	46,703		46,703
Increased federal funds spending authority.		228,897	228,897
Added funding for the State Crime Laboratory building bond payments.	529		529
Added additional income appropriation (Section 7 of House Bill No. 1003).		250,000	250,000
Added contingent funding from other funds from a grant from the Department of Trust Lands for the statewide automated victim information and notification program enhancement project (SAVIN).		500,000	500,000
Added funding to provide grants to organizations involved in providing prevention and treatment services related to human trafficking victims (Senate Bill No. 2203).	125,000		125,000
Added one-time funding for DOS-based deposit system rewrite.	100,000		100,000
Added one-time funding from federal and other funds for the uniform crime reporting system rewrite.		280,000	280,000
Added one-time spending authority from other funds received from cities and counties for the SAVIN cost-share program.		315,000	315,000
Added one-time funding of other funds received from Adjutant General loan proceeds for law enforcement costs relating to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).		200,000	200,000
Added one-time funding from the strategic investment and improvements fund, contingent upon order of the court, for providing any court-ordered payments to a bankruptcy estate or payments to be made pursuant to the terms of a settlement agreement approved by order of the court (House Bill No. 1024).		15,872,000	15,872,000
Added one-time funding from the strategic investment and improvements fund for the purpose of providing grants through the domestic violence and rape crisis program for community-based or hospital-based sexual assault examiner programs (Senate Bill No. 2191).		150,000	150,000
Total	<u>(13.00)</u>	<u>(\$3,671,021)</u>	<u>\$12,966,868</u>

FTE Changes

The 2017-19 biennium appropriation includes funding for 237 FTE positions, a decrease of 13 unspecified FTE positions from the 2015-17 biennium authorized level of 250 FTE positions.

One-Time Funding

In House Bill Nos. 1003 and 1024 and Senate Bill No. 2191, the Legislative Assembly identified the following as one-time funding items:

	General Fund	Other Funds	Total
DOS-based deposit system rewrite (House Bill No. 1003)	\$100,000		\$100,000
Uniform crime reporting system rewrite (House Bill No. 1003)		\$280,000	280,000
SAVIN cost-share program (House Bill No. 1003)		315,000	315,000
Law enforcement costs related to the construction of the Dakota Access Pipeline (House Bill No. 1024)		200,000	200,000
Court-ordered payments to a bankruptcy estate or payments to be made pursuant to the terms of a settlement agreement approved by order of the court (House Bill No. 1024)		15,872,000	15,872,000
Sexual assault examiner program grants (Senate Bill No. 2191)		150,000	150,000
Total	\$100,000	\$16,817,000	\$16,917,000

24/7 Sobriety Program

The 2007 Legislative Assembly authorized the Attorney General to establish a sobriety program pilot project during the 2007-09 biennium. The pilot program began on January 1, 2008. The Attorney General established a 24/7 sobriety pilot program in 12 counties in the South Central Judicial District. The 2009 Legislative Assembly, in House Bill No. 1306, authorized the Attorney General to establish a statewide 24/7 sobriety program, established guidelines and program fees, and created and provided a continuing appropriation to the Attorney General from the 24/7 sobriety program fund. The goal of the program is to remove intoxicated drivers from the road and improve their ability to succeed in treatment. From January 1, 2008, through April 30, 2017, the program included 17,344 participants, of which 11,213 graduated from the program, 3,347 failed the program, 717 reoffended, and 2,067 were still active in the program.

Human Trafficking

The 2015 Legislative Assembly in Senate Bill No. 2107 created Chapter 12.1-41 relating to the Uniform Act on Prevention of and Remedies for Human Trafficking, which provided a penalty for human trafficking, and authorized the Attorney General to grant or contract with service providers to develop or expand service programs for victims of human trafficking. The 2017 Legislative Assembly appropriated \$125,000 from the general fund, in Senate Bill No. 2203, to the Attorney General to provide human trafficking victims grants during the 2017-19 biennium.

Statewide Automated Victim Information and Notification Program

The 2017 Legislative Assembly amended Section 27-01-10 related to fee assessments for funding crime victim and witness programs and changed the assessment of a fee from optional to mandatory. The Legislative Assembly appropriated \$315,000 from funds received from political subdivisions and directed the Attorney General to consult with the North Dakota Association of Counties and the North Dakota League of Cities to establish a cost-sharing program to provide for each political subdivision to share in the cost of the SAVIN program enhancement project. The Legislative Assembly authorized the Attorney General to use up to \$500,000 of rent savings as the result of an expected move of employees into space available in the Job Service North Dakota central office building for the SAVIN program enhancements and provided a contingent appropriation of \$500,000 from a Department of Trust Lands grant, from funds provided for law enforcement grants during the 2015-17 biennium, for the 2017-19 biennium, if the move does not occur, for a total appropriation of \$815,000 for the SAVIN program.

Other Sections in House Bill No. 1003

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Tobacco settlement trust fund - Section 4 identifies \$200,000 in the estimated income line item from the tobacco settlement trust fund for the purpose of enforcing the Master Settlement Agreement and any disputes with the agreement.

Industrial Commission litigation funds - Attorney General protest-related expenses - Section 5 authorizes the Attorney General to submit litigation-related expenses to the Industrial Commission to be paid from litigation funding available to the Industrial Commission for expenses incurred by the Attorney General as a result of the protests and related activities associated with the Dakota Access Pipeline project and requires the Attorney General to report to the Budget Section quarterly regarding expenditures submitted to be paid from the Industrial Commission's litigation fund.

Legislative intent - Dakota Access Pipeline project protest-related costs - Section 6 provides legislative intent that the Attorney General pursue all reasonable and available options to recoup all costs and expenses incurred by the state and its political subdivisions as a result of the protests and related activities associated with the Dakota Access Pipeline project.

SAVIN program enhancements - Contingent appropriation - Section 8 authorizes the Attorney General to use up to \$500,000 of rent savings as the result of an expected move of employees into space available in the Job Service North Dakota central office building for SAVIN program enhancements. The section also provides a contingent appropriation of \$500,000 from a Department of Trust Lands grant, from funds provided for law enforcement grants during the 2015-17 biennium, for the 2017-19 biennium, if the move does not occur. Section 9 directs the Attorney General to consult with the North Dakota Association of Counties and the North Dakota League of Cities to establish a cost-sharing program to provide for each political subdivision to share in the cost of the SAVIN program enhancement project. The section authorizes the Attorney General to allocate \$315,000 of the cost among the political subdivisions of the state. Section 10 provides legislative intent that the funding for the political subdivisions' cost-sharing program is from additional income collected from the victim witness fee required in Section 27-01-10. Section 11 amends Section 27-01-10 related to fee assessments for funding crime victim and witness programs and changed the assessment of a fee from optional to mandatory.

Electronic pull tab device requirements - Section 12 creates a new section to Chapter 53-06.1 relating to electronic pull tab device requirements. The section requires an electronic pull tab device to display an electronic pull tab and it may not directly dispense coins, cash, tokens, or anything of value.

Criminal history record checks fees - Section 13 requires any person or entity requesting a criminal history record check from the Bureau of Criminal Investigation, as a result of legislation enacted by the 65th Legislative Assembly, to pay a reasonable fee as set by the Attorney General for the 2017-19 biennium. The fees collected are to be deposited in the general fund and are estimated to total \$180,000 for the 2017-19 biennium.

Exemption - Strategic investment and improvements fund - Section 14 provides that the appropriation from the strategic investment and improvements fund for law enforcement grants for the 2015-17 biennium is not subject to Section 54-44.1-11 and may be continued into the 2017-19 biennium.

Exemption - Human trafficking grants - Section 15 provides that funding appropriated for human trafficking grants during the 2015-17 biennium is not subject to Section 54-44.1-11 and may be continued into the 2017-19 biennium.

Exemption - Refund fund - Section 16 allows the Attorney General to retain the June 30, 2017, balance in the Attorney General refund fund rather than transferring the balance to the general fund.

Exemption - Additional funding for litigation fees - Section 17 provides that \$100,000 of funding appropriated to the Attorney General for the 2015-17 biennium for contracted higher education legal fees is not subject to Section 54-44.1-11 and authorizes that funding to be used during the 2017-19 biennium in the Attorney General's litigation fees line item.

Emergency - Section 16 declares Sections 5, 8, and 9 to be an emergency measure.

Related Legislation

House Bill No. 1024 - Provides an appropriation of \$200,000 to the Attorney General from special funds received from the Adjutant General for law enforcement support which were incurred after June 30, 2015, related to unlawful activity associated with the construction of the Dakota Access Pipeline project and an appropriation of \$15,872,000 to the Attorney General from the strategic investment and improvements fund for providing any court-ordered payments to a bankruptcy estate or payments to be made pursuant to the terms of a settlement agreement approved by order of the court. The bill also authorizes the Attorney General to transfer \$75,000 to the litigation fees line item and \$5,000 to the arrest and return of fugitives line item for the 2015-17 biennium, which were appropriated for the continuation of contracted higher education legal services in Section 6 of Chapter 3 of the 2015 Session Laws.

House Bill No. 1194 - Requires the Attorney General to develop a card containing the rights of victims as provided in Chapter 12.1-34 and Section 26 of Article I of the Constitution of North Dakota.

House Bill No. 1226 - Requires the Department of Human Services, with the cooperation of the Governor and the Attorney General, to study the feasibility and desirability of establishing a Medicaid fraud control unit during the 2017-18 interim.

Senate Bill No. 2191 - Provides an appropriation of \$150,000 to the Attorney General from the strategic investment and improvements fund to provide grants through the domestic violence and rape crisis program for community-based or hospital-based sexual assault examiner programs during the 2017-19 biennium.

Senate Bill No. 2203 - Provides an appropriation of \$125,000 to the Attorney General from the general fund to provide grants to organizations involved in providing prevention and treatment services related to human trafficking victims during the 2017-19 biennium. The bill also directs the Board of University and School Lands to award, based on recommendations from the Attorney General, up to \$700,000 in grants to organizations involved in providing prevention and treatment services related to human trafficking victims, from funds designated in subsection 3 of Section 5 of Chapter 463 of the 2015 Session Laws, provided for grants to law enforcement agencies impacted by oil and gas development, and in addition to the funds designated in Section 2 of Chapter 375 of the 2015 Session Laws, provided for grants to organizations involved in providing prevention and treatment services related to human trafficking victims, for the 2017-19 biennium.

Senate Bill No. 2302 - Amends Sections 12-60-05 and 12.1-29-07 and subsection 1 of Section 29-06-05.2 to authorize the Attorney General to appoint the Bureau of Alcohol, Tobacco, Firearms and Explosives agents and the Homeland Security Investigations Unit of the Department of Homeland Security agents as ad hoc special agents. The bill amends Section 54-12-01.1 to authorize the Attorney General to publish online information in place of pamphlets regarding eminent domain and Section 54-12-28 to authorize the Attorney General to gather 24/7 Sobriety program records and statistics, and requires agencies and companies participating in the program to provide record and statistic information within 30 days of the Attorney General requesting it. The bill also repeals Section 19-03.1-44, which required the Attorney General to report the current status and trends of unlawful drug use and abuse and drug control and enforcement efforts in the state.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	133.00	\$51,264,499	\$125,000	\$51,389,499
2017-19 base budget	136.00	54,912,488	125,000	55,037,488
Legislative increase (decrease) to base budget	(3.00)	(\$3,647,989)	\$0	(\$3,647,989)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$51,264,499	\$0	\$51,264,499
2015-17 adjusted legislative appropriations	54,912,488	8,000	54,920,488
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$3,647,989)	(\$8,000)	(\$3,655,989)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(6.6%)	(100.0%)	(6.7%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes, including the removal of 3 FTE positions.	(3.00)	\$25,020		\$25,020
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		353,067		353,067
Reduced funding for salaries and wages related to a vacant FTE position.		(182,218)		(182,218)
Reduced funding for operating expenses, primarily related to Multistate Tax Commission audit and National Nexus Program fees, professional services, postage, information technology equipment, and office furniture and equipment.		(878,967)		(878,967)

Reduced funding for capital assets, from \$16,000 to \$6,000.	(10,000)	(10,000)
Reduced funding for the homestead tax credit program by \$3,890,000, from \$18,690,000 to \$14,800,000 and increased funding for the disabled veterans' tax credit program by \$935,109, from \$7,175,091 to \$8,110,200.	(2,954,891)	(2,954,891)
Total	<u>(3.00)</u>	<u>(\$3,647,989)</u>
		<u>\$0</u>
		<u>(\$3,647,989)</u>

FTE Changes

The Legislative Assembly approved 133 FTE positions for the Tax Commissioner for the 2017-19 biennium, a decrease of 3 FTE positions from the 2015-17 biennium authorized level of 136 FTE positions. The Legislative Assembly removed 1 FTE tax services position, 1 FTE office assistant position, and 1 FTE document imaging position, the same as the agency's budget request.

Other Sections in House Bill No. 1006

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Line item transfers - Sections 4 and 5 allow the Tax Commissioner to transfer funding between the homestead tax credit and the disabled veterans' tax credit line items during the 2015-17 and 2017-19 bienniums. Section 9 provides an emergency clause for the transfers during the 2015-17 biennium.

Motor vehicle fuel taxes - Section 6 provides for a transfer of \$2,016,120 from motor vehicle fuel tax collections to the general fund for the 2017-19 biennium related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

Sales tax audit position funding - Section 7 provides an exemption to allow up to \$75,000 of unspent 2015-17 biennium appropriation authority to continue in the 2017-19 biennium for a sales tax auditor position. Legislative action also provided \$150,000 from the general fund during the 2017-19 biennium for total funding of \$225,000 to restore funding for 2 FTE sales tax audit positions.

Multistate tax audit fund - Section 8 creates a multistate tax audit fund. The collections from the Multistate Tax Commission audit and National Nexus Program are deposited in the fund, and the related program expenses are paid from the fund pursuant to a continuing appropriation. Excess collections are transferred to the general fund at the end of each fiscal year. Creation of this fund is anticipated to reduce general fund revenues by \$450,000 for the 2017-19 biennium.

Related Legislation

House Bill No. 1354 - Upon written request from the Chairman of the Legislative Management, the Tax Department is required to disclose the amount of tax incentives claimed or earned by taxpayers for tax incentives awarded after July 31, 2017.

Senate Bill No. 2032 - Section 3 repeals the homestead income tax credit, which was available for tax years 2007 and 2008.

Senate Bill No. 2112 - Updates the terminology in the streamlined sales and use tax agreement to provide consistency with the other member states.

Senate Bill No. 2129 - Provides technical corrections for clarity and consistency relating to background checks for Tax Department employees, the alcoholic beverage gross receipts tax, and claims for refunds.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	46.00	\$0	\$25,793,430	\$25,793,430
2017-19 base budget	49.50	0	28,026,346	28,026,346
Legislative increase (decrease) to base budget	(3.50)	\$0	(\$2,232,916)	(\$2,232,916)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$240,791	\$240,791
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			124,767	124,767
Removed 3.5 FTE positions.	(3.50)		(724,488)	(724,488)
Removed funding for retention bonuses.			(9,600)	(9,600)
Reduced funding for operating expenses.			(357,265)	(357,265)
Reduced the grant to the North Dakota Firefighter's Association to provide total ongoing funding of \$828,525 from the insurance tax distribution fund.			(61,475)	(61,475)
Reduced grants to fire departments to provide total ongoing funding of \$14,235,561 from the insurance tax distribution fund.			(1,445,646)	(1,445,646)
Total	(3.50)	\$0	(\$2,232,916)	(\$2,232,916)

FTE Changes

The 2017-19 biennium appropriation includes funding for 46 FTE positions, a decrease of 3.5 FTE positions from the 2015-17 biennium authorized level of 49.5 FTE positions. The Legislative Assembly removed 1 FTE senior examiner position, 1 FTE licensing specialist position, 0.5 FTE office assistant position, and 1 FTE nonclassified position.

Administrative Costs of Special Funds

Sections 5, 6, 7, and 8 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:

	2015-17 Biennium Legislative Appropriation	2017-19 Biennium Legislative Appropriation	Increase (Decrease)
Bonding fund	\$50,813	\$52,004	\$1,191
State fire and tornado fund	\$1,660,748	\$1,797,218	\$136,470
Unsatisfied judgment fund	\$29,062	\$29,703	\$641
Petroleum release compensation fund	\$116,881	\$119,472	\$2,591

Other Sections in House Bill No. 1010

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Insurance tax distribution fund - Section 4 provides an appropriation of \$15,064,086 from the insurance tax distribution fund and designates \$14,235,561 for payments to fire departments and \$828,525 for payments to the North Dakota Firefighter's Association.

Transfer - Section 9 provides for a transfer of any funding carried over pursuant to Section 7 of Chapter 50 of the 2015 Session Laws, from the insurance tax distribution fund to the general fund. The amount transferred is anticipated to total \$475,000.

Payments to fire departments - Section 10 amends North Dakota Century Code Section 18-04-05 to remove the requirement that the legislative appropriation from the insurance tax distribution fund total 100 percent of estimated revenue from select insurance lines.

Related Legislation

House Bill No. 1100 - Relates to confidentiality for risk-based capital reports.

House Bill No. 1101 - Relates to reporting of premiums and losses for the state fire and tornado fund.

House Bill No. 1112 - Relates to the Insurance Commissioner's authority to deny licensure to applicants deemed unqualified or dishonest.

Senate Bill No. 2052 - Relates to mandated insurance coverage of telehealth services.

Senate Bill No. 2103 - Relates to fees charged by the Insurance Commissioner.

Senate Bill No. 2105 - Relates to exemption of certain licensed insurance producer or insurance consultant information from public records law.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	45.00	\$6,630,762	\$12,421,016	\$19,051,778
2017-19 base budget	46.00	7,175,827	13,964,575	21,140,402
Legislative increase (decrease) to base budget	(1.00)	(\$545,065)	(\$1,543,559)	(\$2,088,624)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$6,630,762	\$0	\$6,630,762
2015-17 adjusted legislative appropriations	7,175,827	239,624	7,415,451
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$545,065)	(\$239,624)	(\$784,689)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.6%)	(100.0%)	(10.6%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$40,366	(\$61,419)	(\$21,053)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		70,945	45,864	116,809
Removed 2 undesignated FTE positions.	(2.00)	(286,240)		(286,240)
Added funding to convert a temporary railroad inspector to an FTE position.	1.00		35,996	35,996
Reduced salaries and wages in anticipation of savings from vacant positions and employee turnover.		(250,000)		(250,000)

Reduced federal funds spending authority due to an expected reduction in federal funds for the 2017-19 biennium.		(2,000,000)	(2,000,000)
Reduced funding for operating expenses.	(47,736)		(47,736)
Reduced funding for capital assets to provide a total of \$10,000.	(16,400)		(16,400)
Removed funding from the general fund for specialized legal services.	(56,000)		(56,000)
Added one-time funding from federal funds (\$336,000) and the strategic investment and improvements fund (\$100,000) for specialized legal services.		436,000	436,000
Total	<u>(1.00)</u>	<u>(\$545,065)</u>	<u>(\$1,543,559)</u>

FTE Changes

The Legislative Assembly approved 45 FTE positions for the Public Service Commission for the 2017-19 biennium, a decrease of 1 FTE position from the 2015-17 biennium authorized level of 46 FTE positions. The Legislative Assembly removed 2 undesignedated FTE positions and converted 1 temporary railroad inspector position to an FTE position.

One-Time Funding

The Legislative Assembly identified one-time funding of \$436,000, which includes \$336,000 from federal funds and \$100,000 from the strategic investment and improvements fund, for specialized legal services for the 2017-19 biennium.

Railroad Safety Pilot Program

The 2015 Legislative Assembly in Senate Bill No. 2008 created the railroad safety pilot program which provided funding of \$523,345 from the rail safety fund for 1 FTE railroad safety inspector position to inspect railroad track and 1 temporary employee for a rail safety program for the 2015-17 biennium with the intent to continue the program into the 2017-19 biennium. The 2015 Legislative Assembly created the rail safety fund in Senate Bill No. 2008, which receives revenue from special fuels excise taxes collected on sales of diesel fuel to railroads under North Dakota Century Code Section 57-43.2-03 of up to \$275,000 per year, through June 30, 2019. The 2017 Legislative Assembly provided funding of \$567,109 from the rail safety fund and converted the 1 temporary employee to an FTE position, and increased the revenues from special fuels excise taxes collected on sales of diesel fuel to a railroad from \$275,000 per year to \$285,000 per year, through June 30, 2019, for the railroad safety pilot program for the 2017-19 biennium.

Other Sections in House Bill No. 1008

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Rail rate complaint case funding - Section 4 provides for 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.

Estimated income - Strategic investment and improvements fund - Section 5 identifies \$100,000 of the estimated income line item is from the strategic investment and improvements fund for specialized legal service costs during the 2017-19 biennium.

Special fuels excise taxes - Section 6 amends Section 57-43.2-19 to increase the deposit of special fuels excise taxes collected on sales of diesel fuel to a railroad under Section 57-43.2-03 from up to \$275,000 per year to up to \$285,000 per year into the rail safety fund through June 30, 2019.

Legislative Management study - Impact of wind energy - Section 7 provides for a Legislative Management study regarding the impact of wind energy development.

Related Legislation

House Bill No. 1125 - Repeals Chapter 60-03 relating to licensing of hay buyers and declares an emergency.

House Bill No. 1126 - Amends several sections in Title 60 relating to public warehouse and grain buyer licensing and insolvencies of public warehouses and grain buyers. The bill also repeals two sections in Title 60 relating to warehouse closures.

Senate Bill No. 2286 - Amends Sections 49-22-03, 49-22-14.1, and 49-22-16(2) relating to energy conversion and transmission facility siting to require that the Public Service Commission cooperate with political subdivisions potentially impacted. The bill also provides for a Legislative Management study regarding the consideration of local zoning ordinances and zoning provisions during the application and public hearing process.

Senate Bill No. 2313 - Creates a new section in Chapter 4-01 relating to the Agriculture Commissioner establishing a wind energy restoration and reclamation oversight program.

**Agriculture Commissioner
Budget No. 602
House Bill No. 1009**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	73.00	\$9,109,101	\$22,207,676	\$31,316,777
2017-19 base budget	77.00	9,961,137	20,276,053	30,237,190
Legislative increase (decrease) to base budget	(4.00)	(\$852,036)	\$1,931,623	\$1,079,587

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$9,109,101	\$0	\$9,109,101
2015-17 adjusted legislative appropriations	9,961,137	861,360	10,822,497
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$852,036)	(\$861,360)	(\$1,713,396)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(8.6%)	(100.0%)	(15.8%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$343,194)	\$109,507	(\$233,687)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		106,837	87,364	194,201
Removed 4 FTE positions and related funding of \$653,028, of which \$600,304 is from the general fund and \$52,724 is from federal funds.	(4.00)	(600,304)	(52,724)	(653,028)
Restored salaries and wages funding from the general fund removed as a part of the August 2016 budget reductions.		312,936		312,936
Added federal funding for a food and drug residue program.			229,500	229,500

Adjusted funding for operating expenses, primarily related to reductions to Project Safe Send and the State Board of Animal Health.	10,525	(141,094)	(130,569)
Adjusted funding for information technology operating expenses.	(296,836)	67,225	(229,611)
Reduced funding for energy development oil mediation, to provide a total of \$50,000.	(50,000)		(50,000)
Removed funding for a computer scanner.		(8,000)	(8,000)
Added funding for a copier.	8,000	5,000	13,000
Adjusted funding for grants, primarily due to an increase in federal funds.		125,000	125,000
Added funding for the waterbank program to provide a total of \$300,000.		300,000	300,000
Reduced funding for the pipeline restoration program to provide total funding of \$200,000, all of which is from the abandoned oil and gas well plugging and site reclamation fund.		(200,000)	(200,000)
Reduced the State Water Commission transfer to the Agriculture Commissioner for the Wildlife Services program to provide a total transfer of \$125,000.		(125,000)	(125,000)
Adjusted the Game and Fish Department transfer to the Agriculture Commissioner for the Wildlife Services program and State Board of Animal Health to provide total funding of \$614,430.		114,845	114,845
Added funding for beekeeper and colony assessment fee revenue to be deposited in the Agriculture Commissioner's operating fund rather than the general fund.		180,000	180,000
Added funding for an industrial hemp program.		120,000	120,000
Added one-time funding from the strategic investment and improvements fund for federal environmental law impact review.		1,000,000	1,000,000
Added one-time funding from the Agriculture Commissioner's operating fund for the national genomics center.		120,000	120,000
Total	<u>(4.00)</u>	<u>(\$852,036)</u>	<u>\$1,931,623</u>
			<u>\$1,079,587</u>

FTE Changes

The 2017-19 biennium appropriations for the Agriculture Commissioner include funding for 73 FTE positions, a decrease of 4 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE administrative assistant I position, 1 FTE public information specialist I position, 1 FTE senior agriculture program inspector position, and 1 FTE agriculture marketing specialist I position.

One-Time Funding

In Section 3 of House Bill No. 1009, the Legislative Assembly identified \$1,120,000 of funding as one-time funding items for the Agriculture Commissioner, of which \$120,000 is from the Agriculture Commissioner's operating fund and \$1 million is from the strategic investment and improvements fund. The following is a summary of one-time funding included in the 2017-19 legislative appropriation for the Agriculture Commissioner:

	Other Funds
National genomics center	\$120,000
Environmental law impact review (transferred from the strategic investment and improvements fund to the federal environmental law impact review fund)	1,000,000
Total	\$1,120,000

Environment and Rangeland Protection Fund

The environment and rangeland protection fund was established by the 1991 Legislative Assembly in Senate Bill No. 2451 (North Dakota Century Code Section 19-18-02.1). The fund contains collections from pesticide registration fees, fertilizer registration, inspection, and tonnage fees, and weed seed free forage 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 Section 19-18-04, as amended by 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. Funding in the environment and rangeland protection fund is utilized for various programs within the Department of Agriculture.

Section 4 of House Bill No. 1009 transfers \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.

Section 5 of House Bill No. 1009 identifies \$6,446,503 of funding from the environment and rangeland protection fund in the other funds appropriation for the Department of Agriculture.

Other Sections in House Bill No. 1009

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Game and fish funding - Section 6 provides \$614,430 from the game and fish operating fund for the State Board of Animal Health (\$114,430) and Wildlife Services Program (\$500,000) for the 2017-19 biennium. The 2015-17 legislative appropriation from the game and fish fund for these programs was \$499,585.

State Water Commission funding - Section 7 provides that \$125,000 be transferred from the State Water Commission to the Agriculture Commissioner for the Wildlife Services program for the 2017-19 biennium. The 2015 Legislative Assembly provided for a transfer of \$250,000 from the State Water Commission to the Agriculture Commissioner during the 2015-17 biennium, the same as provided during the 2013-15 biennium.

Waterbank program - Matching funds - Section 8 identifies \$50,000 from the general fund in the salaries and wages line item for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Transfer - Environmental law impact review fund - Section 9 identifies \$1 million, which the Office of Management and Budget shall transfer from the strategic investment and improvements fund to the federal environmental law impact review fund, for use by the Agriculture Commissioner during the 2017-19 biennium.

Pipeline restoration and reclamation - Section 10 identifies \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program during the 2017-19 biennium. The 2015 Legislative Assembly provided \$400,000 for pipeline restoration and reclamation for the 2015-17 biennium.

Beekeeper licenses - Section 11 amends Section 4.1-16-06 to require all beekeeper license fees collected to be deposited in the Agriculture Commissioner's operating fund, rather than the general fund.

Colony assessment fees - Section 12 amends Section 4.1-16-07 to require all bee colony assessment fees collected to be deposited in the Agriculture Commissioner's operating fund, rather than the general fund.

Related Legislation

Meat and poultry inspections - House Bill No. 1131 provides for all federal meat and poultry inspection regulations effective as of August 1, 2016, as provided under title 9, Code of Federal Regulations, are incorporated by reference and made a part of this title.

Industrial hemp - House Bill No. 1240 provides a continuing appropriation to the Agriculture Commissioner for an industrial hemp program, including adding an applicant fee of \$150 and increasing the per acre fee from \$5 to \$25. All fees collected must be deposited in the Agriculture Commissioner's operating fund.

Large truck primary highway network - House Bill No. 1255 creates an advisory committee for a large truck primary highway network and requires committee membership from the Agriculture Commissioner or a designee.

Beekeeping license denial and confiscation - House Bill No. 1342 provides that any person who the Agriculture Commissioner denied a beekeeper license may request a hearing before the commissioner within 30 days after the date of the denial. The bill also provides that any bees, hives, or beekeeping equipment, confiscated under this section, must be disposed of pursuant to a court order or an administrative order issued by the commissioner, unless the beekeeper or other responsible person appears to claim the property and pay any costs incurred by the commissioner due to the confiscation and any civil penalties imposed under this section.

Agriculture law rewrite - Senate Bill Nos. 2026, 2027, and 2028 are part of the agriculture law rewrite process.

Agriculture law rewrite - Industrial hemp - Senate Bill No. 2029 is part of the agriculture law rewrite process. The bill also provides a continuing appropriation to the Agriculture Commissioner for an industrial hemp program, including adding an industrial hemp applicant fee of \$150 and increasing the per acre fee from \$5 to \$25. All fees collected must be deposited in the Agriculture Commissioner's operating fund. These changes are estimated to generate \$41,000 of additional revenue for the 2017-19 biennium.

Pipeline restoration and reclamation - Senate Bill No. 2236 provides that the names of surface owners and surface tenants who receive assistance under the pipeline restoration and reclamation oversight program to be exempt records as defined under Section 44-04-17.1.

Wind energy reclamation - Senate Bill No. 2313 requires the Agriculture commissioner to create a wind energy reclamation program to provide technical education, support, and outreach to property owners on wind property reclamation and to contract with ombudsmen to provide technical support and followup on wind property issues. The Agriculture Commissioner is to work cooperatively with the Public Service Commission to administer the program.

SECTION E - ELEMENTARY AND SECONDARY EDUCATION

OVERVIEW	E-1
LEGISLATIVE CHANGES TO BASE BUDGET AND MAJOR PROGRAM CHANGES	E-4
STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION - COMPARISON OF 2015-17 AND 2017-19 BIENNIUMS	E-14
STATE SCHOOL AID PER STUDENT INTEGRATED PAYMENT RATES AND WEIGHTED STUDENT UNITS FOR THE 2015-17 AND 2017-19 BIENNIUMS	E-17

ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

STATE SCHOOL AID

The Legislative Assembly appropriated \$2,015,904,163, of which \$1,409,357,258 is from the general fund, \$301,000,000 is from the foundation aid stabilization fund, and \$305,546,905 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 \$12,500,000, including a decrease in funding of \$258,900,000 from the general fund and increases in funding of \$185,000,000 from the foundation aid stabilization fund and \$86,400,000 from the state tuition fund, from the 2015-17 adjusted legislative appropriation of \$2,003,444,530.

In 2013 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 integrates property tax relief in the K-12 state school aid funding formula. The formula change 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 2017-19 biennium, the integrated payment rate will remain at \$9,646 for each year of the biennium, the same as the 2nd year of the 2015-17 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 \$1,935,204,163, of which \$1,334,657,258 is from the general fund, \$295,000,000 is from the foundation aid stabilization fund, and \$305,546,905 is from the state tuition fund. This level of funding represents an increase of \$18,600,000, including a decrease in funding of \$246,800,000 from the general fund and increases in funding of \$179,000,000 from the foundation aid stabilization fund and \$86,400,000 from the state tuition fund, from the 2015-17 biennium adjusted appropriation for integrated formula payments of \$1,917,000,000. The Legislative Assembly approved an increase in the state school aid formula totaling \$18,600,000, including cost to continue the 2015-17 biennium 2nd year integrated formula payment increase (\$54,000,000), cost of projected student growth (\$57,700,000), and cost associated with an increase in the English language learner weighting factors approved by the 2015 Legislative Assembly and effective July 1, 2017, (\$900,000). In addition integrated formula payments were reduced due to a reduction in regional education association grants (\$300,000), an adjustment in base funding for unobligated 2015-17 biennium funding (\$22,000,000), and for estimated increases in local cost-share, including local property tax and income relating to estimated oil tax production and distribution (\$71,700,000).
- Authorizes the department to spend up to \$800,000 of the integrated formula payments line item for **gifted and talented programs**, the same as the 2015-17 biennium, and up to \$500,000 for **regional education association grants**, \$300,000 less than the 2015-17 biennium.
- Provides \$55.4 million for **transportation grants** and the related decreases in the state transportation formula rates, \$1.6 million less than the 2015-17 biennium.
- Increases funding for **special education contracts** by \$2 million to provide a total of \$19.3 million.
- Provides \$6,000,000 of one-time funding from the foundation aid stabilization fund for **rapid enrollment grants**, \$6,504,530 less than the adjusted one-time 2015-17 legislative general fund appropriation.

The legislative appropriation for the state school aid program of \$2,015,904,163 is summarized as follows:

Integrated formula payments	\$1,935,204,163
Transportation aid payments	55,400,000
Special education - Contracts	19,300,000
Rapid enrollment grants	6,000,000
Total	\$2,015,904,163

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, the same as the 2015-17 biennium legislative appropriation.
2. **Governor's School program** - \$220,000 of one-time funding from the student loan trust fund for support of the Governor's School program, \$240,000 less than the \$460,000 general fund appropriation provided during the 2015-17 biennium. Funding provided by the state for the Governor's School program must be used for science, technology, engineering, and mathematics programs.
3. **Regional education association merger grants** - \$100,000 of one-time funding from the foundation aid stabilization fund for regional education association merger grants, an increase of \$100,000 from the 2015-17 biennium legislative appropriation.
4. **National writing projects** - \$20,000 from the general fund for support of the Red River Valley Writing Project (\$10,000) and the Northern Plains Writing Project (\$10,000), a decrease of \$173,000 from the 2015-17 biennium legislative appropriation.
5. **North Dakota Museum of Art** - \$350,000 from the general fund for support of the North Dakota Museum of Art rural art outreach project, a decrease of \$85,000 from the 2015-17 biennium legislative appropriation.
6. **North Dakota LEAD Center** - No funding was provided for support of the North Dakota LEAD Center, a decrease of \$267,500 from the 2015-17 biennium legislative general fund appropriation.
7. **Teacher center network** - No funding was provided for support of the teacher center network, a decrease of \$360,000 from the 2015-17 biennium legislative general fund appropriation.
8. **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 2015-17 biennium legislative appropriation.
9. **Adult education grants** - \$3,100,000 from the general fund to provide adult education grants, a decrease of \$1,010,411 from the 2015-17 biennium legislative appropriation.
10. **North Central Council for Educational Media Services** - \$238,000 from the general fund for a grant to the North Central Council for Educational Media Services, a decrease of \$297,000 from the 2015-17 biennium legislative appropriation.
11. **Global Bridges (Atlantik-Brucke/Atlantik Forum) exchange program** - \$200,000 from the general fund for a grant to the Global Bridges (Atlantik-Brucke/Atlantik Forum) exchange program, a decrease of \$50,000 from the 2015-17 biennium legislative appropriation.
12. **North Dakota young entrepreneur education program** - \$30,000 from the general fund for a grant to the North Dakota young entrepreneur education program, a decrease of \$70,000 from the 2015-17 biennium legislative appropriation.
13. **"We the People" program** - \$10,000 from the general fund for a grant to the "We the People" program, a decrease of \$15,000 from the 2015-17 biennium legislative appropriation.
14. **Teacher, principal, and instructional coach mentoring program** - \$2,050,000 from the general fund for a teacher support system grant program to be administered by the Education Standards and Practices Board, a decrease of \$650,000 from the 2015-17 biennium legislative appropriation.
15. **Prekindergarten space grant program** - No funding was provided for grants to assist schools in making safety-compliant space available for licensed prekindergarten programs, a decrease of \$125,000 from the 2015-17 biennium legislative general fund appropriation.
16. **Gearing Up for Kindergarten** - No funding was provided for support the Gearing Up for Kindergarten program provided by the North Dakota State University Extension Service, a decrease of \$675,000 from the 2015-17 biennium legislative general fund appropriation.
17. **Pathfinders Parent project** - No funding was provided for a grant to the Pathfinders Parent project to assist parents of children requiring an individualized education, a decrease of \$120,000 from the 2015-17 biennium legislative general fund appropriation.

18. **Cardiopulmonary resuscitation (CPR) training grants** - No funding was provided to reimburse public and nonpublic schools offering qualified CPR training, a decrease of \$165,500 from the adjusted one-time 2015-17 biennium legislative general fund appropriation.
19. **School district safety grants** - Funding was not provided for school district safety grants during the 2015-17 or 2017-19 biennium; however, the Legislative Assembly provided funds remaining from the \$3 million provided from the general fund for school district safety grants during the 2013-15 biennium may be continued and unexpended funds are available for school district safety grants during the 2015-17 biennium. The department continued \$849,130 for school district safety grants during the 2015-17 biennium. Funding not used during the 2015-17 biennium will not be continued and will be turned back to the general fund.
20. **Free breakfast program** - \$200,000 from the general fund to provide free breakfast to students eligible for reduced meals, a decrease of \$5,000 from the 2015-17 biennium legislative appropriation.
21. **English language learner grants** - \$500,000 of one-time funding from the foundation aid stabilization fund for supplemental English language learner grants to school districts, a decrease of \$500,000 from the 2015-17 biennium legislative general fund appropriation.
22. **Civics education grant** - No funding was provided for a grant to the North Dakota Humanities Council for the development of elementary and secondary civics education. The Legislative Assembly provided \$200,000 from the general fund for a one-time grant during the 2015-17 biennium, but the entire grant was cancelled due to general fund budget allotments.
23. **Medicaid matching grants** - No funding was provided for the Medicaid matching requirements of school districts related to increased medical assistance payment rates for physical, occupational, and speech therapy services, a decrease of \$163,611 from the adjusted 2015-17 biennium legislative general fund appropriation.
24. **Program grant pool** - \$1,530,000 from the general fund for a program grant pool, including:
 - a. Continuing education grants to individuals pursuing degrees or diplomas in education leadership, individuals becoming career advisors, or individuals pursuing a school counselor credential;
 - b. Preschool continuing education grants for preschool teachers;
 - c. Curriculum alignment grants to improve the alignment of language arts between high schools and institutions of higher education;
 - d. Teacher and principal evaluation system grants to provide support for statewide training and implementation activities to advance the deployment of principal and teacher evaluation programs;
 - e. Leveraging the senior year to enhance the delivery and the participation of students and teachers in advanced placement courses; and
 - f. Leadership program for high school students to strengthen leadership skills, build confidence, and encourage involvement.

This level of funding for the program grant pool provides an increase of \$890,000 from the 2015-17 biennium legislative general fund appropriation for continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. Funding is provided in the pool to continue these grant programs and for the Superintendent of Public Instruction's leveraging the senior year and leadership initiatives. In addition the Legislative Assembly provided, in Section 9 of House Bill No. 1013, the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of North Dakota Century Code Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department used these carryover funds to implement the leveraging the senior year program during the 2015-17 biennium and anticipates \$600,000 will be continued in the 2017-19 biennium to increase the program grant pool.
25. **PowerSchool** - \$5.5 million from the general fund is provided as a separate line item of the department's appropriation for PowerSchool maintenance and upgrades, a decrease of \$500,000 from the 2015-17 biennium legislative appropriation.

**Department of Public Instruction
Budget No. 201
House Bill No. 1013 and Senate Bill No. 2272**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	91.75	\$1,435,601,984	\$897,547,065	\$2,333,149,049
2017-19 base budget	99.75	1,689,008,539	624,685,766	2,313,694,305
Legislative increase (decrease) to base budget	(8.00)	(\$253,406,555)	\$272,861,299	\$19,454,744

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$1,435,601,984	\$0	\$1,435,601,984
2015-17 adjusted legislative appropriations	1,689,008,539	12,700,030	1,701,708,569
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$253,406,555)	(\$12,700,030)	(\$266,106,585)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(15.0%)	(100.0%)	(15.6%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$2,064		\$2,064
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		76,644	\$181,686	258,330
Removed 2 FTE positions and related funding from the base budget.	(2.00)	(251,576)	1	(251,575)
Removed 3 additional FTE positions and related funding.	(3.00)	(400,462)		(400,462)
Removed 3 FTE information technology programmer and research positions. Total funding of \$449,187, of which \$157,215 is from the general fund and \$291,972 is from federal funds, was transferred from the salaries and wages line item to the operating expenses line item to contract for services.	(3.00)			
Reduced funding for operating expenses.		(1,301,254)		(1,301,254)

Increased funding from special funds for operating expenses related to school food contracts.		500,000	500,000
Increased funding for cost-to-continue integrated formula payments.	18,864,163		18,864,163
Adjusted the funding sources of integrated formula payments to provide for increases in funds available from the state tuition fund.	(86,412,905)	86,412,905	0
Adjusted the funding sources of integrated formula payments to provide for a decrease in ongoing funding provided from the foundation aid stabilization fund to \$110 million.	6,053,293	(6,053,293)	0
Adjusted the funding sources of integrated formula payments to provide for one-time funding from the foundation aid stabilization fund.	(185,000,000)	185,000,000	0
Removed funding for regional education association coordinator grants (\$800,000) and added funding for annual state aid grants (\$500,000) to be distributed equally to all regional education associations that exist as of July 1, 2017.	(300,000)		(300,000)
Increased funding for special education contract grants to provide a total of \$19.3 million from the general fund.	2,000,000		2,000,000
Reduced funding for transportation grants to provide a total of \$55.4 million from the general fund.	(1,600,000)		(1,600,000)
Removed funding from the general fund for the Governor's School program and provided one-time funding from the student loan trust fund for the program. Funding provided by the state for the Governor's School must be used for science, technology, engineering, and mathematics programs.	(460,000)	220,000	(240,000)
Transferred funding from the grants - other grants line item to a grants - program grants line item and adjusted the funding for program grants from the general fund as follows:	(1,179,022)		(1,179,022)

	General Fund Increase (Decrease)	Total General Fund
Adult education matching grants	(\$1,010,411)	\$3,100,000
Free breakfast program	(5,000)	200,000
Medicaid matching grants	(163,611)	0
Total general fund	(\$1,179,022)	\$3,300,000

Added funding for a flexible funding pool for certain programs administered by the Superintendent of Public Instruction during the 2015-17 biennium and for new initiatives, including:	1,530,000		1,530,000
<ul style="list-style-type: none"> • Continuing education grants; • Preschool continuing education grants; 			

- Curriculum alignment grants;
- Teacher and principal evaluation system grants;
- Leveraging the senior year; and
- Leadership program.

(See the section related to program grants and the program grant pool below.)

Removed funding for continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants to provide funding for these programs and leveraging the senior year and leadership program initiatives in a program grant pool. (See the section related to program grants and the program grant pool below.)

(640,000)

(640,000)

Transferred funding from the grants - other grants line item to a grants - passthrough grants line item and reduced or removed funding for passthrough grants from the general fund as follows:

(2,887,500)

(2,887,500)

	General Fund Increase (Decrease)	Total General Fund
Mentoring program	(\$650,000)	\$2,050,000
National writing projects	(173,000)	20,000
Rural art outreach project	(85,000)	350,000
North Central Council for Educational Media Services	(297,000)	238,000
Global Bridges (Atlantik-Brucke) exchange	(50,000)	200,000
Young entrepreneur education program	(70,000)	30,000
"We the People" program	(15,000)	10,000
Teacher center network	(360,000)	0
North Dakota LEAD Center	(267,500)	0
Prekindergarten space grants	(125,000)	0
Gearing Up for Kindergarten	(675,000)	0
Pathfinders Parent Project	(120,000)	0
Total general fund	(\$2,887,500)	\$2,898,000

Reduced funding for PowerSchool to provide a total of \$5.5 million from the general fund.

(500,000)

(500,000)

Added one-time funding from the foundation aid stabilization fund for regional education association merger grants.

100,000

100,000

Removed funding from the general fund for English language learner grants and, in Senate Bill No. 2272, provided one-time funding from the foundation aid stabilization fund for English language learner grants.

(1,000,000)

500,000

(500,000)

Added one-time funding from the foundation aid stabilization fund for rapid enrollment grants (Senate Bill No. 2272).			6,000,000	6,000,000
Total	(8.00)	(\$253,406,555)	\$272,861,299	\$19,454,744

FTE Changes

The Legislative Assembly approved 91.75 FTE positions for the Department of Public Instruction for the 2017-19 biennium, a decrease of 8 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE multimedia developer position, 2 FTE administrative assistant III positions, 1 FTE senior programmer analyst position, 1 FTE programmer analyst II position, 1 FTE research technician position, 1 FTE education information process analyst position, and 1 FTE unidentified position.

One-Time Funding

In Section 3 of House Bill No. 1013, the Legislative Assembly identified \$185.32 million of one-time funding from special funds for integrated formula payments and other grants. One-time funding is provided from the student loan trust fund for support of the Governor's School program (\$220,000) and from the foundation aid stabilization fund for integrated formula payments (\$185 million) and regional education association merger grants (\$100,000). In addition, the Legislative Assembly, in Senate Bill No., 2272, provided one-time funding from the foundation aid stabilization fund for English language learner grants (\$500,000) and rapid enrollment grants (\$6 million). These items are not to be considered part of the Department of Public Instruction's 2019-21 biennium base budget, and the department is to report to the Appropriations Committees during the 2019 legislative session on the use of this funding.

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

The Legislative Assembly appropriated \$2,015,904,163, of which \$1,409,357,258 is from the general fund, \$301,000,000 is from the foundation aid stabilization fund, and \$305,546,905 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, special education, and grants for rapid enrollment growth. Of the \$301,000,000 provided from the foundation aid stabilization fund, \$191,000,000 is considered one-time funding. This level of funding represents an increase of \$12,500,000, including a decrease in funding of \$258,900,000 from the general fund and increases in funding of \$185,000,000 from the foundation aid stabilization fund and \$86,400,000 from the state tuition fund, from the 2015-17 adjusted legislative appropriation of \$2,003,444,530. (See the schedules following this section for a comparison of state school aid and other grants for the 2015-17 and 2017-19 bienniums.)

Integrated Formula Payments

In 2013 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 integrates property tax relief in the K-12 state school aid funding formula. The formula change 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 2017-19 biennium, the integrated payment rate will remain at \$9,646 for each year of the biennium, the same as the 2nd year of the 2015-17 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 \$1,935,204,163, of which \$1,334,657,258 is from the general fund, \$295,000,000 is from the foundation aid stabilization fund, and \$305,546,905 is from the state tuition fund, for state school aid for integrated formula payments. Of the \$295,000,000 provided from the foundation aid stabilization fund, \$185,000,000 is considered one-time funding. This level of funding represents an increase of \$18,600,000, including a decrease in funding of \$246,800,000 from the general fund and increases in funding of \$179,000,000 from the foundation aid stabilization fund and \$86,400,000 million from the state tuition fund, from the 2015-17 biennium adjusted appropriation for integrated formula payments of \$1,917,000,000.

The Legislative Assembly approved an increase in the state school aid formula totaling \$18.6 million, including cost-to-continue the 2015-17 biennium 2nd year integrated formula payment increase (\$54 million), cost of projected student growth (\$57.7 million), and cost associated with an increase in the English language learner weighting factors approved by the 2015 Legislative Assembly and effective July 1, 2017 (\$900,000). Increases approved by the Legislative Assembly and other adjustments to the state school aid formula are summarized as follows:

	Increase (Decrease)	Integrated Formula Payments
Base budget integrated formula payments:		\$1,916,640,000
Base adjustment for unobligated 2015-17 biennium appropriation	(\$22,048,863)	
Cost-to-continue 2 nd year integrated formula payment increase	54,023,780	
Projected 2017-19 biennium student growth	57,693,368	
Increase in local cost-share, including local property tax and income relating to estimated oil tax production and distribution	(71,705,637)	
Increase English language learner weighting factors ¹	901,515	
Removed funding for regional education association coordinator grants (\$800,000) and provided funding for annual state aid grants to regional education associations totaling \$500,000	(300,000)	
Total adjustments to base budget integrated formula payments		18,564,163
Total 2017-19 biennium integrated formula payments		\$1,935,204,163

¹The 2015 Legislative Assembly, in Section 9 of Senate Bill No. 2031, provided for increases to certain English language learner weighting factors effective July 1, 2017.

Transportation Aid Grants and Contingent Transportation Grants

Transportation aid grants

The Legislative Assembly provided \$55.4 million from the general fund for transportation aid during the 2017-19 biennium. This level of funding is \$1.6 million less than 2015-17 biennium funding of \$57 million from the general fund. Section 13 of House Bill No. 1013 requires the Department of Public Instruction to distribute transportation aid for the 2017-19 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:

- \$1 and \$0.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 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.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

2015-17 Biennium Contingent Transportation Grants

In addition to the \$57 million provided from the general fund for transportation aid during the 2015-17 biennium in Senate Bill No. 2013, the 2015 Legislative Assembly provided, in Section 13 of Senate Bill No. 2015, that if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. The Superintendent must prorate the available funding according to the percentage of the total transportation formula amount to which each school district is entitled. The 2017 Legislative Assembly, in Section 27 of House Bill No. 1013, repealed Section 13 of Chapter 49 of the 2015 Session Laws which provided for the contingent transportation payments.

Special Education Contracts

The Legislative Assembly provided \$19.3 million from the general fund for special education contracts during the 2017-19 biennium. This level of funding is \$2 million more than 2015-17 biennium funding of \$17.3 million from the general fund. In addition, the Legislative Assembly, in Section 26 of House Bill No. 1013, repealed North Dakota Century Code Section 6-09-45, relating to a required transfer from Bank of North Dakota undivided profits to provide funding for special education contract costs in excess of funds appropriated, and provided if special education contract obligations exceed funds provided for the 2017-19 biennium, the Superintendent of Public Instruction shall request a deficiency appropriation from the 66th Legislative Assembly.

Rapid Enrollment Grants

The Legislative Assembly, in Senate Bill No. 2272, provided one-time funding of \$6,000,000 from the foundation aid stabilization fund to the Superintendent of Public Instruction for rapid enrollment grants during the 2017-19 biennium. This level of funding is \$6,504,530 less than the adjusted one-time 2015-17 legislative appropriation of \$12,504,530 from the general fund. Grants are distributed to districts experiencing an increase of at least 4 percent, or 150 students, and no less 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 \$4,000. The Superintendent may not award more than \$3,000,000 in grants during the 1st year of the 2017-19 biennium and if funding is not sufficient to provide all of the eligible grants, the department must prorate the payment based on the percentage of the total amount to which the school district is entitled. A district is precluded from receiving a rapid enrollment grant if the district is not eligible to receive state aid because its general fund ending balance exceeds the unobligated general fund balance limits provided in Section 15.1-27-35.3.

Regional Education Association Incentives

The Legislative Assembly removed funding for regional education association coordinator grants (\$800,000) and instead provided funding for annual state aid grants to be distributed equally to all regional education associations. Section 16 of House Bill No. 1013 identifies \$500,000 from the general fund included in the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2017-19 biennium. An annual grant of \$31,250 is provided to each regional education association that exists as of July 1, 2017, and regional education associations that merge during the 2017-19 biennium are entitled to the annual grants that would have been paid to each of the member associations.

English Language Learner Funding and Grants

The Legislative Assembly provided, through integrated formula payments, an estimated \$5.72 million for English language learner services during the 2017-19 biennium. Funding included in the formula is provided through weighting factors for the first, second, and third level of six categories of proficiency of English language learners. In addition to funding provided through the integrated payment formula, the Legislative Assembly also provided, in Senate Bill No. 2272, one-time funding of \$500,000 from the foundation aid stabilization fund for grants to the four school districts that serve the largest number of first, second, and third level English language learners in K-12. This level of funding is \$500,000 less than the \$1 million provided from the general fund for supplemental English language learner grants to school districts during the 2015-17 biennium. The distribution of these grants is provided for in Section 15 of Senate Bill No. 2272 and provides the Superintendent of Public Instruction must distribute a pro rata share of the available grant dollars to each eligible district based upon the total number of first, second, and third level English language learners enrolled in the four districts. Districts may use grant funds only for the purpose of enhancing services to first, second, and third level English language learners, including hiring additional teachers, interpreters, and social workers for first and second level English language learners and other ancillary support services and programs approved by the Superintendent. The Superintendent may not award more than 50 percent of the funds during the 1st year of the 2017-19 biennium.

Program Grants, Program Grant Pool, and Authorized Carryover of 2015-17 Biennium Funds

The Legislative Assembly provided a total of \$6,210,000 from the general fund for programs administered by the Department of Public Instruction, including a program grant pool, during the 2017-19 biennium. This funding includes a flexible funding pool of \$1,530,000 for new initiatives and various program grants that had been included in the department's budget separately. Funding for programs the department administered during the 2015-17 biennium, that will be funded through the pool during the 2017-19 biennium, include a total of \$640,000 for continuing education grants (\$150,000), preschool continuing education grants (\$150,000), curriculum alignment grants (\$100,000), and teacher and principal evaluation system grants (\$240,000). Funding is provided in the pool to continue these grant programs and for the Superintendent of Public Instruction's leveraging the senior year and leadership initiatives. In addition to the \$1,530,000 provided in the program grant pool, the Legislative Assembly provided, in Section 9 of House Bill No. 1013, the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department used these carryover funds to implement leveraging the senior year program during the 2015-17 biennium and anticipates \$600,000 will be continued in the 2017-19 biennium to increase the program grant pool. The following is a summary of program grants, including the program grant pool:

	Total General Fund
Adult education matching grants	\$3,100,000
Program grant pool	1,530,000
School food services matching grants	1,380,000
Free breakfast program	200,000
Total 2017-19 program grants	\$6,210,000

Other Sections in Bill

Health insurance increase - Section 2 identifies the amount included in the agency appropriation relating to increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

Transfer from public instruction fund to state tuition fund - Section 4 provides for a transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund. Section 15.1-28-01 provides distributions received from the common schools trust fund must be paid into the state treasury and, with the net proceeds of fines for the violation of state laws, constitute the state tuition fund. In 2013 the Legislative Assembly appropriated \$140,326,000 from the state tuition fund for state school aid payments during the 2013-15 biennium. In addition Section 4 of 2013 House Bill No. 1013 provided that any money available in the state tuition fund in excess of the \$140,326,000 is appropriated to the Department of Public Instruction for distribution to school districts. However, the 2013 Legislative Assembly suspended Section 15.1-27-22.1 relating to the payment of excess funds appropriated for state school aid and, in 2015, Section 15.1-27-22.1 was repealed. During the 2013-15 biennium, common schools trust fund distributions deposited into the department's operating fund was \$130,326,000 and transfers from the state tuition fund to the department's operating fund was \$14,282,905 and totaled \$144,608,905, \$4,282,905 more than appropriated from the state tuition fund for state school aid during the 2013-15 biennium. The funding in excess of the \$140,326,000 appropriated for state school aid of \$4,282,905 remained in the department's operating account at the end of the 2013-15 biennium instead of the state tuition fund. This funding was not included in the department's appropriation for the 2015-17 biennium nor the 2017-19 biennium executive recommendation; therefore, the Legislative Assembly provided for the transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund.

Tuition apportionment - Section 5 provides that any money available in the state tuition fund in excess of the \$305,546,905 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

Foundation aid stabilization fund - Section 6 provides \$295.1 million of the estimated income appropriated in Section 1 of the bill is from the foundation aid stabilization fund and is provided for regional education association merger grants (\$100,000) and integrated formula payments (\$295 million), of which \$185 million provided for integrated formula payments and \$100,000 provided for regional association merger grants is considered to be one-time funding.

Student loan trust fund - Section 7 provides \$220,000 of the estimated income appropriated in Section 1 of the bill is from the student loan trust fund and is provided for a one-time grant for North Dakota Governor's School science, technology, engineering, and mathematics programs.

2015-17 biennium funding transfer exemption and authorization - Section 8 allows the Superintendent of Public Instruction to transfer \$1,308,000 in general fund authority from the integrated formula payments line item to the grants - special education line item (\$1,200,000) and the transportation grants line item (\$108,000) during the 2015-17 biennium for anticipated obligations based on the special education and transportation formulas.

Advanced placement program funding - Section 9 provides the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the grant pool for programs, including leveraging the senior year, leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. The department used these carryover funds to implement leveraging the senior year program during the 2015-17 biennium and anticipates \$600,000 will be continued in the 2017-19 biennium to increase the program grant pool.

Payments for 2015-17 biennium educational services - Section 10 provides that the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2017-19 biennium to pay claims due during the 2015-17 biennium, but not filed with the department until the 2017-19 biennium. To be reimbursed, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2018.

Special education grants deficiency authorization - Section 11 provides, if special education contract obligations exceed funds provided for the 2017-19 biennium, the Superintendent of Public Instruction shall request a deficiency appropriation from the 66th Legislative Assembly.

Gifted and talented program funding and Medicaid matching grants - Section 12 provides that the Department of Public Instruction use \$800,000 of the 2017-19 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The Department of Public Instruction is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. The section also provides 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.

Transportation grants - Section 13 requires the Department of Public Instruction to distribute transportation aid for the 2017-19 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:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 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.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

Continuing education grants - Section 14 identifies \$1,530,000 included in the grants - program grants line item is for a program grant pool. Of this amount, \$75,000 is provided 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.

Regional education association merger grants - Section 15 provides for the distribution of \$100,000 from the foundation aid stabilization fund for the purpose of providing one-time regional education association merger grants. Each regional education association that merges with another regional education association to form a single entity with a single governing board during the 2017-19 biennium is entitled to a one-time \$25,000 grant.

Regional education association grants - Section 16 identifies \$500,000 from the general fund included in the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2017-19 biennium. An annual grant of \$31,250 is provided to each regional education association that exists as of July 1, 2017, and regional education associations that merge during the 2017-19 biennium are entitled to the annual grants that would have been paid to each of the member associations.

Indirect cost allocation - Section 17 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.

Passthrough grants - Section 21 requires the Superintendent of Public Instruction determine the manner in which \$2,100,000 provided in the grants - passthrough grants line item in Section 1 of the bill for writing projects, an entrepreneur program, and a mentoring program is distributed. Grantees, as a condition of receiving the grant, are required to establish performance measures to be reviewed by the Superintendent and report to the Superintendent regarding performance based on the measures before October 1, 2018. The Superintendent must provide a report to the 2019 Legislative Assembly regarding the performance measures established for each grantee and whether the grantee met performance expectations.

Legislative intent - Teacher and administrator mentoring - Section 22 provides legislative intent that school districts, in addition to mentoring services provided by the state, use Federal Title II funding for teacher and administrator mentoring.

Legislative Management study - Educational programs - Section 23 provides for a Legislative Management study of the feasibility and desirability of combining services for any or all English language learner programs, distance learning programs, regional education agencies, teacher center networks, adult learning centers, career and technical education programs, Education Technology Services, continuing education for counselors, educational leadership, and the teacher mentoring program.

Special education contract costs - Bank of North Dakota profits - Section 26 repeals Section 6-09-45 relating to a required transfer from Bank of North Dakota undivided profits to provide funding for special education contract costs in excess of funds appropriated.

Contingent transportation payments - 2015-17 biennium - Section 27 repeals Section 13 of Chapter 49 of the 2015 Session Laws which provides \$3 million for contingent transportation payments provided from excess state school aid funding during the 2015-17 biennium.

Emergency - Section 28 declares Section 8, relating to transfer authority between various line items during the 2015-17 biennium, and Section 27, relating to the repeal of 2015 Session Laws, are declared an emergency.

Related Legislation

Electronic course delivery - House Bill No. 1051 repeals Section 15.1-21-15 requiring those providing elementary or high school courses electronically to a student, school, or school district in this state to obtain annual approval from the Superintendent of Public Instruction.

Notice to withhold school district state aid - House Bill No. 1192 provides for notification relating to authority to withhold school district state aid in the case of default on school district debt.

Study of the state aid funding formula for elementary and secondary - House Bill No. 1318 provides for a Legislative Management study of all entities receiving appropriations for the delivery of education to preschool through grade 12 students.

State school aid and regional education associations - House Bill No. 1324:

- Provides the State Board of Public Instruction provide oversight for **regional education associations** and requires, to be eligible for state funding, regional education associations to be audited at least once every 2 years;
- Provides the per-student **integrated formula payment rates** remain at \$9,646 during both years of the 2017-19 biennium;
- Increases formula **minimum and maximum payments**;
- Provides for a **Legislative Management study of entities that deliver kindergarten through grade 12 professional development services**, distance curriculum, support for schools in achieving school improvement goals, assistance with analysis and interpretation of student achievement data, and technology support services;
- Provides **legislative intent that during the 2017-19 biennium regional education associations merge** or partner with other regional education associations and other educational service providers, other regional education associations or other educational service providers, or both, to form the most efficient and effective system of support for the schools in this state;
- Provides legislative intent that \$55.4 million be provided for **transportation aid grants** during the 2017-19 biennium.

Study of the use of open educational resources - House Bill No. 1358 provides for a Legislative Management study of the use of open educational resources in the elementary and secondary school system.

Study of the elementary and secondary education funding formula - House Bill No. 1423 provides for a Legislative Management study of the in lieu of property tax portion of elementary and secondary education funding formula for the purpose of identifying and addressing any inequities in the application of the formula.

Innovative education program - Senate Bill No. 2186 requires the Superintendent of Public Instruction to adopt rules and administer an innovative education program.

School construction loan program, rapid enrollment grants, and English language learner grants - Senate Bill No. 2272 consolidates school construction loans in the school construction assistance revolving loan fund, which is to be administered by the Bank of North Dakota. The bill provides for a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund, of which up to \$50 million must be used to repay the Bank of North Dakota for certain outstanding loans. The bill provides that, in addition to state school aid, transportation aid and special education aid, the general fund appropriations to the Department of Career and Technical Education for grants to school districts may be allotted only to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. The bill also provides one-time appropriations from the foundation aid stabilization fund to the Department of Public Instruction for rapid enrollment grants (\$6 million) and English language learner grants (\$500,000).

Students placed for noneducational purposes - Senate Bill No. 2307 relates to eligibility criteria for students placed for noneducational purposes. The bill will allow unlicensed relative placements to become eligible as agency placements in the student contract system. A fiscal note prepared by the Department of Public Instruction indicates additional special education grant expenditures of approximately \$500,000 from the general fund for the 2017-19 biennium.

School district excess ending fund balance - Senate Bill No. 2321 increases the amount that a school district can have in their ending fund balance from 35 percent of expenditures plus \$20,000 to 35 percent of expenditures plus \$50,000 and to 35 percent of expenditures plus \$100,000 for districts that enter into a cooperative agreement. A school district's state aid is reduced the following year for any money in the ending fund balance that is over this amount. A fiscal note prepared by the Department of Public Instruction indicates additional state school aid expenditures of approximately \$600,000 from the general fund for the 2017-19 biennium.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
2015-17 BIENNIUM ADJUSTED APPROPRIATION AND ESTIMATED EXPENDITURES AND
COMPARISON OF 2017-19 BIENNIUM BASE BUDGET TO LEGISLATIVE APPROPRIATIONS**

	2015-17 Adjusted Appropriation	2015-17 Estimated Expenditures	2017-19 Base Budget	2017-19 Legislative Appropriation	2017-19 Legislative Appropriation Increase (Decrease) Compared to 2017-19 Base Budget
State school aid program					
State school aid - Integrated formula payments	\$1,916,640,000 ¹	\$1,883,640,000	\$1,916,640,000	\$1,935,204,163 ¹	\$18,564,163
Transportation aid payments	57,000,000 ^{1,2}	57,000,000	57,000,000	55,400,000	(1,600,000)
Rapid enrollment grants	12,504,530 ^{1,3}	11,504,530		6,000,000 ¹	6,000,000
Special education - Contracts	17,300,000 ¹	17,300,000	17,300,000	19,300,000	2,000,000
Total - State school aid program	\$2,003,444,530	\$1,969,444,530	\$1,990,940,000	\$2,015,904,163	\$24,964,163
General fund	\$1,668,257,237 ¹	\$1,634,257,237	\$1,655,752,707	\$1,409,357,258	(\$246,395,449)
Foundation aid stabilization fund	116,053,293 ¹	116,053,293	116,053,293	301,000,000 ¹	184,946,707
State tuition fund	219,134,000	219,134,000	219,134,000	305,546,905	86,412,905
Total state school aid program	\$2,003,444,530	\$1,969,444,530	\$1,990,940,000	\$2,015,904,163	\$24,964,163
Other program grants - General fund					
Adult education matching grants	\$4,110,411	\$4,110,411	\$4,110,411	\$3,100,000	(\$1,010,411)
School food services matching grants	1,380,000	1,380,000	1,380,000	1,380,000	
Continuing education grants	150,000	150,000	150,000		(150,000)
Preschool continuing education grants	150,000	150,000	150,000		(150,000)
Curriculum alignment grants	100,000	20,000	100,000		(100,000)
Teacher and principal evaluation system	240,000	230,000	240,000		(240,000)
Cardiopulmonary resuscitation (CPR) grants	165,500 ³	50,000			
Free breakfast program	205,000	205,000	205,000	200,000	(5,000)
Medicaid matching grants	163,611 ³	163,611	163,611		(163,611)
School district safety grants					
English language learner grants	1,000,000	900,000	1,000,000		(1,000,000) ⁵
Program grant pool				1,530,000 ⁶	1,530,000
Total - Other program grants - General fund	\$7,664,522	\$7,359,022	\$7,499,022	\$6,210,000	(\$1,289,022)

	2015-17 Adjusted Appropriation	2015-17 Estimated Expenditures	2017-19 Base Budget	2017-19 Legislative Appropriation	2017-19 Legislative Appropriation Increase (Decrease) Compared to 2017-19 Base Budget
Other grants - Other funds					
Federal grants	\$253,837,705	\$253,837,705	\$253,837,705	\$253,837,705	
Governor's School program - Student loan trust fund				220,000 ⁷	\$220,000
Regional education association merger grants - Foundation aid stabilization fund				100,000 ⁸	100,000
English language learner grants - Foundation aid stabilization fund				500,000 ⁵	500,000
Displaced homemaker program	225,000	225,000	225,000	225,000	
Total - Other grants - Other funds	\$254,062,705	\$254,062,705	\$254,062,705	\$254,882,705	\$820,000
Total state school aid and other grants - All funds	\$2,265,171,757	\$2,230,866,257	\$2,252,501,727	\$2,276,996,868	\$24,495,141
Agency administration and other passthrough grants					
Administration - General fund	\$13,391,310 ³	\$13,391,310	\$13,361,310	\$11,486,726	(\$1,874,584)
Administration - Other funds	35,435,768	35,435,768	35,435,768	36,117,455	681,687
Total - Agency administration	\$48,827,078	\$48,827,078	\$48,797,078	\$47,604,181	(\$1,192,897)
Teacher center network	\$360,000	\$360,000	\$360,000		(\$360,000)
North Dakota LEAD Center	267,500	267,500	267,500		(267,500)
Governor's School program	460,000	460,000	460,000		(460,000) ⁷
National writing projects	193,000	193,000	193,000	\$20,000	(173,000)
Rural art outreach project	435,000	435,000	435,000	350,000	(85,000)
North Central Council for Educational Media Services	535,000	535,000	535,000	238,000	(297,000)
Mentoring program	2,700,000	2,700,000	2,700,000	2,050,000	(650,000)
Global Bridges (Atlantik-Brucke) exchange	250,000	250,000	250,000	200,000	(50,000)
Young entrepreneur education program	100,000	100,000	100,000	30,000	(70,000)
"We the People" program	25,000	25,000	25,000	10,000	(15,000)
Prekindergarten space grants	125,000	125,000	125,000		(125,000)
Gearing Up for Kindergarten	675,000	675,000	675,000		(675,000)
Pathfinders Parent Project	120,000	120,000	120,000		(120,000)
Civics education grant ³					
PowerSchool	6,000,000	5,000,000	6,000,000	5,500,000	(500,000)
Transportation efficiency	30,000	30,000	30,000	30,000	
National board certification	120,000	120,000	120,000	120,000	
Total - Other passthrough grants - General fund	\$12,395,500	\$11,395,500	\$12,395,500	\$8,548,000	(\$3,847,500)
Total - Agency administration and other passthrough grants - All funds	\$61,222,578	\$60,222,578	\$61,192,578	\$56,152,181	(\$5,040,397)
Total Department of Public Instruction - All funds	\$2,326,394,335	\$2,291,088,835	\$2,313,694,305	\$2,333,149,049	\$19,454,744

	2015-17 Adjusted Appropriation	2015-17 Estimated Expenditures	2017-19 Base Budget	2017-19 Legislative Appropriation	2017-19 Legislative Appropriation Increase (Decrease) Compared to 2017-19 Base Budget
Department of Public Instruction - Funding					
General fund	\$1,701,708,569	\$1,666,403,069	\$1,689,008,539	\$1,435,601,984	(\$253,406,555)
Other funds	624,685,766	624,685,766	624,685,766	897,547,065	272,861,299
Total Department of Public Instruction - All funds	<u>\$2,326,394,335</u>	<u>\$2,291,088,835</u>	<u>\$2,313,694,305</u>	<u>\$2,333,149,049</u>	<u>\$19,454,744</u>
FTE positions	99.75	99.75	99.75	91.75	(8.00)

¹ Due to 2015-17 biennium budget reductions approved by the Legislative Assembly in August 2016, the Superintendent of Public Instruction reduced funding from the general fund for rapid enrollment grants by \$2,295,470. Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293. In 2017 the Legislative Assembly provided a total of \$295,000,000 from the foundation aid stabilization fund for integrated formula payments during the 2017-19 biennium, of which \$185,000,000 is considered one-time funding. In addition, the Legislative Assembly, in Senate Bill No. 2272, provided \$6,000,000 of one-time funding from the foundation aid stabilization fund for rapid enrollment grants.

² In addition to \$57 million provided from the general fund for transportation aid during the 2015-17 biennium in Senate Bill No. 2013 (2015), the Legislative Assembly provided, in Section 13 of Senate Bill No. 2015 (2015), that if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. In 2017 the Legislative Assembly repealed Section 13 of Chapter 49 of the 2015 Session Laws related to the additional transportation grants.

³ In 2015 the Legislative Assembly provided one-time funding from the general fund for rapid enrollment grants (\$14.8 million), CPR training grants (\$450,000), and a civics education grant (\$200,000). These one-time funding items were reduced to the amounts shown due to the budget reductions approved by the Legislative Assembly in August 2016. In addition to these reductions, the Superintendent reduced ongoing funding for Medicaid matching grants and operating expenses.

⁴ The Legislative Assembly, in Section 12 of Senate Bill No. 2013 (2015), provided the amount appropriated for school district safety grants in Section 1 of Chapter 59 of the 2013 Session Laws is not subject to North Dakota Century Code Section 54-44.1-11 and any unexpended funds are available for school district safety grants during the 2015-17 biennium. The Superintendent continued \$849,130 from the 2013-15 biennium for school district safety grants during the 2015-17 biennium.

⁵ The Legislative Assembly, in Senate Bill No. 2272, provided \$500,000 of one-time funding from the foundation aid stabilization fund for supplemental English language learner grants to school districts, a decrease of \$500,000 from the 2015-17 biennium legislative general fund appropriation.

⁶ The Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. In addition, the Legislative Assembly provided, in Section 9 of House Bill 1013, the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department anticipates \$600,000 will be continued in the 2017-19 to increase the program grant pool.

⁷ The Legislative Assembly provided \$220,000 of one-time funding from the student loan trust fund for the Governor's School program, \$240,000 less than the \$460,000 general fund appropriation provided during the 2015-17 biennium. Funding provided by the state for the Governor's School must be used for science, technology, engineering, and mathematics programs.

⁸ The Legislative Assembly provided one-time funding of \$100,000 from the foundation aid stabilization fund for regional education association merger grants.

**STATE SCHOOL AID PER STUDENT INTEGRATED PAYMENT RATES
AND WEIGHTED STUDENT UNITS FOR THE 2015-17 AND 2017-19 BIENNIUMS**

	2015-17 Legislative Appropriation	2015-17 Actual	2017-19 Legislative Appropriation
1 st -year per-student integrated payment rates	\$9,365	\$9,365	\$9,646
2 nd -year per-student integrated payment rates	\$9,646	\$9,646	\$9,646
Weighted student units			
1 st year	122,907	122,189	126,002 ¹
2 nd year	126,411	124,190 ²	127,914 ¹
¹ The anticipated increase in weighted student units for the 2017-19 biennium is the result of student enrollment growth. ² Estimated.			

SECTION F - HIGHER EDUCATION

OVERVIEW	F-1
HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS	F-3
HIGHER EDUCATION TUITION RATES	F-4
NORTH DAKOTA UNIVERSITY SYSTEM OFFICE	F-9
BISMARCK STATE COLLEGE	F-20
DAKOTA COLLEGE AT BOTTINEAU	F-56
DICKINSON STATE UNIVERSITY	F-43
FOREST SERVICE	F-59
LAKE REGION STATE COLLEGE	F-23
MAYVILLE STATE UNIVERSITY	F-47
MINOT STATE UNIVERSITY	F-50
NORTH DAKOTA STATE UNIVERSITY	F-36
STATE COLLEGE OF SCIENCE	F-40
UND SCHOOL OF MEDICINE AND HEALTH SCIENCES	F-33
UNIVERSITY OF NORTH DAKOTA	F-29
VALLEY CITY STATE UNIVERSITY	F-53
WILLISTON STATE COLLEGE	F-26

HIGHER EDUCATION - OVERVIEW

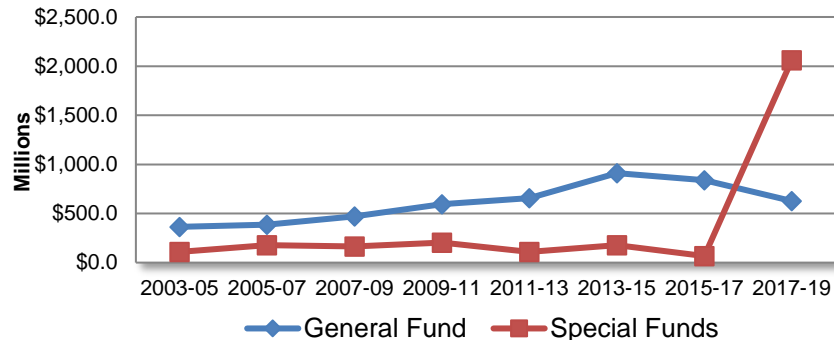
The Legislative Assembly in 2017 made the following higher education funding changes compared to 2015-17 legislative appropriations for higher education:

- Decreased ongoing **general fund** support by \$68.6 million and decreased one-time general fund support by \$143.4 million as follows:

	2015-17 Adjusted Legislative Appropriations	2017-19 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$681,876,059	\$613,242,154	(\$68,633,905)	(10.1%)
One-time general fund appropriations	155,973,153	12,554,626	(143,418,527)	(92.0%)
Total	\$837,849,212	\$625,796,780	(\$212,052,432)	(25.3%)

- Increased appropriations from **special funds** by \$1,993,306,011, or 2,990.96 percent. The increase relates primarily to the reporting of total special fund appropriations for higher education institutions. Previously, higher education special funds were only specifically appropriated for certain items, such as capital projects. Other special funds were spent pursuant to continuing appropriations.
- Increased the authorized number of **full-time equivalent (FTE) positions** from 2,430.35 to 6,767.76, an increase of 4,337.41. The increase relates primarily to the authorization of FTE positions supported from special funds. Previously, the Legislative Assembly only authorized 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	\$910,632,494	\$177,980,941	\$1,088,613,435

2015-17 - Adjusted	\$837,849,212	\$66,644,264	\$904,493,476
2017-19	\$625,796,780	\$2,059,950,275	\$2,685,747,055

Major higher education funding items include:

- Formula base funding** for campuses is decreased by \$59.6 million as follows:
 - \$76.8 million decrease for reductions in formula rates;
 - \$11.9 million increase relating to the student credit-hour funding formula to adjust the base budget to 2013-15 actual completed student credit-hour levels; and
 - \$5.3 million increase for an **inflationary adjustment** for each institution to provide funding for employee health insurance premium rate increases.
- Funding of \$12,554,626 for **one-time general fund appropriations**, including:

Dickinson State University operations and debt repayments	\$8,284,626
Education challenge grants	2,000,000
One-time campus operations distributions	2,000,000
Midwestern higher education compact dues	230,000
Study of 2-year institutions	40,000
Total	\$12,554,626

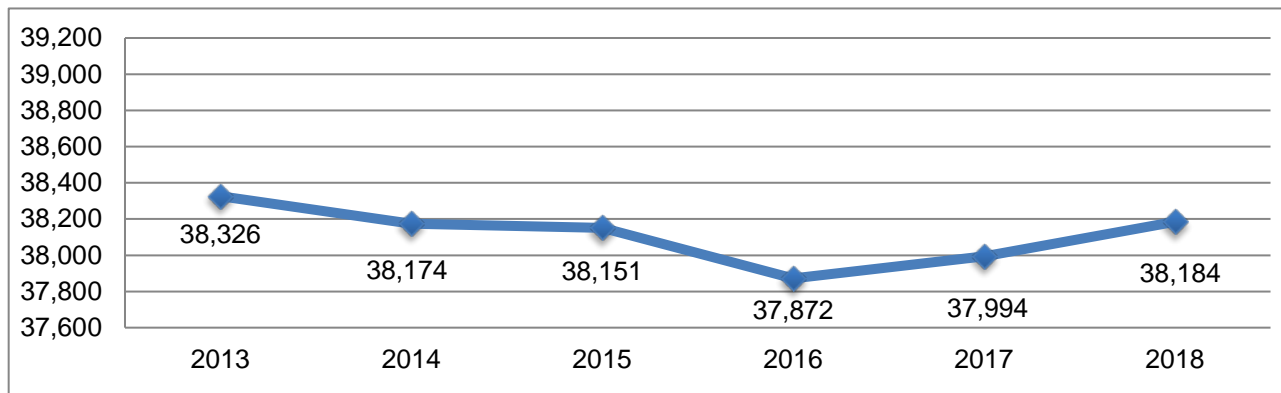
- A 2015-17 biennium deficiency appropriation of \$1,634,854 from the strategic investment and improvements fund to North Dakota State University for the Minard Hall project.
- Funding of \$21.92 million from the general fund for the **student financial assistance grant program**. This represents a decrease of \$1.97 million from the 2015-17 biennium adjusted appropriation of \$23.89 million.
- Additional funding of \$15.2 million for **student residency positions** at the University of North Dakota School of Medicine and Health Sciences. Of the \$15.2 million, \$13,806,856 is from the student loan trust fund, \$893,144 is from the general fund, and \$500,000 is from local funds.
- One-time funding of \$2 million from the general fund for the **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. For every private \$2 donated to an institution, a match of \$1 is to be provided from the fund.
- A funding pool of \$500,000 to be used for **shared campus services**.
- Funding of \$211.1 million for **capital assets**, including:

	General Fund	Special Funds	Total
Major capital projects	\$0	\$193,289,000 ¹	\$193,289,000
Base campus extraordinary repairs and capital payments	11,117,046		11,117,046
Capital bond payments	6,605,326		6,605,326
Forest Service extraordinary repairs and equipment over \$5,000	118,728		118,728
Total	\$17,841,100	\$193,289,000	\$211,130,100

¹Includes authority to issue \$72 million of revenue bonds.

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 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Bismarck State College	2,955	2,909	2,912	2,860	2,860	2,900
Dakota College at Bottineau	502	518	459	490	510	530
Dickinson State University	1,201	1,176	1,070	1,114	1,181	1,240
Lake Region State College	943	978	981	971	950	950
Mayville State University	749	798	796	782	782	782
Minot State University	2,710	2,600	2,570	2,592	2,592	2,592
North Dakota State University	12,797	12,934	12,834	12,783	12,810	12,835
North Dakota State College of Science	2,295	2,272	2,305	2,298	2,317	2,339
University of North Dakota	12,606	12,420	12,455	12,182	12,182	12,182
Valley City State University	975	990	1,031	1,044	1,054	1,060
Williston State College	593	579	738	756	756	774
Total	38,326	38,174	38,151	37,872	37,994	38,184

¹State Board of Higher Education policy provides that a full-time equivalent (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 1 FTE student. The information presented in this schedule for the fall 2013 through fall 2016 semesters was provided by the North Dakota University System office. The estimates for the fall 2017 and fall 2018 semesters were provided by representatives of University System institutions.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2013-14 through 2017-18. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. Senate Bill No. 2003 (2017) restores recognition of tuition income in the appropriation process, but provides continuing appropriation authority through June 30, 2019, for any additional funds received by the institutions. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2013-14	2014-15	2015-16	2016-17	2017-18 ¹⁶
Bismarck State College ¹					
Undergraduate					
Resident	\$3,431 2.0%	\$3,510 2.3%	\$3,577 1.9%	\$3,645 1.9%	\$3,791 4.0%
Minnesota resident ²	\$3,843 (19.8%)	\$3,931 2.3%	\$4,006 1.9%	\$4,082 1.9%	\$4,245 4.0%
Contiguous state/province ³	\$4,289 2.0%	\$4,388 2.3%	\$4,471 1.9%	\$4,556 1.9%	\$4,738 4.0%
Other nonresident	\$9,162 2.0%	\$9,372 2.3%	\$9,550 1.9%	\$9,731 1.9%	\$10,120 4.0%
Dakota College at Bottineau					
Undergraduate					
Resident	\$3,223 3.3%	\$3,301 2.4%	\$3,384 2.5%	\$3,469 2.5%	\$3,607 4.0%
Minnesota resident ²	\$3,610 (24.7%)	\$3,697 2.4%	\$3,790 2.5%	\$3,885 2.5%	\$4,040 4.0%
South Dakota and Montana residents	\$4,028 3.3%	\$4,126 2.4%	\$4,230 2.5%	\$4,336 2.5%	\$4,509 4.0%
All Canadian provinces ⁴	\$3,223 3.3%	\$3,301 2.4%	\$3,384 2.5%	\$3,469 2.5%	\$3,607 4.0%
Other nonresident	\$4,834 3.3%	\$4,951 2.4%	\$5,075 2.5%	\$5,203 2.5%	\$5,411 4.0%
Dickinson State University					
Undergraduate					
Resident	\$4,704 4.0%	\$4,891 4.0%	\$5,013 2.5%	\$5,138 2.5%	\$5,344 4.0%
Minnesota resident ²	\$5,268 4.8%	\$5,478 4.0%	\$5,616 2.5%	\$5,755 2.5%	\$5,985 4.0%
Contiguous state/province ³	\$5,880 4.0%	\$6,113 4.0%	\$6,267 2.5%	\$6,423 2.5%	\$6,680 4.0%
Other nonresident ⁵	\$7,055 4.0%	\$7,336 4.0%	\$7,520 2.5%	\$7,707 2.5%	\$8,015 4.0%
Lake Region State College ⁶					
Undergraduate					
Resident	\$3,130 2.1%	\$3,197 2.1%	\$3,261 2.0%	\$3,326 2.0%	\$3,459 4.0%
Minnesota resident ²	\$3,130 2.1%	\$3,197 2.1%	\$3,652 14.2%	\$3,326 (8.9%)	\$3,459 4.0%
Contiguous state/province ³	\$3,130 2.1%	\$3,197 2.1%	\$3,261 2.0%	\$3,326 2.0%	\$3,459 4.0%
Other nonresident	\$3,130 2.1%	\$3,197 2.1%	\$3,261 2.0%	\$3,326 2.0%	\$3,459 4.0%

Institution	2013-14	2014-15	2015-16	2016-17	2017-18 ¹⁶
International students	\$7,826 2.1%	\$7,993 2.1%	\$8,152 2.0%	\$8,316 2.0%	\$8,648 4.0%
Mayville State University					
Undergraduate					
Resident	\$4,644 3.6%	\$4,810 3.6%	\$4,930 2.5%	\$5,053 2.5%	\$5,255 4.0%
Minnesota resident ²	\$5,201 4.4%	\$5,387 3.6%	\$5,522 2.5%	\$5,660 2.5%	\$5,886 4.0%
Contiguous state/province ³	\$5,805 3.6%	\$6,012 3.6%	\$6,163 2.5%	\$6,317 2.5%	\$6,569 4.0%
All Canadian provinces except Saskatchewan and Manitoba	\$6,966 3.6%	\$7,215 3.6%	\$7,395 2.5%	\$7,580 2.5%	\$7,883 4.0%
Other nonresident	\$6,966 3.6%	\$7,215 3.6%	\$7,395 2.5%	\$7,580 2.5%	\$7,883 4.0%
International students	\$12,400 3.6%	\$12,842 3.6%	\$13,164 2.5%	\$13,492 2.5%	\$14,032 4.0%
Minot State University ⁷					
Undergraduate					
Resident	\$4,821 2.5%	\$4,942 2.5%	\$5,066 2.5%	\$5,193 2.5%	\$5,400 4.0%
Minnesota resident ²	\$4,821 2.5%	\$4,942 2.5%	\$5,066 2.5%	\$5,193 2.5%	\$5,400 4.0%
Contiguous state/province ³	\$4,821 2.5%	\$4,942 2.5%	\$5,066 2.5%	\$5,193 2.5%	\$5,400 4.0%
Other nonresident	\$4,821 2.5%	\$4,942 2.5%	\$5,066 2.5%	\$5,193 2.5%	\$5,400 4.0%
Graduate					
Resident	\$6,376 2.5%	\$6,535 2.5%	\$6,698 2.5%	\$6,865 2.5%	\$7,140 4.0%
Minnesota resident ²	\$6,376 2.5%	\$6,535 2.5%	\$6,698 2.5%	\$6,865 2.5%	\$7,140 4.0%
Contiguous state/province ³	\$6,376 2.5%	\$6,535 2.5%	\$6,698 2.5%	\$6,865 2.5%	\$7,140 4.0%
Other nonresident	\$6,376 2.5%	\$6,535 2.5%	\$6,698 2.5%	\$6,865 2.5%	\$7,140 4.0%
North Dakota State University					
Undergraduate (basic rate) ⁸					
Resident	\$6,336 3.3%	\$6,604 4.2%	\$6,762 2.4%	\$6,924 2.4%	\$7,201 4.0%
Minnesota resident ²	\$7,097 5.8%	\$7,396 4.2%	\$7,574 2.4%	\$7,755 2.4%	\$8,065 4.0%
Contiguous state/province ³	\$9,504 3.3%	\$9,906 4.2%	\$10,144 2.4%	\$10,386 2.4%	\$10,802 4.0%
Other nonresident	\$16,918 3.3%	\$17,633 4.2%	\$18,056 2.4%	\$18,488 2.4%	\$19,227 4.0%
Graduate (basic rate) ⁸					
Resident	\$6,796 3.3%	\$7,083 4.2%	\$7,253 2.4%	\$7,427 2.4%	\$7,724 4.0%
Minnesota resident ²	\$8,631 5.9%	\$8,996 4.2%	\$9,212 2.4%	\$9,432 2.4%	\$9,810 4.0%

Institution	2013-14	2014-15	2015-16	2016-17	2017-18 ¹⁶
Contiguous state/province ³	\$10,194 3.3%	\$10,625 4.2%	\$10,879 2.4%	\$11,141 2.4%	\$11,586 4.0%
Other nonresident	\$18,145 3.3%	\$18,913 4.2%	\$19,365 2.4%	\$19,830 2.4%	\$20,623 4.0%
North Dakota State College of Science ^{9,10}					
Undergraduate					
Resident	\$3,478 3.3%	\$3,592 3.3%	\$3,682 2.5%	\$3,774 2.5%	\$3,925 4.0%
Minnesota resident ²	\$3,895 (18.7%)	\$4,023 3.3%	\$4,124 2.5%	\$4,226 2.5%	\$4,396 4.0%
Contiguous state/province ³	\$4,347 3.3%	\$4,490 3.3%	\$4,602 2.5%	\$4,717 2.5%	\$4,906 4.0%
Other nonresident	\$9,286 3.3%	\$9,591 3.3%	\$9,830 2.5%	\$10,076 2.5%	\$10,479 4.0%
Business and industry partnership program ¹¹					
Resident	\$3,478 3.3%	\$3,592 3.3%	\$3,682 2.5%	\$3,774 2.5%	\$3,925 4.0%
Minnesota resident ²	\$3,895 (18.7%)	\$4,023 3.3%	\$4,124 2.5%	\$4,226 2.5%	\$4,396 4.0%
Contiguous state/province ³	\$3,478 3.3%	\$3,592 3.3%	\$3,682 2.5%	\$3,774 2.5%	\$3,925 4.0%
Other nonresident	\$3,478 3.3%	\$3,592 3.3%	\$3,682 2.5%	\$3,774 2.5%	\$3,925 4.0%
University of North Dakota					
Undergraduate					
Resident	\$6,159 3.7%	\$6,388 3.7%	\$6,548 2.5%	\$6,679 2.0%	\$6,946 4.0%
Minnesota resident ²	\$6,898 2.8%	\$7,155 3.7%	\$7,334 2.5%	\$7,480 2.0%	\$7,780 4.0%
Contiguous state/province ³	\$9,238 3.7%	\$9,582 3.7%	\$9,822 2.5%	\$10,018 2.0%	\$10,419 4.0%
Other nonresident	\$16,444 3.7%	\$17,056 3.7%	\$17,482 2.5%	\$17,833 2.0%	\$18,546 4.0%
Graduate					
Resident	\$6,626 3.7%	\$6,872 3.7%	\$7,044 2.5%	\$7,185 2.0%	\$7,688 7.0%
Minnesota resident ²	\$8,415 3.2%	\$8,728 3.7%	\$8,946 2.5%	\$9,125 2.0%	\$9,764 7.0%
Contiguous state/province ³	\$9,938 3.7%	\$10,309 3.7%	\$10,566 2.5%	\$10,777 2.0%	\$11,532 7.0%
Other nonresident	\$17,690 3.7%	\$18,350 3.7%	\$18,807 2.5%	\$19,184 2.0%	\$20,526 7.0%
School of Law ¹²					
Resident	\$7,439 3.7%	\$7,715 3.7%	\$7,908 2.5%	\$8,106 2.5%	\$8,835 9.0%
Minnesota resident ²	\$11,158 3.7%	\$11,573 3.7%	\$11,862 2.5%	\$12,159 2.5%	\$13,253 9.0%
Contiguous state/province ³	\$11,158 3.7%	\$11,573 3.7%	\$11,862 2.5%	\$12,159 2.5%	\$13,253 9.0%

Institution	2013-14	2014-15	2015-16	2016-17	2017-18 ¹⁶
Other nonresident	\$19,862 3.7%	\$20,601 3.7%	\$21,116 2.5%	\$21,644 2.5%	\$23,592 9.0%
School of Medicine and Health Sciences					
Resident	\$26,283 3.7%	\$27,261 3.7%	\$28,079 3.0%	\$28,781 2.5%	\$29,932 4.0%
Minnesota resident ²	\$28,911 3.7%	\$29,986 3.7%	\$30,886 3.0%	\$31,658 2.5%	\$32,924 4.0%
Other nonresident	\$48,649 3.7%	\$50,459 3.7%	\$51,973 3.0%	\$53,272 2.5%	\$55,403 4.0%
Physical therapy ¹³					
Resident	\$12,148 3.7%	\$12,600 3.7%	\$12,978 3.0%	\$13,302 2.5%	\$13,834 4.0%
Minnesota resident ²	\$12,148 3.7%	\$12,600 3.7%	\$12,978 3.0%	\$13,302 2.5%	\$13,834 4.0%
Contiguous state/province ³	\$16,807 3.7%	\$17,432 3.7%	\$17,955 3.0%	\$18,404 2.5%	\$19,140 4.0%
Other nonresident	\$16,807 3.7%	\$17,432 3.7%	\$17,955 3.0%	\$18,404 2.5%	\$19,140 4.0%
Valley City State University ¹⁴					
Undergraduate					
Resident	\$4,839 3.9%	\$5,027 3.9%	\$5,153 2.5%	\$5,282 2.5%	\$5,493 4.0%
Minnesota resident ²	\$5,419 4.7%	\$5,631 3.9%	\$5,772 2.5%	\$5,916 2.5%	\$6,152 4.0%
Contiguous state/province ³	\$6,048 3.9%	\$6,284 3.9%	\$6,441 2.5%	\$6,602 2.5%	\$6,866 4.0%
Other nonresident	\$12,919 3.9%	\$13,423 3.9%	\$13,759 2.5%	\$14,103 2.5%	\$14,667 4.0%
Graduate					
Resident	\$6,437 3.9%	\$6,688 3.9%	\$6,855 2.5%	\$7,026 2.5%	\$7,308 4.0%
Minnesota resident ²	\$6,437 3.9%	\$6,688 3.9%	\$6,855 2.5%	\$7,026 2.5%	\$7,308 4.0%
Contiguous state/province ³	\$6,437 3.9%	\$6,688 3.9%	\$6,855 2.5%	\$7,026 2.5%	\$7,308 4.0%
Other nonresident	\$6,437 3.9%	\$6,688 3.9%	\$6,855 2.5%	\$7,026 2.5%	\$7,308 4.0%
Williston State College ¹⁵					
Undergraduate					
Resident	\$3,020 0.0%	\$3,235 7.1%	\$3,316 2.5%	\$3,399 2.5%	\$3,535 4.0%
Minnesota resident ²	\$3,383 12.0%	\$3,623 7.1%	\$3,714 2.5%	\$3,399 (8.5%)	\$3,535 4.0%
Contiguous state/province ³	\$3,020 0.0%	\$3,235 7.1%	\$3,316 2.5%	\$3,399 2.5%	\$3,535 4.0%
Other nonresident	\$3,020 0.0%	\$3,235 7.1%	\$3,316 2.5%	\$3,399 2.5%	\$3,535 4.0%
International	\$4,080 0.0%	\$4,370 7.1%	\$4,479 2.5%	\$4,589 2.5%	\$4,772 4.0%

¹Bismarck 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.

²Under the 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. Beginning with the 2013-14 academic year, the reciprocity agreement was revised to charge Minnesota students attending North Dakota University System institutions 112 percent of resident undergraduate tuition rates and 127 percent of resident graduate tuition rates, with provisions to increase those rates to 115 and 130 percent in the future.

³The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba.

⁴Beginning with the 2002-03 academic year, Dakota College at Bottineau charges resident tuition rates to students from all Canadian provinces.

⁵Beginning 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.

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

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

⁸Beginning with the 2012-13 academic year, North Dakota State University charges a differentiated tuition rate for certain programs that combine tuition and program fees. The amounts shown reflect the basic undergraduate and graduate tuition rates.

⁹Beginning with the 2002-03 academic year, the 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:

	2013-14	2014-15	2015-16	2016-17	2017-18
Undergraduate					
Contiguous state/province	\$3,478	\$3,592	\$3,682	\$3,774	\$3,925
Other nonresidents	\$3,478	\$3,592	\$3,682	\$3,774	\$3,925

¹⁰The North 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.

¹¹Beginning with the 2001-02 academic year, the 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.

¹²The 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.

¹³Physical therapy students pay undergraduate tuition rates during the first 2 years. In the students' junior year, students enter the physical therapy program and start paying tuition based on the physical therapy program tuition rates.

¹⁴Valley 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.

¹⁵Williston State College implemented a per-credit tuition model beginning in the 2002-03 academic year. From the 2002-03 through the 2010-11 academic years, 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.

¹⁶Reflects the 2017-18 academic year tuition rate increases approved by the State Board of Higher Education at its May 15, 2017, meeting.

**North Dakota University System Office
Budget No. 215
Senate Bill Nos. 2003 and 2244**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	149.40	\$103,909,530	\$26,412,106	\$130,321,636
2017-19 base budget	104.39	110,229,818	2,511,216	112,741,034
Legislative increase (decrease) to base budget	45.01	(\$6,320,288)	\$23,900,890	\$17,580,602

NOTE: The 2017-19 biennium legislative appropriations reflects a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$101,639,530	\$2,270,000	\$103,909,530
2015-17 adjusted legislative appropriations	110,229,818	31,467,500	141,697,318
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$8,590,288)	(\$29,197,500)	(\$37,787,788)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.8%)	(92.8%)	(26.7%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget		Total
	FTE Positions	General Fund	
The legislative action:			
Underfunded salaries and wages.		(\$578,097)	(\$578,097)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		269,481	384,925
Added 2 FTE internal audit positions.	2.00	391,144	391,144
Removed 1 FTE Core Technology Services position and increased special fund authority for another position.	(1.00)	(199,220)	(103,450)
Provided for various funding adjustments for system governance, including the appropriation of special funds.		(26,770)	649,237
Provided for various funding adjustments for Core Technology Services, including the appropriation of special funds.		(2,405,072)	20,408,597
Adjusted ongoing general fund appropriations for other line items. (See schedule below for detail)		(6,041,754)	(6,041,754)
Added one-time funding for challenge grants.		2,000,000	2,000,000

Added one-time funding for Midwestern Higher Education Compact dues.		230,000		230,000
Added one-time funding for a study of the reorganization of 2-year institutions.		40,000		40,000
Provided funding from the student loan trust fund for the establishment of a pilot program to assist dual-credit course instructors to enroll in graduate level courses. (Senate Bill No. 2244)			200,000	200,000
Adjusted FTE positions, including the authorization of positions supported by special funds.	44.01			0
Total	45.01	(\$6,320,288)	\$23,900,890	\$17,580,602

Detail of Funding Adjustments for Other Line Items			
	Adjusted Level	General Fund Adjustment	2017-19 Biennium Legislative Appropriations
Capital bond payments	\$6,901,461	(\$296,135)	\$6,605,326
Competitive research grants	6,588,225	(560,475)	6,027,750
Student financial assistance grants	23,886,160	(1,968,854)	21,917,306
Professional student exchange program	3,941,754	(242,412)	3,699,342
Academic and CTE scholarships	13,134,096	(1,117,347)	12,016,749
2-year campus marketing	747,600	(747,600)	0
Scholars program	2,113,584	(306,469)	1,807,115
Native American scholarships	649,267	(93,944)	555,323
Tribal college assistance grants	967,250	(367,250)	600,000
Education incentive programs	3,349,000	(485,607)	2,863,393
Student mental health programs	308,100	(23,700)	284,400
Veterans' assistance programs	325,000	(47,125)	277,875
Faculty commendation grants	4,486	(4,486)	0
Internal audit funding pool ¹	280,350	(280,350)	0
Shared campus services	0	500,000	500,000
Total	\$63,196,333	(\$6,041,754)	\$57,154,579

¹Funding for the internal audit funding pool was transferred to the system governance line item to be used in conjunction with the hiring of 2 FTE internal audit positions.

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized and reported. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 149.40 FTE positions for the University System office for the 2017-19 biennium. This represents an increase of 45.01 FTE positions from the 2015-17 biennium. The following schedule details the changes in FTE positions:

Add 2 FTE internal audit positions	2.00
Remove 1 FTE Core Technology Services position	(1.00)
Other position adjustments, including the reporting of FTE positions supported from special funds	44.01
Total	45.01

One-Time Funding

The Legislative Assembly identified \$205,843,626 of funding as one-time funding for the University System. These amounts are not to be considered part of the University System's base budget for the 2017-19 biennium, and the University System is to report to the Appropriations Committees of the 66th Legislative Assembly on the use of this funding. The table below summarizes one-time funding provided to the University System for the 2017-19 biennium.

	General Fund	Other Funds	Total
Education challenge grants	\$2,000,000		\$2,000,000
Midwestern Higher Education Compact dues	230,000		230,000
Study of reorganizing 2-year institutions	40,000		40,000
One-time campus operations distributions	2,000,000		2,000,000
University of North Dakota (UND) - Chester Fritz Library project		\$21,000,000	21,000,000
UND - Gamble Hall project		70,000,000	70,000,000
North Dakota State University (NDSU) - Sudro Hall renovation and addition		28,000,000	28,000,000
NDSU - University Village replacement		10,000,000	10,000,000
NDSU - Student residence hall		39,505,000	39,505,000
Dickinson State University - Campus operations and debt repayment (including \$875,000 in HB 1015)	8,284,626		8,284,626
Minot State University - Gordon B. Olson Library art center project (SB 2242)		1,400,000	1,400,000
Minot State University - Herb Parker Stadium air-supported seasonal dome project (SB 2242)		634,000	634,000
Minot State University - Facilities building parking lot and project completion (SB 2242)		250,000	250,000
Valley City State University - integrated carbon plant (SB 2196)		22,500,000	22,500,000
Total	\$12,554,626	\$193,289,000	\$205,843,626

Deficiency Appropriations

In House Bill No. 1015, the Legislative Assembly provided a 2015-17 biennium deficiency appropriation of \$1,634,854 from the strategic investment and improvements fund to NDSU for costs related to the collapse of a portion of Minard Hall.

Competitive Research

The Legislative Assembly provided \$6.03 million from the general fund for competitive research. 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
2015-17 - Adjusted	\$6,588,225
2017-19	\$6,027,750

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

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

Student Financial Assistance Grants

The Legislative Assembly provided \$21,917,306 from the general fund for student financial assistance grants. The maximum grant award amount under the program is \$1,950 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	Maximum Grant Award	Legislative Appropriations			
		General Fund	Federal Funds	Other Funds	Total
1995-97	\$600	\$2,032,478	\$400,000	\$1,350,000	\$3,782,478
1997-99	\$600	\$1,495,000	\$410,986	\$2,574,400	\$4,480,386
1999-2001	\$600	\$1,735,881	\$140,000	\$2,574,400	\$4,450,281
2001-03	\$600	\$2,670,881	\$214,000	\$1,338,150	\$4,223,031
2003-05	\$600	\$2,730,215	\$200,000	\$0	\$2,930,215
2005-07	\$1,000	\$3,332,402	\$172,000	\$0	\$3,504,402
2007-09	\$1,000	\$5,823,497	\$164,000	\$0	\$5,987,497
2009-11	\$1,500	\$19,025,594	\$348,428	\$0	\$19,374,022
2011-13	\$1,500	\$19,025,594	\$348,428	\$0	\$19,374,022
2013-15	\$1,650	\$21,245,679	\$0	\$0	\$21,245,679
2015-17 - Adjusted	\$1,950	\$23,886,160	\$0	\$0	\$23,886,160
2017-19	\$1,950	\$21,917,306	\$0	\$0	\$21,917,306

Professional Student Exchange Program

The Legislative Assembly provided \$3,699,342, of which \$3,234,035 is from the general fund and \$465,307 is from the student loan trust fund, for the professional student exchange program. The program assists North Dakota students enrolling in professional programs not offered in the state including dentistry, optometry, and veterinary medicine. The following is a summary of funding for the professional student exchange program:

Biennium	General Fund	Student Loan Trust Fund	Total
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
2015-17 - Adjusted	\$3,476,447	\$465,307	\$3,941,754
2017-19	\$3,234,035	\$465,307	\$3,699,342

Scholars Program

The Legislative Assembly provided \$1,807,115 from the general fund for the scholar's program. The scholars program provides full-tuition scholarships to resident students who score in the upper fifth percentile of North Dakota ACT test takers and enroll in an undergraduate program in the state. The following is a summary of funding for the scholar's program:

Biennium	General Fund	Special Funds	Total
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
2015-17 - Adjusted	\$2,113,584		\$2,113,584
2017-19	\$1,807,115		\$1,807,115

Native American Scholarship Program

The Legislative Assembly provided \$555,323 from the general fund for Native American scholarships. 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
2015-17 - Adjusted	\$649,267
2017-19	\$555,323

Education Incentive Programs

The Legislative Assembly provided \$2,863,393 from the general fund for education incentive programs. 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. Examples of programs that have been supported through this appropriation include the teacher shortage loan forgiveness program and the science, technology, engineering, and mathematics occupations loan forgiveness program.

Career and Technical Education and Academic Scholarships

The Legislative Assembly provided \$12,016,749 from the general fund for career and technical education and academic scholarships. 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, American 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 5 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 Project Bond Payments

The Legislative Assembly provided \$6,605,326 from the general fund for University System capital project bond payments. The payments are to repay bonds issued by the North Dakota building authority to finance higher education capital projects approved by the Legislative Assembly. No bonds have been issued through the North Dakota building authority for higher education capital projects since 2005. The following is a summary of the 2017-19 biennium legislative appropriation compared to the 2015-17 biennium legislative appropriation for capital bond payments:

	2015-17 Biennium Adjusted Legislative Appropriation	2017-19 Biennium Legislative Appropriation	Increase (Decrease) From 2015-17 Biennium
Capital bond payments - General fund	\$6,901,461	\$6,605,326	(\$296,135)

Special funds authority to repay revenue bonds issued by institutions is included in each institution's budget. Revenue bonds are issued by institutions to finance capital projects for income producing auxiliary services, such as student housing and dining facilities.

Capital Improvements

The following schedule presents the higher education capital improvement funding contained in appropriations approved by the Legislative Assembly for the 2017-19 biennium. The schedule reflects general fund appropriations for extraordinary repairs and special fund authorization provided for major capital projects.

Entity/Project	2017-19 Legislative Appropriations		
	General Fund	Special Funds	Total
Bismarck State College Extraordinary repairs	\$417,673		\$417,673
Total	\$417,673		\$417,673
Lake Region State College Extraordinary repairs	\$155,367		\$155,367
Total	\$155,367		\$155,367

Entity/Project	2017-19 Legislative Appropriations		
	General Fund	Special Funds	Total
Williston State College			
Extraordinary repairs	\$197,801		\$197,801
Total	\$197,801		\$197,801
UND			
Chester Fritz Library project		\$21,000,000	\$21,000,000
Gamble Hall renovation		70,000,000	70,000,000
Extraordinary repairs	\$4,411,566		4,411,566
Total	\$4,411,566	\$91,000,000	\$95,411,566
NDSU			
Sudro Hall renovation and addition		\$28,000,000	\$28,000,000
Student residence hall (revenue bonds)		39,505,000	39,505,000
University Village replacement (revenue bonds)		10,000,000	10,000,000
Extraordinary repairs	\$2,732,244		2,732,244
Total	\$2,732,244	\$77,505,000	\$80,237,244
North Dakota State College of Science			
Extraordinary repairs	\$1,012,379		\$1,012,379
Total	\$1,012,379		\$1,012,379
Dickinson State University			
Extraordinary repairs	\$409,078		\$409,078
Total	\$409,078		\$409,078
Mayville State University			
Extraordinary repairs	\$358,992		\$358,992
Total	\$358,992		\$358,992
Minot State University			
Gordon B. Olson Library art center project		\$1,400,000	\$1,400,000
Herb Parker Stadium air-supported seasonal dome project		634,000	634,000
Facilities building parking lot and project completion		250,000	250,000
Extraordinary repairs	\$899,620		899,620
Total	\$899,620	\$2,284,000	\$3,183,620
Valley City State University			
Integrated carbon plant project (revenue bonds)		\$22,500,000	\$22,500,000
Extraordinary repairs	\$408,319		408,319
Total	\$408,319	\$22,500,000	\$22,908,319
Dakota College at Bottineau			
Extraordinary repairs	\$114,007		\$114,007
Total	\$114,007		\$114,007
Forest Service			
Extraordinary repairs and equipment over \$5,000	\$118,728		\$118,728
Total	\$118,728		\$118,728
Total Higher Education	\$11,235,774	\$193,289,000	\$204,524,774

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Nickel trophy - Section 7 encourages UND and NDSU football teams to compete for the Nickel Trophy.

Higher education funding formula - Section 8 adjusts the base credit-hour funding rate under the higher education funding formula and provides for the reimbursement of 75 percent of the amount related to credits completed under the newly created law enforcement tuition and fee waiver program. Section 9 continues the hold-harmless provision of the formula through June 30, 2019.

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Law enforcement tuition and fee waiver - Section 11 provides a 25 percent tuition and fee waiver to eligible law enforcement officers enrolled in courses at University System institutions.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Statewide memberships - Section 13 repeals Chapter 15-10.2 relating to the Midwestern Higher Education Compact. The section is effective June 30, 2017. Section 17 identifies the amount of funding included in the University System office budget for statewide membership dues.

Additional funds received appropriation authority - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Student loan trust fund - Section 16 provides that \$15,311,600 of the special funds appropriated in the bill are from the student loan trust fund to be used for the professional student exchange program (\$465,307), for tribal college assistance grants (\$500,000), for ConnectND project positions (\$539,437), and for UND School of Medicine and Health Sciences residency positions (\$13,806,856).

Dickinson State University funding - Section 18 provides for the uses of appropriations to Dickinson State University for one-time operation and debt repayment and prohibits the institution from discontinuing any portion of its nursing program. **(The Governor vetoed three words in this section to remove "any portion of" from the provision that the institution may not discontinue any portion of its nursing program.)**

Reallocation of oil and gas tax distributions - Section 19 requires the State Treasurer to withhold \$2.5 million of the City of Dickinson hub city oil and gas tax allocation and \$375,000 from the Stark County oil and gas production tax allocation and deposit the withheld funds in the general fund.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

UND School of Medicine and Health Sciences funding - Section 22 provides that a portion of the operations funding appropriated to UND be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Bond issue authorization - Section 23 authorizes the State Board of Higher Education to arrange for \$49,505,000 of revenue bonds for residence hall projects at NDSU.

Theodore Roosevelt Presidential Library carryover authority - Section 24 authorizes the State Board of Higher Education to continue unexpended 2013-15 biennium appropriations for the Theodore Roosevelt Presidential Library project into the 2017-19 biennium and provides for the uses of the funds. **(The Governor vetoed a provision in this section to require a North Dakota architect to be utilized for the Theodore Roosevelt Presidential Library project.)**

Education challenge grants carryover authority - Section 25 authorizes the State Board of Higher Education to continue unexpended 2013-15 biennium appropriations for the higher education challenge grant program into the 2017-19 biennium and requires the funds to be transferred to Dickinson State University for institution operations.

Student financial assistance grants carryover - Section 26 requires the Office of Management and Budget to cancel \$5 million of unexpended 2015-17 biennium general fund appropriations for student financial assistance grants.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Conveyance of land - Sections 29 through 31 authorize the State Board of Higher Education to sell land and buildings in Cass and Grand Forks Counties.

Transfer of Dakota Institute inventory - Section 32 requires the Parks and Recreation Department to transfer the inventory of the Dakota Institute to Bismarck State College. **(The Governor vetoed a provision in this section which authorized Bismarck State College to transfer any inventory to its original author or producer.)**

Research networks - Section 33 provides for the State Board of Higher Education to consider collaborating with Minnesota to improve research network access and performance.

Energy and Environmental Research Center study - Section 34 provides for a Legislative Management study of the relationship between the Energy and Environmental Research Center and UND.

Study of 2-year campuses - Section 35 provides for the State Board of Higher Education to conduct a study of the reorganization of 2-year institutions.

Study of nursing programs - Section 36 provides for the State Board of Higher Education to conduct a study on the organization of nursing programs at institutions under its control.

Data and reporting inconsistencies - Section 37 requires the State Board of Higher Education to address inconsistent human resources, employee leave, tuition waiver, and student fee practices and to report and consult with the Legislative Management regarding policies and procedures being developed to address the inconsistencies.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Lease negotiation savings - Section 39 provides intent that future general fund appropriations for the NDSU College of Nursing program in Bismarck be adjusted for savings resulting from facility lease negotiations and future higher education funding formula allocations be adjusted for credits completed at the school. **(The Governor vetoed the intent language regarding future higher education funding formula allocations be adjusted for credits completed at the school.)**

Related Legislation

House Bill No. 1015 - Grant to Theodore Roosevelt Center and Appropriation to Dickinson State University - Appropriates \$500,000 from the general fund to the Office of Management and Budget to provide a grant to the Dickinson State University Theodore Roosevelt Center for the digitization of documents. The bill also appropriates \$875,000 of one-time funding from the general fund to Dickinson State University for campus operations.

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

House Bill No. 1036 - Student Financial Assistance Grant Advisory Board - Repeals the Student Financial Assistance Grant Advisory Board, which provides recommendations to the State Board of Higher Education regarding needs-based student financial assistance grants.

House Bill No. 1171 - Tuition waivers for dependents of peace officers and firefighters - Clarifies that a stepchild of a peace officer or firefighter killed in the line of duty is eligible for a tuition waiver at University System institutions.

House Bill No. 1283 - North Dakota academic and career and technical education scholarships - Clarifies the definitions of "full-time student" and "progress towards degree completion" as it relates to academic and career and technical education scholarships.

Senate Bill No. 2013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2015-17 and 2017-19 biennium:

Institution	2015-17 Distribution	2017-19 Distribution	Increase
NDSU	\$3,368,000	\$4,738,000	\$1,370,000
UND	2,742,000	3,662,000	920,000
North Dakota State College of Science	1,066,000	1,446,286	380,286
Valley City State University	570,000	808,000	238,000
Mayville State University	382,000	542,000	160,000
Dakota College at Bottineau	78,000	186,286	108,286
Dickinson State University	78,000	186,286	108,286
Minot State University	78,000	186,286	108,286
Total	\$8,362,000	\$11,755,144	\$3,393,144

Senate Bill No. 2013 also includes one-time allocations from permanent funds due to errors in past distributions. The bill provides for the following one-time distributions to University System institutions:

Institution	One-Time Distribution
North Dakota State College of Science	\$89,698
Dakota College at Bottineau	89,698
Dickinson State University	89,698
Minot State University	89,698
Total	\$358,792

Senate Bill No. 2037 - Teacher shortage loan forgiveness program - Adjusts the eligibility criteria for the teacher shortage loan forgiveness program to include geographical areas identified as having a teacher shortage or critical need.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2196 - Valley City State University integrated carbon plant - Authorizes the issuance of \$22.5 million of revenue bonds for the construction of an integrated carbon plant at Valley City State University.

Senate Bill No. 2242 - Minot State University capital projects - Appropriates \$2,284,000 of special fund authority to Minot State University for the Gordon B. Olson Library art center project (\$1,400,000), Herb Parker Stadium air-supported seasonal dome project (\$634,000), and completion of the facilities building project (\$250,000).

Senate Bill No. 2244 - Dual-credit course instruction incentive program - Requires the State Board of Higher Education to establish an incentive program for dual-credit course instructors to enroll in graduate level courses.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

Senate Bill No. 2299 - UND School of Medicine and Health Sciences Advisory Board membership - Adjusts the membership of the UND School of Medicine and Health Sciences Advisory Board by adding a representative of the North Dakota Center for Nursing.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	358.35	\$30,724,971	\$72,991,998	\$103,716,969
2017-19 base budget	133.53	34,281,736	0	34,281,736
Legislative increase (decrease) to base budget	224.82	(\$3,556,765)	\$72,991,998	\$69,435,233

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$30,600,597	\$124,374	\$30,724,971
2015-17 adjusted legislative appropriations	34,281,736	1,687,104	35,968,840
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$3,681,139)	(\$1,562,730)	(\$5,243,869)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(10.7%)	(92.6%)	(14.6%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$5,138,281)		(\$5,138,281)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit hours.		1,084,275		1,084,275
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		372,867	\$647,254	1,020,121
Provided one-time funding for campus operations.		124,374		124,374

Appropriated special funds pursuant to the special fund appropriation reporting change.			72,344,744	72,344,744
Adjusted FTE positions, including the authorization of positions supported by special funds.	224.82			
Total	<u>224.82</u>	<u>(\$3,556,765)</u>	<u>\$72,991,998</u>	<u>\$69,435,233</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 358.35 FTE positions for Bismarck State College for the 2017-19 biennium, an increase of 224.82 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated \$124,374 of one-time funding to Bismarck State College for the 2017-19 biennium for campus operations.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoes this section.)**

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Transfer of Dakota Institute inventory - Section 32 requires the Parks and Recreation Department to transfer the inventory of the Dakota Institute to Bismarck State College. **(The Governor vetoed a provision in this section which authorized Bismarck State College to transfer any inventory to its original author or producer.)**

Reorganization of 2-year institutions study - Section 35 directs the State Board of Higher Education to study the reorganization of 2-year institutions under its control into a community and technology college system that addresses workforce and education needs of the state.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	129.61	\$12,751,580	\$24,111,092	\$36,862,672
2017-19 base budget	50.19	14,143,353	0	14,143,353
Legislative increase (decrease) to base budget	79.42	(\$1,391,773)	\$24,111,092	\$22,719,319

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$12,700,623	\$50,957	\$12,751,580
2015-17 adjusted legislative appropriations	14,143,353	1,513,976	15,657,329
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$1,442,730)	(\$1,463,019)	(\$2,905,749)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(10.2%)	(96.6%)	(18.6%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$2,223,128)		(\$2,223,128)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		625,641		625,641
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		154,757	224,105	378,862
Provided one-time funding for campus operations.		50,957		50,957

Appropriated special funds pursuant to the special fund appropriation reporting change.			23,886,987	23,886,987
Adjusted FTE positions, including the authorization of positions supported by special funds.	79.42			
Total	<u>79.42</u>	<u>(\$1,391,773)</u>	<u>\$24,111,092</u>	<u>\$22,719,319</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 129.61 FTE positions for Lake Region State College for the 2017-19 biennium, an increase of 79.42 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated \$50,957 of one-time funding to Lake Region State College for the 2017-19 biennium for campus operations.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Reorganization of 2-year institutions study - Section 35 directs the State Board of Higher Education to study the reorganization of 2-year institutions under its control into a community and technology college system that addresses workforce and education needs of the state.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

**Williston State College
Budget No. 229
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	100.75	\$8,395,347	\$19,855,598	\$28,250,945
2017-19 base budget	49.96	9,388,952	0	9,388,952
Legislative increase (decrease) to base budget	50.79	(\$993,605)	\$19,855,598	\$18,861,993

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$8,360,503	\$34,844	\$8,395,347
2015-17 adjusted legislative appropriations	9,388,952	2,871,010	12,259,962
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$1,028,449)	(\$2,836,166)	(\$3,864,615)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(11.0%)	(98.8%)	(31.5%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$1,198,067)		(\$1,198,067)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		67,745		67,745
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		101,873	\$137,484	239,357
Provided one-time funding for campus operations.		34,844		34,844

Appropriated special funds pursuant to the special fund appropriation reporting change.			19,718,114	19,718,114
Adjusted FTE positions, including the authorization of positions supported by special funds.	50.79			
Total	<u>50.79</u>	<u>(\$993,605)</u>	<u>\$19,855,598</u>	<u>\$18,861,993</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 100.75 FTE positions for Williston State College for the 2017-19 biennium, an increase of 50.79 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated \$34,844 of one-time funding to Williston State College for the 2017-19 biennium for campus operations.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Sections 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Reorganization of 2-year institutions study - Section 35 directs the State Board of Higher Education to study the reorganization of 2-year institutions under its control into a community and technology college system that addresses workforce and education needs of the state.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

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

	FTE Positions 2,218.07	General Fund \$134,896,566	Other Funds \$819,870,450	Total \$954,767,016
2017-19 legislative appropriations				
2017-19 base budget	630.20	150,984,527	0	150,984,527
Legislative increase (decrease) to base budget	1,587.87	(\$16,087,961)	\$819,870,450	\$803,782,489

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$134,132,901	\$763,665	\$134,896,566
2015-17 adjusted legislative appropriations	150,984,527	69,208,320	220,192,847
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$16,851,626)	(\$68,444,655)	(\$85,296,281)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(11.2%)	(98.9%)	(38.7%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$24,891,038)		(\$24,891,038)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		6,254,992		6,254,992
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		1,784,420	\$5,204,979	6,989,399
Provided one-time funding for campus operations.		763,665		763,665

Appropriated special funds pursuant to the special fund appropriation reporting change.			723,665,471	723,665,471
Added one-time funding for the Chester Fritz library project.			21,000,000	21,000,000
Added one-time funding for the Gamble Hall renovation and addition project.			70,000,000	70,000,000
Adjusted FTE positions, including the authorization of positions supported by special funds.	1,587.87			
Total	<u>1,587.87</u>	<u>(\$16,087,961)</u>	<u>\$819,870,450</u>	<u>\$803,782,489</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 2,218.07 FTE positions for the University of North Dakota (UND) for the 2017-19 biennium, an increase of 1,587.87 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated the following one-time funding for UND for the 2017-19 biennium:

	General Fund	Other Funds	Total
One-time campus operations distribution	\$763,665		\$763,665
Chester Fritz Library project		\$21,000,000	21,000,000
Gamble Hall (College of Business) renovation and addition project		70,000,000	70,000,000
Total	\$763,665	\$91,000,000	\$91,763,665

Capital Projects

The Legislative Assembly authorized the following capital projects at UND for the 2017-19 biennium:

	Other Funds
Chester Fritz Library project	\$21,000,000
Gamble Hall (College of Business) renovation and addition project	70,000,000
Total	\$91,000,000

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Nickel Trophy - Section 7 encourages UND and North Dakota State University football teams to compete for the Nickel Trophy.

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

UND School of Medicine and Health Sciences funding - Section 22 provides that a portion of the operations funding appropriated to UND be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Conveyance of land - Sections 29 through 31 authorize the State Board of Higher Education to sell land and buildings in Cass and Grand Forks Counties, including the Ray Richards Golf Course and Dakota Hall at UND.

Energy and Environmental Research Center study - Section 34 provides for a Legislative Management study of the relationship between the Energy and Environmental Research Center and UND.

Study of nursing programs - Section 36 provides for the State Board of Higher Education to conduct a study on the organization of nursing programs at institutions under its control.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	435.75	\$57,811,281	\$154,078,620	\$211,889,901
2017-19 base budget	184.58	53,166,247	0	53,166,247
Legislative increase (decrease) to base budget	251.17	\$4,645,034	\$154,078,620	\$158,723,654

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$57,811,281	\$0	\$57,811,281
2015-17 adjusted legislative appropriations	53,166,247	18,514,806	71,681,053
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$4,645,034	(\$18,514,806)	(\$13,869,772)
Percentage increase (decrease) to 2015-17 adjusted appropriations	8.7%	(100.0%)	(19.3%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$794,851)		(\$794,851)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		4,546,741		4,546,741
Added funding from the general fund (\$893,144), student loan trust fund (\$13,806,856), and other local funds (\$500,000) to continue new student residency positions at the school.		893,144	\$14,306,856	15,200,000

Appropriated special funds pursuant to the special fund appropriation reporting change.			139,771,764	139,771,764
Adjusted FTE positions, including the authorization of positions supported by special funds.	251.17			
Total	<u>251.17</u>	<u>\$4,645,034</u>	<u>\$154,078,620</u>	<u>\$158,723,654</u>

NOTE: The 2017-19 legislative appropriations include certain funding formula adjustments for the University of North Dakota (UND) School of Medicine and Health Sciences in the UND budget. Section 22 of Senate Bill No. 2003 authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendations of the Commissioner of Higher Education.

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 435.75 FTE positions for the UND School of Medicine and Health Sciences for the 2017-19 biennium, an increase of 251.17 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

UND School of Medicine and Health Sciences funding - Section 22 provides that a portion of the operations funding appropriated to UND be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

Senate Bill No. 2299 - UND School of Medicine and Health Sciences Advisory Board membership - Adjusts the membership of the UND School of Medicine and Health Sciences Advisory Board by adding a representative of the North Dakota Center for Nursing.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	1,895.66	\$129,126,235	\$689,386,329	\$818,512,564
2017-19 base budget	537.10	147,055,924	0	147,055,924
Legislative increase (decrease) to base budget	1,358.56	(\$17,929,689)	\$689,386,329	\$671,456,640

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$128,591,042	\$535,193	\$129,126,235
2015-17 adjusted legislative appropriations	147,055,924	675,200	147,731,124
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$18,464,882)	(\$140,007)	(\$18,604,889)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(12.6%)	(20.7%)	(12.6%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$21,462,988)		(\$21,462,988)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		2,886,790		2,886,790
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		1,211,316	\$3,858,679	5,069,995
Reduced funding due to lease renegotiations at the College of Nursing location in Bismarck.		(1,100,000)		(1,100,000)

Provided one-time funding for campus operations.	535,193		535,193
Added one-time funding from special funds for the Sudro Hall renovation and addition project.		28,000,000	28,000,000
Added one-time funding from revenue bond proceeds for a new student residence hall.		39,505,000	39,505,000
Added one-time funding from revenue bond proceeds for the University Village replacement project.		10,000,000	10,000,000
Appropriated special funds pursuant to the special fund appropriation reporting change.		608,022,650	608,022,650
Adjusted FTE positions, including the authorization of positions supported by special funds.	1,358.56		
Total	<u>1,358.56</u>	<u>(\$17,929,689)</u>	<u>\$689,386,329</u>
			<u>\$671,456,640</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 1,895.66 FTE positions for North Dakota State University (NDSU) for the 2017-19 biennium, an increase of 1,358.56 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated the following one-time funding for NDSU for the 2017-19 biennium:

	General Fund	Other Funds	Total
One-time campus operations distribution	\$535,193		\$535,193
Sudro Hall renovation and addition project		\$28,000,000	28,000,000
New student residence hall		39,505,000	39,505,000
University Village replacement project		10,000,000	10,000,000
Total	\$535,193	\$77,505,000	\$78,040,193

Capital Projects

The Legislative Assembly authorized the following capital projects at NDSU for the 2017-19 biennium:

	Other Funds
Sudro Hall renovation and addition project	\$28,000,000
New student residence hall (revenue bonds)	39,505,000
University Village replacement project (revenue bonds)	10,000,000
Total	\$77,505,000

Deficiency Appropriation

In House Bill No. 1015, the Legislative Assembly provided a 2015-17 biennium deficiency appropriation of \$1,634,854 from the strategic investment and improvements fund to NDSU for costs related to the collapse of a portion of Minard Hall.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Nickel Trophy - Section 7 encourages the University of North Dakota and NDSU football teams to compete for the Nickel Trophy.

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional incomes - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Bond issue authorization - Section 23 authorizes the State Board of Higher Education to arrange for \$49,505,000 of revenue bonds for residence hall projects at NDSU.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Conveyance of land - Sections 29 through 31 authorize the State Board of Higher Education to sell land and buildings in Cass and Grand Forks Counties, including land owned by NDSU along railroad tracks owned by the BNSF Railway which may be sold to the railway.

Study of nursing programs - Section 36 provides for the State Board of Higher Education to conduct a study on the organization of nursing programs at institutions under its control.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Lease negotiation savings - Section 39 provides intent that future general fund appropriations for the NDSU College of Nursing program in Bismarck be adjusted for savings resulting from facility lease negotiations and future higher education funding formula allocations be adjusted for credits completed at the school. **(The Governor vetoed the intent language regarding future higher education funding formula allocations be adjusted for credits completed at the school.)**

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	345.04	\$35,241,463	\$57,605,613	\$92,847,076
2017-19 base budget	168.30	40,916,239	0	40,916,239
Legislative increase (decrease) to base budget	176.74	(\$5,674,776)	\$57,605,613	\$51,930,837

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$35,089,376	\$152,087	\$35,241,463
2015-17 adjusted legislative appropriations	40,916,239	13,520,528	54,436,767
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$5,826,863)	(\$13,368,441)	(\$19,195,304)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(14.2%)	(98.9%)	(35.3%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$4,991,321)		(\$4,991,321)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(1,263,105)		(1,263,105)
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		427,563	\$471,836	899,399
Provided one-time funding for campus operations.		152,087		152,087

Appropriated special funds pursuant to the special fund appropriation reporting change.			57,133,777	57,133,777
Adjusted FTE positions, including the authorization of positions supported by special funds.	176.74			
Total	<u>176.74</u>	<u>(\$5,674,776)</u>	<u>\$57,605,613</u>	<u>\$51,930,837</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 345.04 FTE positions for the North Dakota State College of Science for the 2017-19 biennium, an increase of 176.74 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated \$152,087 of one-time funding to the North Dakota State College of Science for the 2017-19 biennium for campus operations.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Reorganization of 2-year institutions study - Section 35 directs the State Board of Higher Education to study the reorganization of 2-year institutions under its control into a community and technology college system that addresses workforce and education needs of the state.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

Dickinson State University
 Budget No. 239
 Senate Bill No. 2003; House Bill No. 1015

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	168.90	\$26,091,469	\$29,737,827	\$55,829,296
2017-19 base budget	120.26	24,527,233	0	24,527,233
Legislative increase (decrease) to base budget	48.64	\$1,564,236	\$29,737,827	\$31,302,063

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$17,806,843	\$8,284,626	\$26,091,469
2015-17 adjusted legislative appropriations	24,527,233	800,000	25,327,233
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$6,720,390)	7,484,626	\$764,236
Percentage increase (decrease) to 2015-17 adjusted appropriations	(27.4%)	935.6%	3.0%

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

Salaries and Wages

The legislative action affecting the recommended appropriation for University System institutions did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$3,132,496)		(\$3,132,496)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(3,810,214)		(3,810,214)
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		222,320	\$168,410	390,730
Added one-time funding for campus operations and debt repayment.		7,409,626		7,409,626

Provided one-time funding for campus operations. (House Bill No. 1015)		875,000		875,000
Appropriated special funds pursuant to the special fund appropriation reporting change.			29,569,417	29,569,417
Adjusted FTE positions, including the authorization of positions supported by special funds.	48.64			
Total	<u>48.64</u>	<u>\$1,564,236</u>	<u>\$29,737,827</u>	<u>\$31,302,063</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 168.90 FTE positions for Dickinson State University for the 2017-19 biennium, an increase of 48.64 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated the following one-time funding for Dickinson State University for the 2017-19 biennium:

	General Fund	Other Funds	Total
Campus operations and debt repayment (Senate Bill No. 2003)	\$7,409,626		\$7,409,626
Campus operations (House Bill No. 1015)	875,000		875,000
Total	\$8,284,626		\$8,284,626

One-Time Campus Operations and Debt Repayment Funding

The Legislative Assembly provided one-time funding to Dickinson State University for campus operations and debt repayment in Senate Bill No. 2003 and House Bill No. 1015. Section 18 of Senate Bill No. 2003 details how the funding provided in the bill is to be utilized. Senate Bill No. 2003 also allows the State Board of Higher Education to continue unexpended 2013-15 biennium appropriation for higher education challenge grants and provides for the unexpended funds to be transferred to Dickinson State University. The following is a summary of special funding provided to Dickinson State University.

Item	Amount
One-time campus operations funding, of which \$2,309,626 is related to the continuation of the higher education funding formula hold-harmless clause. (Senate Bill No. 2003)	\$4,309,626
One-time funding for the repayment of any outstanding debt of the Biesiot Activities Center. The funding may be used only if it will result in the final satisfaction of any debt associated with the facility. (Senate Bill No. 2003)	3,100,000
One-time campus operations funding. (House Bill No. 1015)	875,000
Continuation of unexpended appropriations for 2013-15 biennium challenge grants to be transferred to Dickinson State University for campus operations. (Senate Bill No. 2003)	950,000
Use of campus reserves for additional funding needed to maintain campus operations. (Senate Bill No. 2003)	2,000,000
Total	\$11,234,626

Section 19 of Senate Bill No. 2003 also requires the State Treasurer to withhold \$2.5 million of oil and gas tax allocations to the City of Dickinson and \$375,000 of oil and gas tax allocations to Stark County and deposit the withheld funds in the state general fund.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Higher education funding formula - Section 8 adjusts the base credit-hour funding rate under the higher education funding formula and provides for the reimbursement of 75 percent of the amount related to credits completed under the newly created law enforcement tuition and fee waiver program. Section 9 continues the hold-harmless provision of the formula through June 30, 2019.

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Dickinson State University funding - Section 18 provides for the uses of appropriations to Dickinson State University for one-time operation and debt repayment and prohibits the institution from discontinuing any portion of its nursing program. **(The Governor vetoed three words in this section to remove "any portion of" from the provision that the institution may not discontinue any portion of its nursing program.)**

Reallocation of oil and gas tax distributions - Section 19 requires the State Treasurer to withhold \$2.5 million of the City of Dickinson hub city oil and gas tax allocation and \$375,000 from the Stark County oil and gas production tax allocation and deposit the withheld funds in the general fund.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Theodore Roosevelt Presidential Library carryover authority - Section 24 authorizes the State Board of Higher Education to continue unexpended 2013-15 biennium appropriations for the Theodore Roosevelt Presidential Library project into the 2017-19 biennium and provides for the uses of the funds. **(The Governor vetoed a provision in this section to require a North Dakota architect to be utilized for the Theodore Roosevelt Presidential Library project.)**

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Study of nursing programs - Section 36 provides for the State Board of Higher Education to conduct a study on the organization of nursing programs at institutions under its control.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1015 - Grant to Theodore Roosevelt Center - Appropriates \$500,000 from the general fund to the Office of Management and Budget to provide a grant to the Dickinson State University Theodore Roosevelt Center for the digitization of documents.

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	210.53	\$14,306,518	\$30,307,148	\$44,613,666
2017-19 base budget	66.23	15,642,731	0	15,642,731
Legislative increase (decrease) to base budget	144.30	(\$1,336,213)	\$30,307,148	\$28,970,935

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$14,249,605	\$56,913	\$14,306,518
2015-17 adjusted legislative appropriations	15,642,731	178,619	15,821,350
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$1,393,126)	(\$121,706)	(\$1,514,832)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(8.9%)	(68.1%)	(9.6%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for University System institutions did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$2,337,692)		(\$2,337,692)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		766,659		766,659
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		177,907	\$410,407	588,314
Provided one-time funding for campus operations.		56,913		56,913

Appropriated special funds pursuant to the special fund appropriation reporting change.			29,896,741	29,896,741
Adjusted FTE positions, including the authorization of positions supported by special funds.	144.30			
Total	<u>144.30</u>	<u>(\$1,336,213)</u>	<u>\$30,307,148</u>	<u>\$28,970,935</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 210.53 FTE positions for Mayville State University for the 2017-19 biennium, an increase of 144.30 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated \$56,913 of one-time funding to Mayville State University for the 2017-19 biennium for campus operations.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

**Minot State University
Budget No. 241
Senate Bill Nos. 2003 and 2242**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	441.65	\$39,916,756	\$64,342,916	\$104,259,672
2017-19 base budget	204.10	45,536,886	0	45,536,886
Legislative increase (decrease) to base budget	237.55	(\$5,620,130)	\$64,342,916	\$58,722,786

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$39,750,979	\$165,777	\$39,916,756
2015-17 adjusted legislative appropriations	45,536,886	421,903	45,958,789
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$5,785,907)	(\$256,126)	(\$6,042,033)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(12.7%)	(60.7%)	(13.1%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for University System institutions did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$6,564,788)		(\$6,564,788)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		282,587		282,587
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		496,294	\$694,321	1,190,615
Provided one-time funding for campus operations.		165,777		165,777

Added special fund authority for campus capital projects. (Senate Bill No. 2242)			2,284,000	2,284,000
Appropriated special funds pursuant to the special fund appropriation reporting change.			61,364,595	61,364,595
Adjusted FTE positions, including the authorization of positions supported by special funds.	237.55			
Total	<u>237.55</u>	<u>(\$5,620,130)</u>	<u>\$64,342,916</u>	<u>\$58,722,786</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 441.65 FTE positions for Minot State University for the 2017-19 biennium, an increase of 237.55 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated the following one-time funding for Minot State University for the 2017-19 biennium:

	General Fund	Other Funds	Total
One-time campus operations distribution	\$165,777		\$165,777
Campus capital projects		\$2,284,000	2,284,000
Total	\$165,777	\$2,284,000	\$2,449,777

Capital Projects

The Legislative Assembly authorized the following capital projects at Minot State University for the 2017-19 biennium:

	Other Funds
Gordon B. Olson Library art center project	\$1,400,000
Herb Parker Stadium air-supported seasonal dome project	634,000
Facilities building parking lot paving and project completion	250,000
Total	\$2,284,000

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Study of nursing programs - Section 36 provides for the State Board of Higher Education to conduct a study on the organization of nursing programs at institutions under its control.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2242 - Minot State University capital projects - Appropriates \$2,284,000 of special fund authority to Minot State University for the Gordon B. Olson Library art center project (\$1,400,000), Herb Parker Stadium air-supported seasonal dome project (\$634,000), and completion of the facilities building project (\$250,000).

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

Valley City State University
 Budget No. 242
 Senate Bill Nos. 2003 and 2196

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	202.75	\$20,516,098	\$50,970,657	\$71,486,755
2017-19 base budget	105.59	23,218,126	0	23,218,126
Legislative increase (decrease) to base budget	97.16	(\$2,702,028)	\$50,970,657	\$48,268,629

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$20,429,502	\$86,596	\$20,516,098
2015-17 adjusted legislative appropriations	23,218,126	13,998,396	37,216,522
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$2,788,624)	(\$13,911,800)	(\$16,700,424)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(12.0%)	(99.4%)	(44.9%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for University System institutions did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$2,818,992)		(\$2,818,992)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(224,696)		(224,696)
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		255,064	\$297,744	552,808
Provided one-time funding for campus operations.		86,596		86,596

Added one-time funding from revenue bonds for the integrated carbon plant project. (Senate Bill No. 2196)			22,500,000	22,500,000
Appropriated special funds pursuant to the special fund appropriation reporting change.			28,172,913	28,172,913
Adjusted FTE positions, including the authorization of positions supported by special funds.	97.16			
Total	<u>97.16</u>	<u>(\$2,702,028)</u>	<u>\$50,970,657</u>	<u>\$48,268,629</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 202.75 FTE positions for Valley City State University for the 2017-19 biennium, an increase of 97.16 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated the following one-time funding for Valley City State University for the 2017-19 biennium:

	General Fund	Other Funds	Total
One-time campus operations distribution	\$86,596		\$86,596
Integrated carbon plant project (revenue bonds)		\$22,500,000	22,500,000
Total	\$86,596	\$22,500,000	\$22,586,596

Capital Project

The Legislative Assembly, in Senate Bill No. 2196, authorized the integrated carbon plant project at Valley City State University. The bill authorized the State Board of Higher Education to issue \$22.5 million of revenue bonds for the project and appropriated the bond proceeds to the institution.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2196 - Valley City State University integrated carbon plant - Authorizes the issuance of \$22.5 million of revenue bonds for the construction of an integrated carbon plant at Valley City State University.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	84.30	\$7,682,539	\$9,629,173	\$17,311,712
2017-19 base budget	46.96	8,104,457	0	8,104,457
Legislative increase (decrease) to base budget	37.34	(\$421,918)	\$9,629,173	\$9,207,255

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$7,652,945	\$29,594	\$7,682,539
2015-17 adjusted legislative appropriations	8,104,457	1,115,794	9,220,251
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$451,512)	(\$1,086,200)	(\$1,537,712)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(5.6%)	(97.3%)	(16.7%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Decreased per-credit distribution amounts through the higher education funding formula.		(\$1,216,370)		(\$1,216,370)
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		671,607		671,607
Added funding for an inflationary adjustment to provide funding for employee health insurance premium rate increases.		93,251	\$121,689	214,940
Provided one-time funding for campus operations.		29,594		29,594

Appropriated special funds pursuant to the special fund appropriation reporting change.			9,507,484	9,507,484
Adjusted FTE positions, including the authorization of positions supported by special funds.	37.34			
Total	<u>37.34</u>	<u>(\$421,918)</u>	<u>\$9,629,173</u>	<u>\$9,207,255</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The Legislative Assembly authorized 84.30 FTE positions for Dakota College at Bottineau for the 2017-19 biennium, an increase of 37.34 FTE positions from the number authorized by the 2015 Legislative Assembly. The adjustment for FTE positions reflects the authorization of positions supported by special funds and adjustments made by institutions to positions supported by the general fund.

One-Time Funding

The Legislative Assembly appropriated \$29,594 of one-time funding to Dakota College at Bottineau for the 2017-19 biennium for campus operations.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for employee health insurance premium increases.

Education challenge grants - Sections 4 and 5 continue the education challenge grant program statutory language and provide for the distribution of \$2 million of funds to eligible institutions.

Capital projects - Section 6 requires University System capital projects to conform to campus master plan and space utilization studies and requires a maintenance reserve account for projects over \$5 million. **(The Governor vetoed this section.)**

Audits of institution foundations - Section 10 limits the types of donor information that can be accessed during an audit of an institution foundation.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 15 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Transfer authority - Section 20 authorizes the State Board of Higher Education to transfer funds from an institution's operations to the institution's capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limit - Section 27 limits resident undergraduate tuition rate increases to 4 percent per year during the 2017-19 biennium. There is no limit for graduate programs or for nonresident tuition rates.

Extraordinary repairs matching funds - Section 28 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.

Reorganization of 2-year institutions study - Section 35 directs the State Board of Higher Education to study the reorganization of 2-year institutions under its control into a community and technology college system that addresses workforce and education needs of the state.

Employee reductions - Section 38 provides legislative intent that if an institution reduces FTE positions, any reductions are to be applied among all classifications of employees with emphasis on senior administrator positions. The section also requires reports to the Legislative Management regarding employee reductions, including whether any employees in an administrative position have been transferred to a different position at an institution.

Related Legislation

House Bill No. 1030 - Legislative approval of campus improvements - Increases the minimum cost of higher education campus improvements that require the consent of the Legislative Assembly or the Budget Section from \$385,000 to \$700,000 and removes the authority of the Budget Section to approve the construction of any new building or any addition to a building under the control of the State Board of Higher Education.

Senate Bill No. 2193 - Jurisdiction of University System campus law enforcement officers - Clarifies the areas of jurisdiction for campus police officers at institutions that have a campus police department.

Senate Bill No. 2295 - Open records exemption for research and federal Title IX records - Provides an exemption from state open records laws for certain research information and federal Title IX records at University System institutions.

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	27.00	\$4,426,427	\$10,650,748	\$15,077,175
2017-19 base budget	28.96	4,679,830	1,650,000	6,329,830
Legislative increase (decrease) to base budget	(1.96)	(\$253,403)	\$9,000,748	\$8,747,345

NOTE: The 2017-19 biennium legislative appropriations reflect a change in reporting methods for North Dakota University System FTE positions and includes the appropriation of certain special funds. See the **FTE Positions and Special Funds Appropriations Reporting Change** section below for additional information.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$4,426,427	\$0	\$4,426,427
2015-17 adjusted legislative appropriations	4,679,830	0	4,679,830
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$253,403)	\$0	(\$253,403)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(5.4%)	0.0%	(5.4%)

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Forest Service did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$25,929	\$70,620	\$96,549
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,240.83 per month.		71,675		71,675
Restored 2015-17 biennium budget reductions made in response to the August 2016 special legislative session.		328,014		328,014
Removed 1.96 FTE positions.	(1.96)	(258,332)		(258,332)
Reduced funding for travel.		(86,686)		(86,686)

Adjusted funding for operating expenses.	(227,922)	250,000	22,078
Reduced funding from the general fund by 2.5 percent.	(114,599)		(114,599)
Reduced funding for equipment.	(9,000)	(23,307)	(32,307)
Adjusted funding for extraordinary repairs.	17,518	(29,753)	(12,235)
Appropriated special funds pursuant to the special fund appropriation reporting change.		8,733,188	8,733,188
Total	<u>(1.96)</u>	<u>(\$253,403)</u>	<u>\$9,000,748</u>

FTE Positions and Special Funds Appropriations Reporting Change

The 2017-19 biennium legislative appropriations include authorization of all FTE positions for institutions and entities under the control of the State Board of Higher Education, including positions supported by special funds. Previously, only FTE positions supported by the general fund were authorized. The 2017-19 biennium legislative appropriations also include appropriation authority of all special funds received by the University System office and institutions. Previously, special funds appropriations for the University System office and institutions were provided only for certain items, such as capital projects.

FTE Changes

The 2017-19 biennium appropriation includes funding for 27 FTE positions, a decrease of 1.96 FTE positions from the 2015-17 biennium authorized level of 28.96 FTE positions. Section 21 of 2017 Senate Bill No. 2003 continues the authorization of the State Board of Higher Education to adjust FTE positions at institutions or entities under its control, subject to the availability of funds.

Other Sections in Senate Bill No. 2003

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Carryover authority - Section 12 continues the authorization through July 31, 2019, for entities under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Additional income - Section 14 appropriates all funds from federal, private, and other sources for competitive grants or other funds the Legislative Assembly has not indicated the intent to reject, received by the institutions and entities under the control of the State Board of Higher Education.

Transfer authority - Section 20 provides that the State Board of Higher Education may transfer funds from an entity's operations line item to the capital assets line item.

FTE positions - Section 21 authorizes the State Board of Higher Education to adjust FTE positions as needed for institutions and entities under its control.

SECTION G - HUMAN SERVICES

OVERVIEW	G-1
DEPARTMENT OF HUMAN SERVICES - MANAGEMENT DIVISION	G-2
DEPARTMENT OF HUMAN SERVICES - PROGRAM AND POLICY DIVISION	G-3
DEPARTMENT OF HUMAN SERVICES - FIELD SERVICES DIVISION	G-7
DEPARTMENT OF HUMAN SERVICES - COUNTY SOCIAL SERVICES FINANCING	G-9
DEPARTMENT OF HUMAN SERVICES - LEGISLATIVE CHANGES	G-11

DEPARTMENT OF HUMAN SERVICES - SUMMARY

DEPARTMENTWIDE

Total funding - The schedule below provides a comparison of funding for the Department of Human Services for the 2017-19 biennium compared to the 2015-17 biennium adjusted appropriation.

Department of Human Services Total	2015-17 Biennium Adjusted Appropriation			2017-19 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total ¹	Ongoing	One-Time	Total	Ongoing	One-Time	Total
Total all funds	\$3,462,094,882	\$64,962,269	\$3,527,057,151	\$3,482,612,132	\$430,500,000	\$3,913,112,132	\$20,517,250	\$365,537,731	\$386,054,981
Less estimated income	2,199,169,861	46,870,102	2,246,039,963	2,169,380,782	404,500,000	2,573,880,782	(29,789,079)	357,629,898	327,840,819
General fund FTE	\$1,262,925,021 2,211.08	\$18,092,167	\$1,281,017,188 2,211.08	\$1,313,231,350 2,162.23	\$26,000,000	\$1,339,231,350 2,162.23	\$50,306,329 (48.85)	\$7,907,833	\$58,214,162 (48.85)

¹The total 2015-17 biennium adjusted appropriation amount of \$3,527,057,151 does not include deficiency appropriations. Section 11 of House Bill No. 1012 provides a deficiency appropriation of \$9 million from federal funds and Section 1 of House Bill No. 1024 provides a deficiency appropriation of \$9 million from the strategic investment and improvements fund for the 2015-17 biennium. Section 12 of House Bill No. 1012 provides a deficiency appropriation of \$834,020, including \$417,010 from the general fund, and Section 13 of House Bill No. 1012 provides a deficiency appropriation of \$200,000 from the general fund for the 2015-17 biennium.

Departmentwide allocations - The Legislative Assembly identified the following items for the department to further analyze and then to reallocate departmentwide based on the results of the department's analysis.

Departmentwide Adjustments	FTE Positions	2017-19 Biennium Appropriation Increases (Decrease) ¹		
		General Fund	Other Funds	Total
Full-time equivalent (FTE) position reductions	(33.00)	(\$3,127,902)	(\$1,921,098)	(\$5,049,000)
Adjustment for operating expenses pursuant to Section 31 of 2017 House Bill No. 1012		650,000		650,000
Total 2017-19 Biennium Appropriation - Departmentwide adjustments	(33.00)	(\$2,477,902)	(\$1,921,098)	(\$4,399,000)

¹Any adjustments that were identified as departmentwide allocations were adjusted within the Management Division of the department's 2017-19 biennium budget.

Anticipated salary savings - The Legislative Assembly reduced salaries and wages funding by \$5,278,396 from the general fund in anticipation of savings from vacant positions and employee turnover during the 2017-19 biennium. The total reductions relating to anticipated salary savings are:

	General Fund
State Hospital	\$1,773,549
Life Skills and Transition Center	254,348
Human Service Centers:	
Northwest Service Center	374,104
North Central Human Service Center	497,644
Lake Region Human Service Center	266,821
Northeast Human Service Center	228,342
Southeast Human Service Center	669,690
South Central Human Service Center	346,775
West Central Human Service Center	567,814
Badlands Human Service Center	299,309
Subtotal - Human service centers	\$3,250,499
Total reduction	\$5,278,396

Federal medical assistance percentage (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.

Federal Fiscal Year	North Dakota's FMAP	North Dakota's Enhanced FMAP
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% (actual)	N/A
2015	50.00% (actual)	N/A
2016	50.00% (actual)	N/A
2017	50.00% (actual)	N/A
2018	50.00% (estimate)	N/A
2019	50.00% (estimate)	N/A

Medicaid Expansion - State share percentage change - The Legislative Assembly provided \$17,856,559 from the general fund for a reduction in federal matching for Medicaid Expansion from 95 to 94 percent beginning January 2018, and from 94 to 93 percent beginning January 2019. The schedule below presents the in federal matching percentage for Medicaid Expansion:

Calendar Year	Percentage of Medicaid Expansion Paid by Federal Government
2016	100%
2017	95%
2018	94%
2019	93%
After 2019	90%

Medicaid Expansion - State share for continuation of commercial rates - The Legislative Assembly provided a total of \$226 million, of which \$13.3 million is from the tobacco prevention and control trust fund, to continue the Medicaid Expansion program as managed care at commercial rates. Section 16 of 2017 House Bill No. 1012 provided legislative intent for the funding to be used for establishing the provider fee schedule at the maximum level possible without exceeding the current levels of reimbursement of the Medicaid expansion contracted providers.

MANAGEMENT

Management - The schedule below provides a comparison of funding for the Management Division of the Department of Human Services for the 2017-19 biennium compared to the 2015-17 biennium adjusted appropriation.

Management	2015-17 Biennium Adjusted Appropriation			2017-19 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
Salaries and wages	\$28,049,386		\$28,049,386	\$26,280,139		\$26,280,139	(\$1,769,247)		(\$1,769,247)
Operating expenses	87,542,966		87,542,966	116,315,826	\$43,800,000	160,115,826	28,772,860	\$43,800,000	72,572,860
Capital assets	26,000		26,000				(26,000)		(26,000)
Eligibility system project		\$60,872,269	60,872,269	204,000		204,000	204,000	(60,872,269)	(60,668,269)
Total all funds	\$115,618,352	\$60,872,269	\$176,490,621	\$142,799,965	\$43,800,000	\$186,599,965	\$27,181,613	(\$17,072,269)	\$10,109,344
Less estimated income	71,324,758	46,860,102	118,184,860	85,679,558	43,800,000	129,479,558	14,354,800	(3,060,102)	11,294,698
General fund	\$44,293,594	\$14,012,167	\$58,305,761	\$57,120,407	\$0	\$57,120,407	\$12,826,813	(\$14,012,167)	(\$1,185,354)

The Management Division includes administration and information technology services. The Legislative Assembly made adjustments to the 2017-19 biennium level, including:

Salaries and wages - The Legislative Assembly reduced funding by \$1,769,247 relating to:

Management - Salaries and Wages	2017-19 Biennium Appropriation Increases (Decreases)
Divisional transfers pursuant to Section 3 of 2015 Senate Bill No. 2012	\$1,950,361
Remove 33 FTE positions departmentwide	(5,049,000)
Employee health insurance premium rate increases to reflect the updated premium amount of \$1,241 per month	506,927
Base payroll adjustments from the 2015-17 biennium	999,777
Staff overtime	(346,553)
Other adjustments	169,241
Total 2017-19 biennium appropriation - Management - Salaries and wages	(\$1,769,247)

Operating expenses - The Legislative Assembly provided increased funding of \$28,772,860 relating to:

Management - Operating Expenses	2017-19 Biennium Appropriation Increases (Decreases)
Divisional transfers pursuant to Section 3 of 2015 Senate Bill No. 2012	(\$13,292)
Adjust operating expenses, including departmentwide allocation of \$650,000, Management and Program and Policy Divisions allocation of (\$500,000), and a Management Division adjustment of \$1,144,667	1,294,667
Other adjustments	(195,817)
Administration	
Continued program changes and operating expenses, including \$1,118,568 for potential litigation fees relating to the constitutionality of laws and practices for treatment of sex offenders, and relating to a complaint filed with the federal Department of Justice for failure to provide adequate mental health supports and services to comply with the federal Supreme Court ruling in the 1999 <i>Olmstead v. L.C.</i> case	1,076,984
Information Technology Services	
Continued program changes and operating expenses, including adjustments of \$5,767,011 for Information Technology Department data processing, \$14,101,460 for consulting fees relating to postproduction support, and \$3,924,850 for support relating to electronic health records at regional human service centers	26,610,318
Total 2017-19 biennium appropriation - Management - Operating expenses	\$28,772,860

One-time funding - The Legislative Assembly provided one-time funding of \$43.8 million, of which \$3 million is from a federal temporary assistance for needy families (TANF) incentive grant for a child care licensing system, and \$40.8 million is from Medicaid funding provided through the Centers for Medicare and Medicaid Services--Medicaid advanced planning document and 10 percent state matching funds for a health information technology and care coordination system.

Capital assets - The Legislative Assembly removed funding of \$26,000 from the general fund that was appropriated in the 2015-17 biennium for capital assets relating to the Information Technology Division.

Eligibility system project - The Legislative Assembly provided funding of \$204,000 relating to audits and outreach for the electronic health records incentive program, which includes a divisional transfer of \$80,686 pursuant to Section 3 of 2015 Senate Bill No. 2012, and removed one-time funding of \$60,872,269 from the 2015-17 biennium relating to modification of the department's eligibility systems.

PROGRAM AND POLICY

Program and policy - The schedule below provides a comparison of funding for the program and policy division of the Department of Human Services for the 2017-19 biennium compared to the 2015-17 biennium adjusted appropriation.

Program and Policy	2015-17 Biennium Adjusted Appropriation			2017-19 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
Salaries and wages	\$58,102,898		\$58,102,898	\$62,782,944		\$62,782,944	\$4,680,046		\$4,680,046
Operating expenses	107,383,843		107,383,843	125,449,436		125,449,436	18,065,593		18,065,593
Capital assets		\$10,000	10,000	10,000		10,000	10,000	(\$10,000)	
Grants	457,953,280	80,000	458,033,280	441,420,827		441,420,827	(16,532,453)	(80,000)	(16,612,453)
Grants - Medical assistance	2,384,560,568		2,384,560,568	2,373,678,247	\$226,000,000	2,599,678,247	(10,882,321)	226,000,000	215,117,679
Total all funds	\$3,008,000,589	\$90,000	\$3,008,090,589	\$3,003,341,454	\$226,000,000	\$3,229,341,454	(\$4,659,135)	\$225,910,000	\$221,250,865
Less estimated income	1,995,024,801	10,000	1,995,034,801	1,945,157,519	226,000,000	2,171,157,519	(49,867,282)	225,990,000	176,122,718
General fund	\$1,012,975,788	\$80,000	\$1,013,055,788	\$1,058,183,935	\$0	\$1,058,183,935	\$45,208,147	(\$80,000)	\$45,128,147

The program and policy division of the department includes economic assistance, child support, medical services, long-term care, aging services, children and family services, mental health and substance abuse program, developmental disabilities council, developmental disabilities, and vocational rehabilitation services. The Legislative Assembly made adjustments to the 2017-19 biennium base level, including:

Salaries and wages - The Legislative Assembly provided increased funding of \$4,680,046 relating to:

Program and Policy - Salaries and Wages	2017-19 Biennium Appropriation Increases (Decreases)
Divisional transfers pursuant to Section 3 of 2015 Senate Bill No. 2012	\$949,051
1 FTE position for specialized services for individuals with developmental disabilities	196,081
1 FTE position for administering Indian Health Services programs	153,000
Employee health insurance premium rate increases to reflect the updated premium amount of \$1,241 per month	975,241
Justice reinvestment initiative (Senate Bill No. 2015)	1,013,038
Base payroll adjustments from the 2015-17 biennium	1,431,439
Staff overtime	(104,122)
Other adjustments	66,318
Total 2017-19 biennium appropriation - Program and policy - Salaries and wages	\$4,680,046

Operating expenses - The Legislative Assembly provided increased funding of \$18,065,593 relating to:

Program and Policy - Operating Expenses	2017-19 Biennium Appropriation Increases (Decreases)
Divisional transfers pursuant to Section 3 of 2015 Senate Bill No. 2012 ³	\$2,937,495
Continued program changes	5,139,239
Economic Assistance	
Pilot project relating to expansion of employment and training programs ³	727,650
Alternatives to abortion services programs to provide a total of \$600,000 ²	100,000
Medical Services	
Medicare Part D "clawback" payments to provide a total of \$40,361,496 ³	7,819,983
Aging Services	
Vulnerable adult contracts ³	310,792
Children and Family Services	
Restoration of child care inclusion grants ¹	100,000
Restoration of child care inclusion specialists funding ¹	200,000
Behavioral Health Services	
Robinson Recovery Center to provide a total of \$2,303,920 ¹	237,500
Compulsive gambling services to provide a total of \$627,980 ³	(237,673)
Parent's LEAD program to provide a total of \$100,000 ¹	(131,000)

Tobacco prevention programs from the tobacco prevention and control trust fund ³	75,000
Children's prevention and early intervention behavioral health services pilot project (House Bill No. 1040) ³	150,000
Justice reinvestment initiative (Senate Bill No. 2015) ³	577,495
Developmental Disabilities	
Experienced Parent program ³	260,000
Family subsidy program ¹	(312,888)
Corporate guardianship services ¹	112,000
Total 2017-19 biennium appropriation - Program and policy - Operating expenses	\$18,065,593

¹The source of funding is 100 percent from the general fund.
²The source of funding is 100 percent from federal funds.
³The source of funding may include a combination of state, federal, or other funds.

Capital Assets - The Legislative Assembly provided increased funding of \$10,000 of federal funds relating to the Developmental Disabilities Division for a tympanometry machine.

Grants - The Legislative Assembly adjusted funding of (\$16,532,453) relating to:

Program and Policy - Grants	2015-17 Biennium Adjusted Appropriation	Increase (Decrease)	2017-19 Biennium Adjusted Appropriation
Divisional transfers pursuant to Section 3 of 2015 Senate Bill No. 2012	\$2,274,752	(\$2,274,752)	\$0
Other adjustments	(288,284)	1,062,019	773,735
Aging Services			
Assistive technology services ³	590,000		590,000
Senior companion program ²	150,000	17,000	167,000
Dementia care services ¹	1,200,000	(150,000)	1,050,000
Senior employment services ²	1,000,596	(2,276)	998,320
Preventive health services ²	196,496	(19,650)	176,846
Lifespan respite care program ²		200,000	200,000
Behavioral Health Services			
Voluntary treatment program ³	533,440		533,440
Substance use disorder voucher program ^{1,4}	375,000	2,404,159	2,779,159
Parent-to-parent services ¹		75,000	75,000
Justice reinvestment initiatives (Senate Bill No. 2015) ³		5,909,467	5,909,467
Peer-to-peer support services (House Bill No. 1040) ¹	75,000	100,000	175,000
Family-to-family support services (House Bill No. 1040) ¹	75,000	100,000	175,000
Developmental Disabilities Council			
Grant awards ²	530,442	28,712	559,154
Children and Family Services			
Child care licensing payments to counties ³	1,020,086	(809,744)	210,342
Child abuse and neglect assessment payments to counties ³	7,715,605	(5,606,340)	2,109,265
Subsidized adoption ³	26,367,715	5,455,319	31,823,034
Foster care maintenance ³	78,320,767	6,209,609	84,530,376
Foster care services ³	2,978,519	560,902	3,539,421
Foster care therapeutic ³	7,393,942	1,143,326	8,537,268
Subsidized guardianship ³	985,435	(111,167)	874,268
Child abuse and prevention ³	2,360,056		2,360,056
Independent living programs ²	1,008,472		1,008,472
Refugee payments ²	2,523,054	167,898	2,690,952
Child care quality ³	5,567,394	1,050,000	6,617,394

Reimbursements to counties ³	18,042,097	(14,612,757)	3,429,340
Tribal - Federal tribal IV-E reimbursements ²	873,864	399,868	1,273,732
Family preservation grants ³	7,836,458	(4,255,859)	3,580,599
Training child welfare professionals and foster parents ³	1,910,392	200,000	2,110,392
Foster care administration grants to tribes and the Department of Corrections and Rehabilitation ³	1,164,312	49,123	1,213,435
Transfer - Head start program to the Department of Public Instruction ³	263,637	(263,637)	0
Other children and family services grants ³	831,422	(97,499)	733,923
Economic Assistance			
TANF ³	10,804,528	(2,641,888)	8,162,640
Child care assistance ³	26,674,433	(4,399,914)	22,274,519
Kinship care ²	905,839	363,123	1,268,962
Supplemental nutrition assistance program (SNAP) ²	164,923,407	6,282,077	171,205,484
Low income home energy assistance program (LIHEAP) ²	51,135,874	(17,279,829)	33,856,045
Indian county allocation ¹	5,942,875	(4,312,911)	1,629,964
TANF transportation and support services ²	3,302,110	(400,186)	2,901,924
SNAP training, outreach, and nutrition education ²	2,583,990	(198,110)	2,385,880
LIHEAP weatherization, outreach, and case management ²	2,035,000	6,752,772	8,787,772
Justice reinvestment initiatives for temporary assistance (House Bill No. 1041) ³		1,643,701	1,643,701
Long-term Care Services			
10 additional autism voucher slots ¹		250,001	250,001
Vocational Rehabilitation Services			
Client assistance services ²	236,540	24,294	260,834
Assistive technology services ³	1,233,677	169,371	1,403,048
Case services to consumers ³	6,400,000	2,063,645	8,463,645
Benefits planner services ³	225,000	25,000	250,000
Independent living services ³	2,359,686		2,359,686
Consultant exams and medical records for disability determination services (DDS) claims ³	2,714,925	(814,925)	1,900,000
Supported employment services ²	2,100,000	(798,994)	1,301,006
Other vocational rehabilitation services grants ³	499,727	(188,401)	311,326
Total grants	\$457,953,280	(\$16,532,453)	\$441,420,827

¹The source of funding is 100 percent from the general fund.

²The source of funding is 100 percent from federal funds.

³The source of funding may include a combination of state, federal, or other funds.

⁴Section 13 of 2017 House Bill No. 1012 provides an additional appropriation of \$200,000 from the general fund for the 2015-17 biennium for the substance use disorder program. Section 14 provides legislative intent for the department to include medication assisted treatment as an allowable service under the substance use disorder program.

Medical Assistance Grants - The Legislative Assembly provided increased funding of \$215,117,679 relating to:

Program and Policy - Grants	2015-17 Biennium Adjusted Appropriation	Increase (Decrease)	2017-19 Biennium Adjusted Appropriation
Divisional transfers pursuant to Section 3 of 2015 Senate Bill No. 2012 ³	(\$176,171)	\$176,171	
August 2016 special legislative session budget reductions ¹	(29,304,035)	29,304,035	
Developmental Disabilities			
Family subsidy ¹	317,832	(317,832)	
Intermediate care facility for intellectually disabled ³	170,154,275	14,147,438	\$184,301,713
Home and community-based services ³	378,293,926	35,095,896	413,389,822
Developmental disabilities funding buckets ³	9,479,776	(140,048)	9,339,728
Specialized services waiver		500,000	500,000
DDS anticipated cost and caseload savings		(8,000,001)	(8,000,001)

Long-term Care			
Nursing facilities ^{3,4}	514,016,203	46,791,454	560,807,657
Basic care ^{3,5}	35,706,935	5,555,358	41,262,293
Home- and community-based services ^{3,6}	84,065,913	6,052,571	90,118,484
Autism waiver ^{3,6}	5,795,847	(5,795,847)	
Community of care ¹	120,000		120,000
Personal needs allowance ¹	193,200		193,200
Medical Services⁷			
Inpatient hospital ³	186,470,892	(4,739,868)	181,731,024
Outpatient hospital ³	84,277,208	10,073,226	94,350,434
Physician services ³	130,679,192	(40,147,349)	90,531,843
Drugs ³	42,401,666	9,904,969	52,306,635
Dental services ³	29,474,584	2,108,900	31,583,484
Premiums ³	25,667,212	7,762,575	33,429,787
Psychiatric residential treatment facilities ³	25,615,188	6,791,844	32,407,032
Durable medical equipment ³	10,353,608	408,830	10,762,438
Autism spectrum disorder		18,251,750	18,251,750
Ambulance services ³	9,332,120	1,703,904	11,036,024
Indian health service ²	33,449,983	422,454	33,872,437
Medicaid expansion ^{3,8}	541,804,955	91,447,503	633,252,458
Other services ³	75,895,335	(7,348,307)	68,547,028
Healthy steps ³	20,474,924	(4,891,947)	15,582,977
Total medical services grants	\$2,384,560,568	\$215,117,679	\$2,599,678,247

¹The source of funding is 100 percent from the general fund.

²The source of funding is 100 percent from federal funds.

³The source of funding may include a combination of state, federal, or other funds.

⁴Section 12 of 2017 House Bill No. 1012 provides an appropriation of \$934,020, of which \$417,010 is from the general fund, for the 2015-17 biennium for rebasing, operating margins, and incentives.

⁵Section 15 of 2017 House Bill No. 1012 provides legislative intent for any restoration of basic care provider rates to be prioritized first to operating margin, then medical leave days, and then increase to limits.

⁶Autism waivers and autism vouchers are now included under the Long-term Care Division's home- and community-based services medical assistance grants. The total amount appropriated for the 2017-19 biennium is \$3,363,979 for autism waivers, and \$1,325,009 for autism vouchers.

⁷Section 18 of 2017 House Bill No. 1012 provides legislative intent for the department to establish requisite agreements with tribal health care organizations that will result in 100 percent federal funding for eligible medical assistance provided to American Indians through care coordination agreements.

⁸Includes one-time funding of \$226 million, of which \$13.3 million is from the tobacco prevention and control trust fund, relating to continuing the Medicaid Expansion program as managed care at commercial rates.

One-time funding - The Legislative Assembly provided one-time funding of \$226 million, of which \$13.3 million is from the tobacco prevention and control trust fund, relating to continuing the Medicaid Expansion program as managed care at commercial rates.

FIELD SERVICES

Field Services - The schedule below provides a comparison of funding for the field services division of the Department of Human Services for the 2017-19 biennium compared to the 2015-17 biennium adjusted appropriation.

Field Services	2015-17 Biennium Adjusted Appropriation			2017-19 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
Human service centers	\$198,888,443		\$198,888,443	\$196,049,489		\$196,049,489	(\$2,838,954)		(\$2,838,954)
Institutions	139,587,498	\$4,000,000	143,587,498	140,421,224		140,421,224	833,726	(\$4,000,000)	(3,166,274)
Total all funds	\$338,475,941	\$4,000,000	\$342,475,941	\$336,470,713		\$336,470,713	(\$2,005,228)	(\$4,000,000)	(\$6,005,228)
Less estimated income	132,820,302		132,820,302	138,543,705		138,543,705	5,723,403		5,723,403
General fund	\$205,655,639	\$4,000,000	\$209,655,639	\$197,927,008		\$197,927,008	(\$7,728,631)	(\$4,000,000)	(\$11,728,631)

The field services division includes the State Hospital, Life Skills and Transition Center, and the human service centers. The Legislative Assembly made adjustments to the 2017-19 base level, including:

Human Service Centers - The Legislative Assembly reduced funding by \$2,838,954 relating to:

Field Services - Human Service Centers	2017-19 Biennium Appropriation Increases (Decreases)
Divisional transfers pursuant to Section 3 of 2015 Senate Bill No. 2012	(\$991,858)
Employee health insurance premium rate increases to reflect the updated premium amount of \$1,241 per month	2,303,365
Base payroll adjustments from the 2015-17 biennium	3,889,699
Staff overtime	(1,047,367)
Anticipated salary savings from vacant positions and employee turnover	(3,250,499)
Continued program changes and operating expenses, including a reduction of residential services and other grants (\$1,162,876), inflationary increases and additional space relating to building rentals \$350,456, reductions to travel (\$552,360), and other adjustments (\$16,007)	(1,380,787)
Grant cost and caseload, which includes a reduction of \$2,708,486 for inpatient hospitalization crisis care services contracts, and an increase of \$307,379 for other crisis care service contracts, including medical detoxification and mobile on-call crisis services contracts	(2,401,107)
Extraordinary items relating to building repairs	39,600
Total 2017-19 biennium appropriation - Field services - Human service centers	(\$2,838,954)

Institutions - The Legislative Assembly provided increased funding of \$833,726 relating to:

Field Services - Institutions	2017-19 Biennium Appropriation Increases (Decreases)
Divisional transfers pursuant to Section 3 of 2015 Senate Bill No. 2012	(\$2,813,862)
Employee health insurance premium rate increases to reflect the updated premium amount of \$1,241 per month	2,128,920
Base payroll adjustments from the 2015-17 biennium	(773,358)
Staff overtime	(334,225)
Anticipated salary savings from vacant positions and employee turnover	(2,027,897)
Continued program changes and operating expenses, including adjustments at the Life Skills and Transition Center for utility increases \$613,079 and repairs \$142,940; repairs at the State Hospital \$367,539; and other adjustments \$1,531,160	2,654,718
Extraordinary items	1,376,367
Equipment over \$5,000	623,063
Total 2017-19 biennium appropriation - Field services - Institutions	\$833,726

One-time funding - The Legislative Assembly removed one-time funding of \$4 million from the general fund from the 2015-17 biennium relating to heating plant repairs and upgrades at the State Hospital (\$1,156,000) and the Life Skills and Transition Center (\$75,000), window replacement at a domestic violence shelter at the Life Skills and Transition Center (\$44,000), equipment over \$5,000 at the State Hospital (\$275,000) and the Life Skills and Transition Center (\$200,000), and extraordinary repairs at the State Hospital (\$1 million) and the Life Skills and Transition Center (\$1.25 million).

COUNTY SOCIAL SERVICES FINANCING

County social services financing pilot program summary - The county social services financing division was created as a result of 2017 Senate Bill No. 2206. The bill eliminates the 20-mill county levy authority for human services purposes and creates a new section to North Dakota Century Code Chapter 50-34 to establish a state-paid economic assistance and social service pilot program that requires:

- The Department of Human Services to administer a statewide pilot program for state funding of staffing and administrative costs related to the administration of economic assistance and social service programs;
- Payments to be distributed to service areas pursuant to a funding formula established in Section 50-34-04;
- Services areas to comply with the Department of Human Services to adopt administrative and operational cost-savings methodologies and to determine options for consolidations;
- The Director of the Department of Human Services to appoint a committee to study the operation of the pilot program and to develop a plan for permanent implementation of the funding formula; and
- The Department of Human Services to provide a report to the Legislative Management regarding the status of the pilot program and the development of a plan for permanent implementation of the funding formula, including recommendations for caseloads and outcomes for social series; designated child welfare services and economic assistance; considerations regarding the delivery of county social services to ensure appropriate and adequate levels of service continue; options for efficiencies and aggregations; analysis of the potential reduction in social service offices, organizations, and staff due to consolidations; the feasibility and desirability of, and potential timeline for, transitioning county social service staff to the Department of Human Services; and considerations for oversight and chain of command within social services and human services.

The funding formula that is established in Section 50-34-04:

- Calculates the per-case base rate for economic assistance and social service formula payments by dividing a service area's 2015 net expenditures by the service area's 2015 case-month numbers for both types of cases.

For purposes of the formula, a service area's "net expenditures" for each case type are determined by adding the actual amount expended by a service area in 2015 for staffing and administrative costs to an amount equal to 25 percent of a service area's federally allowable indirect costs and subtracting from the resulting amount the amount paid to the service area in 2015 for services reimbursed by medical assistance.

- Calculates the remaining amount due to a service area on or before June 15, 2018, by multiplying the service area's per-case base rates by the number of case-months report for 2017 for each case type.

If the recalculated amount results in no greater than a 5 percent increase or a 5 percent decrease as compared to the amount calculated using 2016 case-month data, the service area will receive the remaining half of the service area's formula payment as calculated at the beginning of the year.

If the recalculated amount result in an amount that exceeds 105 percent of the amount calculated at the beginning of the year, or is less than 95 percent of the amount calculated at the beginning of the year, the service area will receive an upward or downward adjustment in its June 15 formula payment to account for any change falling outside of the 5 percent increase or decrease threshold.

The same calculation would be used for the June 15, 2019, formula payment, with the exception of using 2018 case-month data.

- Allows adjustments to be made to a service area's formula payment if a service area fails to perform duties directed or assigned and supervised by the Department of Human Services or allows amounts to be deducted from a service area's June 15, 2019, formula payment if the balance of the service area's human services fund exceeds the allowable maximum carryforward balance as of January 1, 2019.

County social services financing pilot program funding - The Legislative Assembly provided one-time funding of \$160.7 million for the county social services financing pilot program. Of this amount, \$134.7 million is from the social service financing fund, appropriated in 2017 Senate Bill No. 2206, and \$26 million is from the general fund appropriated in 2017 House Bill No. 1012. Senate Bill No. 2206 provides for a transfer of \$134.7 million from the tax relief fund to the social services finance fund during the 2017-19 biennium.

The schedule below details funding for the county social services financing division of the Department of Human Services for the 2017-19 biennium:

County Social Services Financing	2015-17 Biennium Adjusted Appropriation			2017-19 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
County social services financing					\$160,700,000	\$160,700,000		\$160,700,000	\$160,700,000
Total all funds					\$160,700,000	\$160,700,000		\$160,700,000	\$160,700,000
Less estimated income					134,700,000	134,700,000		134,700,000	134,700,000
General fund					\$26,000,000	\$26,000,000		\$26,000,000	\$26,000,000

Department of Human Services

Budget No. 325

House Bill Nos. 1012, 1015, 1038, 1040, and 1041; Senate Bill Nos. 2015 and 2206

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	2,162.23	\$1,339,231,350	\$2,573,880,782	\$3,913,112,132
2017-19 base budget	2,211.08	1,262,925,021	2,199,169,861	3,462,094,882
Legislative increase (decrease) to base budget	(48.85)	\$76,306,329	\$374,710,921	\$451,017,250

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$1,313,231,350	\$26,000,000	\$1,339,231,350
2015-17 adjusted legislative appropriations	1,262,925,021	18,709,177 ¹	1,281,634,198 ¹
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$50,306,329	\$7,290,823	\$57,597,152
Percentage increase (decrease) to 2015-17 adjusted appropriations	4.0%	39.0%	4.5%

¹The 2015-17 biennium general fund appropriations reflect general fund deficiency appropriations of \$617,000 made in House Bill No. 1012. See the **Deficiency Appropriations** section below for additional information.

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Departmentwide				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.	(23.85)	(\$7,417,300)	\$13,084,171	\$5,666,871
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		4,962,381	952,072	5,914,453
Reduced funding for staff overtime.		(1,082,857)	(749,410)	(1,832,267)
Reduced departmentwide FTE positions.	(33.00)	(3,127,902)	(1,921,098)	(5,049,000)
Adjusted departmentwide funding for operating expenses.		1,920,723	(1,126,056)	794,667
Transferred the Head Start program from the Department of Human Services (DHS) to the Department of Public Instruction.		(4,900)	(261,137)	(266,037)

Management

	Administration		
Restored funding relating to 2015-17 biennium budget reductions.	161,283		161,283
Adjusted funding for continued program changes.	1,191,459	(113,803)	1,077,656
	Information Technology		
Adjusted funding for continued program changes.	8,406,264	18,211,092	26,617,356
Adjusted for funding source changes.	366,888	(366,888)	0
Removed funding for equipment and software over \$5,000.	(13,000)	(13,000)	(26,000)
Added one-time funding, from the temporary assistance for needy families (TANF) incentive grant, for a child care licensing system.		3,000,000	3,000,000
Added one-time funding, from federal Medicaid funding provided through the Centers for Medicare and Medicaid Services--Medicaid advanced planning document and 10 percent state matching funds, for a health information technology and care coordination system. The 10 percent matching funds are anticipated to be generated from billing providers, payers, and from the electronic health information exchange fund.		40,800,000	40,800,000

Program and Policy Division

	Economic Assistance Policy - Grants		
Adjusted funding for continued program changes.	(97,243)	6,013,065	5,915,822
Restored funding relating to 2015-17 biennium budget reductions.	34,015		34,015
Reduced funding for operating expenses.	(28,667)	(82,494)	(111,161)
Adjusted funding for child care assistance eligibility.	(2,160,357)	(578,229)	(2,738,586)
Adjusted funding for grant cost and caseload changes.	(1,784,525)	(12,445,945)	(14,230,470)
Adjusted for funding source changes.	69,767	(69,767)	0
Added funding for a pilot project relating to employment and training programs.	173,250	554,400	727,650
Adjusted funding for county social services financing, relating to Indian country allocation payment changes effective January 1, 2018, as a result of implementing a state-paid economic assistance and social services pilot program pursuant to 2017 Senate Bill No. 2206, to provide a total of \$1,629,964 for the first 6 months of the 2017-19 biennium.	(5,020,286)		(5,020,286)
Added federal TANF funds for alternatives to abortion services to provide a total of \$600,000.		100,000	100,000

Added funding for additional cost and caseload changes relating to the supplemental nutrition assistance program and the TANF program (House Bill No. 1041).	110,916	1,532,785	1,643,701
--	---------	-----------	-----------

Child Support Enforcement

Adjusted funding for continued program changes.	(152,764)	(128,949)	(281,713)
Restored funding relating to 2015-17 biennium budget reductions.	58,741		58,741
Reduced funding for operating expenses.	(21,482)	(56,996)	(78,478)
Reduced funding for overtime.	(15,305)	(28,968)	(44,273)

Medical Services

Adjusted funding for continued program changes.	864,283	539,155	1,403,438
Restored funding related to 2015-17 biennium budget reductions.	88,828		88,828
Restored funding related to 2015-17 biennium budget reductions - Cost and caseload changes.	4,610,087		4,610,087
Reduced funding for operating expenses.	(17,710)	(19,990)	(37,700)
Adjusted professional fee schedule to 100 percent of Medicare and policy changes.	(10,612,966)	(24,189,744)	(34,802,710)
Adjusted funding for grant cost and caseload changes.	20,989,553	(109,028,047)	(88,038,494)
Adjusted for funding source changes.	431,372	(431,372)	0
Federal medical assistance percentage changes.	17,233,048	(17,233,048)	0
Added funding to increase age of autism waiver through 11 years of age.	183,647	183,647	367,294
Adjusted physical, occupational, and speech therapy rates to the level approved during the 2015 session.	468,630		468,630
Adjusted Part B premium increase.	(1,700,941)	(1,915,238)	(3,616,179)
Reduced funding for autism spectrum disorder program to provide a total of \$18,251,750.	(1,000,000)	(1,000,000)	(2,000,000)
Adjusted funding for qualified service provider vendor contracts leaving a total of \$1,445,157.	(153,827)	(52,624)	(206,451)
Added funding for Medicare clawback payments to provide a total of \$40,361,496.	7,819,983		7,819,983
Adjusted funding for county social services financing, relating to traditional Medicaid grants effective January 1, 2018, as a result of implementing a state-paid economic assistance and social services pilot program pursuant to 2017 Senate Bill No. 2206, leaving a total of \$6,942,268 for the first 6 months of the 2017-19 biennium.	(10,416,499)	10,416,499	0

Reduced federal funds spending authority for medical assistance grants.		(1,558,318)	(1,558,318)
Restored federal funds spending authority for medical assistance grants (House Bill No. 1015).		1,558,318	1,558,318
Added funding for physical, occupational, and speech therapy service provider rate increases to 75 percent.	56,485	56,485	112,970
Added funding to continue Medicaid Expansion for 19 and 20 year olds as managed care.	1,653,008	1,652,962	3,305,970
Added \$13.3 million of one-time funding from the tobacco prevention and control trust fund and related federal funding to continue the Medicaid Expansion program as managed care at commercial rates.		226,000,000	226,000,000
Added 1 FTE position for administering tribal health care agreements.	1.00	76,500	153,000
Replaced general fund support with funding from the community health trust fund.	(18,000,000)	18,000,000	0
Replaced general fund support with funding from the tobacco prevention and control trust fund.	(22,175,000)	22,175,000	0
Long-Term Care			
Restored funding relating to 2015-17 biennium budget reductions - Cost and caseload changes.	3,027,699		3,027,699
Added funding for nursing home operating margin, rebasing, and incentives.	1,783,181	9,976,914	11,760,095
Added funding, of which \$1 million is from the health care trust fund to increase nursing facility operating margin, effective January 1, 2018.		2,000,000	2,000,000
Adjusted funding for basic care services.	68,094	2,345	70,439
Adjusted funding for homemaker services.	110,445	429	110,874
Adjusted funding for grant cost and caseload changes.	22,352,910	20,771,623	43,124,533
Adjusted for funding source changes.	(888,144)	888,144	0
Added funding for Money Follows the Person grants.	527,954	527,953	1,055,907
Added funding to increase age of autism waiver through 11 years of age.	183,609	183,628	367,237
Added funding from the tobacco prevention and control trust fund for basic care services.		450,000	450,000
Adjusted funding for community services relating to the Fair Labor Standards Act - Home Care Rule funding for qualified service providers, effective October 1, 2017.	(646,780)	(2,110,526)	(2,757,306)

Developmental Disabilities Council

Restored funding relating to 2015-17 biennium budget reductions.	73		73
--	----	--	----

Adjusted funding for continued program changes.		59,773	59,773
---	--	--------	--------

Aging Services

Adjusted funding for continued program changes.	105,755	321,166	426,921
---	---------	---------	---------

Restored funding relating to 2015-17 biennium budget reductions.	46,361		46,361
--	--------	--	--------

Adjusted funding for operating expenses.	(7,480)	(656)	(8,136)
--	---------	-------	---------

Adjusted funding source for nutrition service program.	(466,694)	466,694	0
--	-----------	---------	---

Adjusted funding for vulnerable adult contracts.	(8,500)	319,292	310,792
--	---------	---------	---------

Added federal funding for administering a lifespan respite care program, including public information about the program (House Bill No. 1038).		200,000	200,000
--	--	---------	---------

Children and Family Services

Adjusted funding for continued program changes.	(405,146)	1,529,195	1,124,049
---	-----------	-----------	-----------

Restored funding relating to 2015-17 biennium budget reductions.	305,576		305,576
--	---------	--	---------

Restored funding relating to 2015-17 biennium budget reductions - Cost and caseload changes.	1,233,182		1,233,182
--	-----------	--	-----------

Adjusted funding for operating expenses.	(373)	(627)	(1,000)
--	-------	-------	---------

Adjusted funding for grant cost and caseload changes.	11,548,425	2,587,856	14,136,281
---	------------	-----------	------------

Restored funding for Healthy Families program.	150,000		150,000
--	---------	--	---------

Adjusted for funding source changes.	4,897,464	(4,768,241)	129,223
--------------------------------------	-----------	-------------	---------

Restored funding for child care quality contract.	850,000		850,000
---	---------	--	---------

Restored funding for child care inclusion grants.	100,000		100,000
---	---------	--	---------

Restored funding for child care inclusion specialists.	200,000		200,000
--	---------	--	---------

Adjusted funding for county social services financing, relating to county administration, family preservation, child abuse and neglect, and child care licensing reimbursement costs as a result of implementing a state-paid economic assistance and social services pilot program pursuant to 2017 Senate Bill No. 2206.	(10,563,215)	(17,358,767)	(27,921,982)
--	--------------	--------------	--------------

Behavioral Health Division

Adjusted funding for continued program changes.	16,307	5,462,077	5,478,384
---	--------	-----------	-----------

Restored funding relating to 2015-17 biennium budget reductions.	1,322,327		1,322,327
--	-----------	--	-----------

Reduced funding for parents listen, educate, ask, discuss program to provide a total of \$100,000.		(160,000)		(160,000)
Reduced funding for operating expenses.		(80,859)		(80,859)
Adjusted for funding source changes.		1,071,399	(1,071,399)	0
Adjusted funding for Governor's Advisory Council.		30,000		30,000
Restored Robinson Recovery Center funding.		237,500		237,500
Reduced funding for compulsive gambling services.		(237,673)		(237,673)
Adjusted funding for the substance use disorder voucher program, of which \$1,779,159 is from the tobacco prevention and control trust fund to provide a total of \$2,779,159.		(500,000)	1,779,159	1,279,159
Added funding from the tobacco prevention and control trust fund for tobacco prevention-related activities.			75,000	75,000
Added federal funds for opioid treatment programs.			4,000,000	4,000,000
Added funding for a children's prevention and early intervention behavioral health services pilot project (\$150,000); peer-to-peer support services (\$100,000); and family-to-family support services (\$100,000) (House Bill No. 1040).		350,000		350,000
Added funding from other funds from the Department of Corrections and Rehabilitation and 6 FTE positions for implementing the community behavioral health program (\$7,000,000); and funding from the general fund for the purpose of contracting with a public or private entity to create, initiate, and facilitate the implementation of a strategic plan to increase the availability of all types of behavioral health services in all regions of the state (\$500,000) (Senate Bill No. 2015).	6.00	500,000	7,000,000	7,500,000

Vocational Rehabilitation

Adjusted funding for continued program changes.		(230,587)	61,854	(168,733)
Restored funding relating to 2015-17 biennium budget reductions.		233,781		233,781
Adjusted funding for operating expenses.		(12,251)	(63,854)	(76,105)
Removed funding for the winter recreation program at Bottineau.		(65,000)		(65,000)
Added funding for assistive technology.		160,000		160,000

Developmental Disabilities

Adjusted funding relating to continued program changes.		90,413	(446,703)	(356,290)
Restored funding relating to 2015-17 biennium budget reductions.		51,278		51,278

Adjusted funding for 2015-17 biennium budget reductions - Cost and caseload changes.		4,047,111		4,047,111
Adjusted funding for operating expenses.		(12,617)	(15,098)	(27,715)
Adjusted funding for grant cost and caseload changes.		14,447,931	14,432,321	28,880,252
Adjusted funding relating to federal medical assistance percentage changes.		(141,841)	141,841	0
Added funding for specialized services for individuals with a developmental disability.		100,000	100,000	200,000
Removed funding for family subsidy program.		(112,888)		(112,888)
Added funding for the experienced parent program to provide a total of \$260,000.		100,000	160,000	260,000
Added funding for equipment over \$5,000.			10,000	10,000
Added funding for rate adjustments.		6,109,044	6,109,045	12,218,089
Added 1 FTE position and related funding for specialized services for individuals with developmental disabilities.	1.00	250,307	260,666	510,973
Added funding for corporate guardianship services for individuals with developmental disabilities to provide a total of \$2,848,075.		112,000		112,000

Field Services

Institutions

Reduced funding for vacant positions and employee turnover savings - Institutions.		(2,027,897)		(2,027,897)
Added funding for continued program changes.		2,311,163	(1,063,812)	1,247,351
Added funding for equipment over \$5,000 - State Hospital.		453,299		453,299
Added funding for extraordinary repairs - State Hospital.		900,000		900,000
Restored funding relating to 2015-17 biennium budget reductions - State Hospital.		1,301,188		1,301,188
Adjusted funding for operating expenses - State Hospital.		(364,515)	(13,405)	(377,920)
Added funding for equipment over \$5,000 - Life Skills and Transition Center (LSTC).		169,764		169,764
Added funding for extraordinary repairs - LSTC.		476,367		476,367
Restored funding relating to 2015-17 biennium budget reductions - LSTC.		838,184		838,184
Adjusted funding for operating expenses - LSTC.		(300,784)	(53,301)	(354,085)

Human Service Centers

Reduced funding for vacant positions and employee turnover savings - Institutions.		(3,250,499)		(3,250,499)
--	--	-------------	--	-------------

Added funding for continued program changes.	1,406,994	(4,166,214)	(2,759,220)
Adjusted for funding source changes.	(982,540)	982,540	0
Adjusted funding for grant cost and caseload changes.	(1,313,398)	(1,087,709)	(2,401,107)
Added funding for extraordinary repairs - Southeast Human Service Center.	39,600		39,600
Restored funding for 2015-17 biennium budget reductions.	2,338,741		2,338,741
Adjusted funding for operating expenses.	(1,046,996)	(163,312)	(1,210,308)
Restored funding for mobile crisis services in Bismarck.	250,000		250,000

County Social Services Financing

County Social Services Financing

Added funding for the county social services financing pilot program.	26,000,000		26,000,000
Added funding from a transfer from the tax relief fund to the social services finance fund for the county social services financing pilot program (Senate Bill No. 2206).		134,700,000	134,700,000
Total	<u>(48.85)</u>	<u>\$76,306,329</u>	<u>\$374,710,921</u>
		<u>\$374,710,921</u>	<u>\$451,017,250</u>

FTE Changes

The 2017-19 biennium appropriation includes funding for 2,162.23 FTE positions, a decrease of 48.85 FTE positions from the 2015-17 biennium authorized level of 2,211.08 FTE positions. The Legislative Assembly added 6 FTE positions to implement community behavioral health programs, 1 FTE position to administer tribal health care agreements, and 1 FTE position for specialized services for individuals with developmental disabilities. The Legislative Assembly reduced 56.85 FTE positions, of which 23.85 FTE positions related to base payroll adjustments, and 33 FTE positions related to a departmentwide reduction.

One-Time Funding

In Section 3 of House Bill No. 1012, the Legislative Assembly identified \$295.8 million of one-time funding, of which \$26 million is from the general fund and \$269.8 million is from special funds. An additional \$134.7 million of one-time funding from other funds is identified in Senate Bill No. 2206. These items, summarized as follows, are not to be considered part of the agency's base budget for preparing the 2019-21 biennium executive budget, and DHS is to report to the Appropriations Committees during the 2019 legislative session on the use of this funding.

	General Fund	Special Funds	Total
Medicaid Expansion - Fee schedule enhancement		\$226,000,000 ¹	\$226,000,000
County social services pilot program	\$26,000,000	134,700,000	160,700,000
Child care licensing and data system		3,000,000	3,000,000
Health information network and care coordination		40,800,000 ²	40,800,000
Total	\$26,000,000	\$404,500,000	\$430,500,000

¹Includes \$13.3 million from the tobacco prevention and control trust fund, and \$212.7 million of federal funds.

²Includes federal Medicaid funding of \$40.8 million, which is being provided through the Centers for Medicare and Medicaid Services - Medicaid advanced planning document. This funding will require a 10 percent match. The department anticipates the matching funds will be generated from billing providers, payers, and from the electronic health information exchange fund.

Deficiency Appropriations

Section 11 of House Bill No. 1012 provides a deficiency appropriation of \$9 million of federal funds for defraying medical assistance grant costs. Section 12 of House Bill No. 1012 provides a deficiency appropriation of \$834,020, of which \$417,010 is from the general fund for rebasing, operating margins, and incentives for the long-term care facility rates for the 2015-17 biennium. Section 13 of House Bill No. 1012 provides a deficiency appropriation of \$200,000 from the general fund for the substance use disorder voucher program. Section 1 of House Bill No. 1024 provides a deficiency appropriation of \$9 million from the strategic investment and improvements fund for defraying medical assistance grant costs for the 2015-17 biennium.

Other Sections in House Bill No. 1012

Health insurance increase - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

Transfers - Section 4 provides DHS may transfer appropriation authority between line items within subdivisions 1 through 3 of Section 1.

Medicaid management information system replacement project - Section 5 provides for the continuation of legislative appropriations for the Medicaid management information system replacement project in the 2017-19 biennium.

Modification of the eligibility systems project - Section 6 provides for the continuation of legislative appropriations for the modification of the eligibility systems project in the 2017-19 biennium.

Electronic health records system - Section 7 provides for the continuation of legislative appropriations for the development of the electronic health records system in the 2017-19 biennium.

Tobacco prevention and control trust fund - Section 8 identifies \$37,779,159 from the tobacco prevention and control trust fund appropriated to DHS for defraying expenses, of which \$22,175,000 is for medical services grants, \$13,300,000 is to continue the Medicaid Expansion program as managed care at commercial rates, \$1,779,159 is for the substance use disorder voucher program, \$450,000 is for basic care services, and \$75,000 is for tobacco prevention-related activities.

Health care trust fund - Section 9 identifies \$1,686,191 from the health care trust fund appropriated to DHS, of which \$1 million is to increase nursing facility operating margin, effective January 1, 2018, \$546,786 is to increase payments to basic care and long-term care facilities, and \$139,405 is to increase nursing home per-bed property cost limitations for single- and double-occupancy construction.

Community health trust fund - Section 10 identifies \$18 million from the community health trust fund appropriated to DHS for defraying medical assistance grant costs.

Medical assistance grants for the 2015-17 biennium - Section 11 appropriates an additional \$9 million of federal funds to DHS for medical assistance grants for the 2015-17 biennium. Section 43 declares the section an emergency measure.

Long-term care funding for the 2015-17 biennium - Section 12 appropriates an additional \$834,020, of which \$417,010 is from the general fund, to DHS for rebasing, operating margins, and incentives for the long-term care facility rates for the 2015-17 biennium. Section 43 declares the section an emergency measure.

Substance use disorder voucher program for the 2015-17 biennium - Section 13 appropriates an additional \$200,000 from the general fund to DHS for the purpose of defraying the expenses of the substance use disorder voucher program for the 2015-17 biennium. Section 43 declares the section an emergency measure.

Substance use disorder voucher program - Legislative intent - Section 14 provides legislative intent that DHS include medication assisted treatment as an allowable service under the substance use disorder voucher program.

Basic care services - Prioritization of restoration funding - Legislative intent - Section 15 provides legislative intent that DHS prioritize the restoration of basic care provider rates.

Medicaid Expansion - Fee schedule - Legislative intent - Section 16 provides legislative intent that the one-time funding of \$226 million of which \$13.3 million is from the tobacco prevention and control trust fund, provided for defraying a portion of the expenses of the Medicaid Expansion program, be used for establishing the provider fee schedule at the maximum level possible without exceeding the current levels of reimbursement for the Medicaid Expansion contracted providers.

Home health - Legislative intent - Section 17 provides legislative intent that DHS adopt rules for home health services in accordance with federal regulations and require home health agencies to be certified. The section also allows the department to adopt rules defining medical equipment, supplies, and appliances and to specify allowable timeframes for face-to-face visits between a physician and Medicaid beneficiary.

Care coordination agreements - Legislative intent - Section 18 provides legislative intent that DHS establish requisite agreements with tribal health care organizations that will result in 100 percent federal funding for eligible medical assistance provided to American Indians through care coordination agreements.

Care coordination agreements - Health care trust fund - Legislative intent - Section 19 provides legislative intent that DHS deposit federal funding received in excess of the state's regular federal medical assistance percentage, resulting from the department establishing requisite agreements with tribal health care organizations, in the health care trust fund.

Traumatic brain injury - 1915(i) state plan amendment - Legislative intent - Section 20 provides legislative intent that DHS apply for the 1915(i) state plan amendment for traumatic brain injury services.

Grafton Job Service of North Dakota building - Legislative intent - Section 21 provides legislative intent that DHS purchase the Job Service of North Dakota building in Grafton, from donated funds, for uses at the LSTC.

Life Skills and Transition Center - Conveyance of land - Section 22 authorizes the conveyance of 3.46 acres of land at the LSTC. Section 43 declares the section an emergency measure.

Developmental disabilities - Case management services - Legislative intent - Section 23 provides legislative intent that DHS to provide case management services for individuals with a developmental disability, if possible, within the ratio provided pursuant to North Dakota Administrative Code.

Developmental disabilities - Programmatic and administrative requirements - Legislative intent - Section 24 provides legislative intent that DHS report all new programmatic and administrative requirements to the Centers for Medicare and Medicaid Services for individuals with developmental disabilities.

Developmental disabilities - Conflict-free case management - Legislative intent - Section 25 provides legislative intent that DHS request waivers or delay implementation of conflict-free case management rules and requirements for individuals with a developmental disability.

Developmental disabilities - Variance - Legislative intent - Section 26 provides legislative intent that DHS authorize a treatment or care center's variance request relating to the treatment or care center's bedrooms or bathrooms if the variance does not pose a threat.

Process and outcomes measures - Legislative intent - Section 27 provides legislative intent that behavioral health service providers that receive funding from DHS submit process and outcome measures to the department for programs and services supported by the state.

Telephone support and directory services - Legislative intent - Section 28 provides legislative intent that the vendor of telephone and directory services, under contract with DHS, include private behavioral health service providers in the vendor's directory at no cost to the private behavioral health service provider.

Youth access to tobacco - Section 29 identifies \$75,000 from the tobacco prevention and control trust fund appropriated to DHS for complying with youth access to tobacco reporting requirements under Title 45, Code of Federal Regulations, Part 96, Section 130. The section also requires the State Department of Health and local public health units to collect and disclose all required data reporting elements to DHS.

Robinson Recovery Center - Section 30 allows DHS to utilize other providers for substance use disorder treatment services if the current contractor is unable to provide the full capacity of services anticipated under the current contract for the 2017-19 biennium.

Operating expenses - Legislative intent - Section 31 provides legislative intent that DHS analyze its budgetary needs and reallocate up to \$650,000 appropriated from the general fund for operating expenses to other items based on the department's priorities resulting from its analysis.

State medical assistance programs - Legislative Management study - Section 32 provides for a Legislative Management study regarding options to operate the state medical assistance program and other related programs, as managed care.

Behavioral health and developmental disabilities - Legislative Management study - Section 33 provides for a Legislative Management study regarding state and federal laws and regulations relating to the care and treatment of individuals with developmental disabilities or behavioral health needs.

Department of Human Services delivery system - Legislative Management study - Section 34 provides for a Legislative Management study of the DHS delivery system.

Nursing facility rates - Legislative Management study - Section 35 provides for a Legislative Management study of nursing facility rate components to determine the adequacy of reimbursement and evaluate the efficiency of nursing facility operations.

Basic care and nursing facilities licensed beds - Sections 36 and 37 extend the moratoria on basic care and nursing facility bed capacity.

Medicaid Expansion - Effective date - Section 38 amends North Dakota Century Code Section 50-24.1-37 to continue Medicaid Expansion until July 31, 2019, unless the federal government discontinues the program; provides for the contract between the department and carrier to include the carrier providing the department with provider reimbursement rate information when selecting a carrier, and providing for the cumulative and trend data regarding the provider reimbursement rates.

Community health trust fund - Reallocation - Section 39 amends Section 54-27-25(1) to increase the tobacco settlement proceeds deposited in the community health trust fund from 10 to 55 percent for the 2017-19 biennium, and to eliminate the 45 percent allocation from the tobacco settlement proceeds deposited in the common schools trust fund for the 2017-19 biennium.

Medicaid Expansion repeal - Contingent effective date - Sections 40 and 41 include a contingent repeal of Medicaid Expansion if the federal government discontinues the program.

Emergency - Section 43 provides that Sections 11, 12, 13, and 22 are declared to be emergency measures.

Related Legislation

House Bill No. 1013 - Medicaid matching funds - Section 12 requires the Department of Public Instruction to pay DHS an amount equal to the matching funds required to be paid by a school district or special education unit for students eligible for Medicaid that are receiving Medicaid-eligible services.

House Bill No. 1015 - Department of Human Services 2017-19 biennium appropriation - Related funding - Section 8 provides an appropriation of \$1,558,318 of federal funds to DHS for medical assistance grants. Section 14 requires the Board of University and School Lands to award a grant of up to \$261,000 from the oil and gas impact grant fund to a community-based provider serving individuals with developmental disabilities. This section requires the recipient to only use grant proceeds to provide settlement for any amounts owed to DHS or a bank.

House Bill No. 1024 - Deficiency appropriation - Section 1 provides a deficiency appropriation of \$9 million from the strategic investment and improvements fund for medical assistance grants for the 2015-17 biennium.

House Bill No. 1038 - Family caregiver supports and services - Provides an appropriation of \$200,000 of federal funds to DHS for administering a lifespan respite care program. The bill also requires DHS to establish a caregiver resource center website and review options and provide recommendations to the Legislative Management to expand home- and community-based services.

House Bill No. 1040 - Behavioral health services program expansion - Requires DHS to adopt rules for an evidence-based alcohol and drug education program for certain individuals under 21 years of age. The bill also appropriates \$350,000 from the general fund to DHS, of which \$150,000 is for a pilot project expanding children's prevention and early intervention behavioral health services, \$100,000 is for peer-to-peer support services, and \$100,000 is for family-to-family support services.

House Bill No. 1041 - Department of Human Services 2017-19 biennium appropriation - Justice reinvestment - Provides for justice reinvestment initiatives including an appropriation of \$1,643,701 to DHS for implementing changes relating to statutory changes that will allow individuals convicted of certain felony offenses to qualify for TANF, and changes that will allow faith-based organizations to provide services to individuals needing addiction treatment services.

House Bill No. 1043 - State Hospital accreditation - Amends Section 25-02-01.1 relating to accreditation of the State Hospital.

House Bill No. 1085 - Brain injury advisory council - Provides for creating a brain injury advisory council for the purpose of improving the quality of life for an individual with brain injury and the individual's family through brain injury awareness, prevention, research, education, collaboration, support services, and advocacy.

House Bill No. 1117 - Substance abuse and behavioral health - Amends Chapters 14-10, 50-06, and 50-31 relating to changes in terminology for substance abuse and behavioral health.

House Bill No. 1118 - Aged, blind, and disabled persons - Amends Section 50-24.5-01 relating to the definition of eligible beneficiary for the aid to aged, blind, and disabled persons.

House Bill No. 1119 - Service payments for elderly and disabled - Amends Sections 50-06.2-10 and 50-24.7-02 relating to collection of overpayments for the service payments for elderly and disabled (SPED) and expanded SPED programs.

House Bill No. 1120 - Prior authorization program - Amends Section 50-24.6-04 relating to the prior authorization program.

House Bill No. 1134 - Developmental disabilities - Amends Century Code sections relating to developmental disabilities.

House Bill No. 1135 - Committee on Employment Of People with Disabilities - Amends sections relating to consolidating the committee on Employment of People with Disabilities into the North Dakota State Rehabilitation Council, and updating categories of positions in the state service.

House Bill No. 1136 - Substance use disorder voucher program - Section 13 creates a new section to Chapter 50-06 to require DHS to establish and administer a voucher system to address underserved areas and gaps in the state's substance abuse treatment system and to assist in payment of addiction treatment services provided by private licensed substance abuse treatment programs and hospitals.

House Bill No. 1155 - Budget allotments - Amends Section 54-44.1-12 relating to control over rate of expenditures to change the allotment process, including an exemption for DHS direct care programs after a 2.5 percent allotment has been ordered.

House Bill No. 1215 - Basic care facility - Amends Section 23-09.3-01 relating to the definition of a basic care facility.

House Bill No. 1226 - Medicaid fraud control unit - Study - Requires DHS, along with the Governor and Attorney General's office, to study the feasibility and desirability of establishing a Medicaid fraud control unit.

House Bill No. 1315 - Nursing home rates - Amends Section 50-24.4-17 relating to adjustments of nursing home rates.

House Bill No. 1427 - Refugee resettlement - Legislative Management study - Provides for a Legislative Management study of refugee resettlement in the state.

Senate Bill No. 2015 - Community behavioral health program - Appropriation - Legislative Management study - Sections 4 and 5 provide an appropriation of \$7 million from other funds to DHS and authorize 6 FTE positions for implementing a community behavioral health program; and an appropriation of \$500,000 from the general fund for contracting with a public or private entity to create, initiate, and facilitate the implementation of a strategic plan to increase the availability of all types of behavioral health services in all regions of the state. Section 12 provides for a Legislative Management study of the Tompkins Rehabilitation Center at the State Hospital, including the operation, management, conditions, caseload, and physical plant.

Senate Bill No. 2033 - Clinical supervision of behavioral health professionals - Provides statutory changes relating to licensure requirements for behavioral health professionals, and provides for a report to the Legislative Management.

Senate Bill No. 2038 - Behavioral health services policy changes - Extends the holding period from 24 to 72 hours for emergency involuntary commitments for individuals with a serious physical condition or illness, changes youth mental health training requirements, and creates a children's behavioral health task force.

Senate Bill No. 2039 - Role and function of Department of Human Services - Behavioral Health Services - Changes the role and function of DHS behavioral health services, including behavioral health definitions; administration of behavioral health programs; licensure process for regional human service centers; services available to individuals with serious and persistent mental illness; membership and role of advisory groups for human service centers; designation of behavioral health providers to furnish preventive diagnostic, therapeutic, rehabilitative, or palliative services to individuals eligible for medical assistance; and designation of the location of a second state hospital.

Senate Bill No. 2041 - Eligibility assistance for developmental disability - Study - Section 1 allows individuals with Down syndrome to be eligible for developmental disabilities services. Section 2 requires DHS to study its Medicaid waivers and provide a report to Legislative Management.

Senate Bill No. 2042 - Mental health professionals - Establishes a tiered system for the roles of mental health professionals.

Senate Bill No. 2088 - Licensed addiction counselor - Creates a new section to Chapter 43-45 relating to licensed clinical addiction counselors, and amends sections relating to the scope of practice for addiction counselors, and the licensure authority of the Board of Addiction Counseling Examiners.

Senate Bill No. 2090 - Early childhood services - Amends sections of Chapters 50-11.1 and 50-06 relating to early childhood services criminal record checks, licensing, definitions, registration, applications, and fees.

Senate Bill No. 2114 - Foster homes - Amends sections of Chapters 27-20 and 50-11 relating to the definition of permanency hearing, reasonable efforts for sibling placement, definition of group home, and liability coverage to foster homes for children.

Senate Bill No. 2115 - Autism Spectrum Disorder Task Force - Amends Section 50-06-32 relating to the members of the Autism Spectrum Disorder Task Force.
Senate Bill No. 2117 - Criminal history record checks - Creates a new section to Chapter 50-24.1 relating to criminal history record checks for Medicaid services applicants, providers, and staff members, and amends Section 50-06-01.9 relating to criminal history record checks for job applicants, department staff, county employees, contractors, and Medicaid services applicants, providers, and staff members.

Senate Bill No. 2118 - Compulsive gambling disorder - Amends sections of Chapters 50-06 and 53-12.1 relating to gambling disorder prevention awareness, crisis intervention, rehabilitation, and treatment services.

Senate Bill No. 2206 - State paid economic assistance and social services programs - Provides an appropriation of \$134.7 million from the social services finance fund and allocates \$26 million from the general fund within DHS budget for a state-paid economic assistance and social services pilot program.

Senate Bill No. 2325 - Developmental disabilities - Early intervention services - Legislative Management study - Amends Section 54-07-01 relating to the coordination of early intervention services for children from birth to age 3 who are at high risk for developmental delay or disability. Section 2 provides for a Legislative Management study of the state's early intervention system for children from birth to age 3 with developmental disabilities.

SECTION H - OTHER AGENCIES

ADJUTANT GENERAL	H-94
ADMINISTRATIVE HEARINGS, OFFICE OF	H-11
AERONAUTICS COMMISSION	H-70
AGRICULTURAL EXPERIMENT STATION	H-115
AGRONOMY SEED FARM	H-117
ARTS, COUNCIL ON THE	H-124
BANK OF NORTH DAKOTA	H-75
BLIND SCHOOL	H-37
BOARD OF UNIVERSITY AND SCHOOL LANDS	H-28
BRANCH RESEARCH CENTERS	H-109
CAREER AND TECHNICAL EDUCATION, DEPARTMENT OF	H-40
CARRINGTON RESEARCH EXTENSION CENTER	H-109
CENTRAL GRASSLANDS RESEARCH EXTENSION CENTER	H-109
COMMERCE, DEPARTMENT OF	H-99
COMMISSION ON LEGAL COUNSEL FOR INDIGENTS	H-22
CORRECTIONS AND REHABILITATION, DEPARTMENT OF	H-89
COUNCIL ON THE ARTS	H-124
DEAF SCHOOL	H-34
DICKINSON RESEARCH EXTENSION CENTER	H-109
DISTRICT COURT	H-18

EMERGENCY SERVICES, DEPARTMENT OF - SEE ADJUTANT GENERAL	H-94
FAIR, STATE	H-118
FINANCIAL INSTITUTIONS, DEPARTMENT OF	H-72
GAME AND FISH DEPARTMENT	H-126
HEALTH, STATE DEPARTMENT OF	H-43
HETTINGER RESEARCH EXTENSION CENTER	H-109
HIGHWAY PATROL	H-86
HISTORICAL SOCIETY	H-121
HOMESTEAD TAX CREDIT - SEE TAX COMMISSIONER IN ELECTED OFFICIALS SECTION	
HOUSING FINANCE AGENCY	H-78
INDIAN AFFAIRS COMMISSION	H-54
INDUSTRIAL COMMISSION	H-64
INFORMATION TECHNOLOGY DEPARTMENT	H-6
INTERNATIONAL PEACE GARDEN - SEE PARKS AND RECREATION DEPARTMENT	H-129
JOB SERVICE NORTH DAKOTA	H-60
JUDICIAL BRANCH	H-18
JUDICIAL CONDUCT COMMISSION	H-18
LABOR AND HUMAN RIGHTS, DEPARTMENT OF	H-68
LAND DEPARTMENT	H-28
LANGDON RESEARCH EXTENSION CENTER	H-109

LEGISLATIVE ASSEMBLY	H-12
LEGISLATIVE COUNCIL	H-15
MAIN RESEARCH CENTER	H-115
MANAGEMENT AND BUDGET, OFFICE OF	H-1
MILL AND ELEVATOR	H-80
NDSU EXTENSION SERVICE	H-111
NORTH CENTRAL RESEARCH EXTENSION CENTER	H-109
NORTHERN CROPS INSTITUTE	H-113
OFFICE OF MANAGEMENT AND BUDGET	H-1
PARKS AND RECREATION DEPARTMENT	H-129
PEACE GARDEN - SEE PARKS AND RECREATION DEPARTMENT	H-129
PROTECTION AND ADVOCACY PROJECT	H-59
PUBLIC EMPLOYEES RETIREMENT SYSTEM	H-25
RACING COMMISSION	H-119
RADIO COMMUNICATIONS - SEE ADJUTANT GENERAL	H-94
RETIREMENT AND INVESTMENT OFFICE	H-24
SCHOOL FOR THE DEAF	H-34
SCHOOL FOR THE BLIND	H-37
SECURITIES DEPARTMENT	H-73
STATE FAIR ASSOCIATION	H-118

STATE HISTORICAL SOCIETY	H-121
STATE LIBRARY	H-32
SUPREME COURT	H-18
TOBACCO PREVENTION AND CONTROL EXECUTIVE COMMITTEE	H-49
TOURISM DEPARTMENT - SEE DEPARTMENT OF COMMERCE	H-99
TRANSPORTATION, DEPARTMENT OF	H-138
TRUST LANDS, DEPARTMENT OF	H-28
UPPER GREAT PLAINS TRANSPORTATION INSTITUTE	H-107
VETERANS' AFFAIRS, DEPARTMENT OF	H-56
VETERANS' HOME	H-52
VISION SERVICES - SCHOOL FOR THE BLIND	H-37
WATER COMMISSION	H-134
WILLISTON RESEARCH EXTENSION CENTER	H-109
WORKFORCE SAFETY AND INSURANCE	H-83

**Office of Management and Budget
Budget No. 110
House Bill No. 1015 and Senate Bill No. 2224**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	117.00	\$31,220,260	\$11,234,087	\$42,454,347
2017-19 base budget	122.50	30,826,724	7,210,390	38,037,114
Legislative increase (decrease) to base budget	(5.50)	\$393,536	\$4,023,697	\$4,417,233

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$30,720,260	\$500,000	\$31,220,260
2015-17 adjusted legislative appropriations	30,826,724	6,530,303	37,357,027
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$106,464)	(\$6,030,303)	(\$6,136,767)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(0.3%)	(92.3%)	(16.4%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget		Total
	FTE Positions	General Fund	
The legislative action:			
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$202,890	\$343,892
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		259,704	315,900
Adjusted funding for FTE positions and for salaries and wages, including the removal of 1.5 FTE administrative assistant positions, 1 FTE maintenance position, 1 FTE computer and networking specialist position, 1 FTE facility construction engineer position, and 1 FTE human resource officer position.	(5.50)	(862,713)	(861,214)
Added funding for unemployment claims payments.			2,000,000

Adjusted funding for operating expenses to provide \$550,000 for utility rate increases, \$531,450 for 90 percent of the statewide membership dues, \$60,000 for revenue forecasting, and other operating expenses.	171,178	25,000	196,178
Added funding for Emergency Commission adjustments for contingencies to provide total funding of \$600,000.	100,000		100,000
Added funding for extraordinary repairs (\$108,066) and bond payments (\$665,411).	773,477		773,477
Removed funding for community service supervision grants (\$500,000) and reduced funding for other grants (\$1,000).	(501,000)		(501,000)
Reduced funding for Prairie Public Broadcasting, from \$1.6 million to \$1.2 million.	(400,000)		(400,000)
Removed funding for the state internship program.	(200,000)		(200,000)
Added one-time funding for a grant to the Theodore Roosevelt Center at Dickinson State University.	500,000		500,000
Added one-time funding from surplus property special funds for a new surplus property building.		800,000	800,000
Added one-time funding from other funds authority for a cybersecurity remediation pool.		1,000,000	1,000,000
Added funding for community service supervision grants (SB 2224).	350,000		350,000
Total	<u>(5.50)</u>	<u>\$393,536</u>	<u>\$4,023,697</u>
			<u>\$4,417,233</u>

FTE Changes

The Legislative Assembly approved 117 FTE positions for the Office of Management and Budget for the 2017-19 biennium, a decrease of 5.5 FTE positions from the 2015-17 biennium authorized level of 122.5 FTE positions. The Legislative Assembly removed 1.5 FTE administrative assistant positions, 1 FTE maintenance position, 1 FTE computer and networking specialist position, 1 FTE facility construction engineer position, and 1 FTE human resource officer position.

One-Time Funding

One-time appropriations for the 2017-19 biennium for the Office of Management and Budget include \$500,000 from the general fund for a grant to the Theodore Roosevelt Center at Dickinson State University, \$800,000 from surplus property special funds for a new surplus property building, and \$1,000,000 of other funds authority for a cybersecurity remediation pool.

Capital Improvements

The Legislative Assembly provided \$108,066 from the general fund for extraordinary repairs and \$800,000 from surplus property special funds to purchase or construct a new surplus property building. Section 17 of House Bill No. 1015 provides an exemption allowing up to \$1,400,000 of unspent 2015-17 biennium appropriation authority from the Capitol building fund to continue in the 2017-19 biennium for extraordinary repairs (\$1,000,000) and for Capitol entrance and signage projects (\$400,000).

Statewide Memberships

The Legislative Assembly provided \$531,450 from the general fund for state dues and memberships, a decrease of \$109,550 from the 2015-17 biennium. The schedule below provides information on statewide dues and memberships for the 2015-17 and 2017-19 bienniums.

	2015-17 Biennium	2017-19 Biennium
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$145,000	\$117,450
Council of State Governments	188,000	169,200
Governmental Accounting Standards Board	6,000	0
Western Governors' Association	74,300	66,870
National Governors Association	81,500	73,350
National Lieutenant Governors Association	1,200	1,080
Education Commission of the States	115,000	103,500
Western Interstate Commission for Higher Education ¹	30,000	0
Total dues and memberships	\$641,000	\$531,450

¹Funding for the Western Intrastate Commission for Higher Education is included in the higher education budget. The 2017-19 biennium budget for higher education includes \$230,000 for the Western Intrastate Commission for Higher Education fees.

Budget Stabilization Fund Transfer

North Dakota Century Code Chapter 54-27.2 provides any amount in the general fund at the end of the biennium in excess of \$65,000,000 must be transferred to the budget stabilization fund. The June 30, 2017, estimated general fund balance is \$30,890,381. As a result, a general fund transfer to the budget stabilization fund at the end of the 2015-17 biennium is not anticipated.

General Fund Revenues

Strategic investment and improvements fund transfer - In Section 9 of House Bill No. 1015, the Legislative Assembly provided for a transfer of \$248 million from the strategic investment and improvements fund to the general fund during the 2017-19 biennium.

Tax relief fund transfer - In Section 10 of House Bill No. 1015, the Legislative Assembly provided for a transfer of \$183 million from the tax relief fund to the general fund during the 2017-19 biennium.

Legacy fund earnings estimate - Section 11 of House Bill No. 1015 identifies \$200 million of estimated legacy fund earnings will be transferred to the general fund at the end of the 2017-19 biennium for Legislative Council budget status reporting purposes.

Estimate of 2015-17 biennium unexpended general fund appropriations - Section 12 of House Bill No. 1015 identifies \$52 million of estimated 2015-17 biennium unexpended general fund appropriations, increasing the July 1, 2017, estimated beginning balance, for Legislative Council budget status reporting purposes.

Appropriations to Other State Agencies

State Auditor - Sections 4 and 5 of House Bill No. 1015 provide funding for the State Auditor. House Bill No. 1004, which was the agency budget bill for the State Auditor, was vetoed by the Governor.

North Dakota State University - Section 6 of House Bill No. 1015 provides a deficiency appropriation of \$1,634,854 from the strategic investment and improvements fund to North Dakota State University for unreimbursed costs related to the collapse of Minard Hall. Section 39 includes an emergency clause for the appropriation.

Dickinson State University - Section 7 of House Bill No. 1015 provides an appropriation of \$875,000 from the general fund to Dickinson State University for campus operations.

Department of Human Services - Section 8 of House Bill No. 1015 provides an appropriation of \$1,558,318 from federal funds or other income to the Department of Human Services for the medical services program.

Legislative Management Studies

Tribal taxation issues study - Section 33 of House Bill No. 1015 creates a Legislative Management committee to study tribal taxation and other tribal-state issues and suspends the State and Tribal Relations Committee for the 2017-19 biennium. Sections 31 and 38 suspend the Committee on State and Tribal Relations for the 2017-19 biennium.

Wind energy taxation and revenue distribution study - Section 34 of House Bill No. 1015 provides for a Legislative Management study regarding taxation and distributions of tax collections related to wind energy.

Revenue volatility study - Section 35 of House Bill No. 1015 provides for a Legislative Management study of revenue volatility.

Impact of budget reductions on higher education study - Section 36 of House Bill No. 1015 provides for a Legislative Management study of the impact of 2015-17 biennium budget reductions on institutions under the control of the State Board of Higher Education.

Other Sections in House Bill No. 1015

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Cybersecurity remediation pool - Section 13 authorizes the Office of Management and Budget to transfer funds appropriated in the cybersecurity remediation funding pool line item to other agencies. This section requires the Office of Management and Budget to notify the Legislative Council of any transfers made from the cybersecurity remediation pool.

Developmental disabilities services provider grant - Section 14 designates a grant of \$261,000 from the oil and gas impact grant fund for a provider serving individuals with developmental disabilities, and Section 39 includes an emergency clause for the grant.

Tobacco prevention and control trust fund administration - Section 15 requires the Office of Management and Budget to administer the tobacco prevention and control trust fund.

Fiscal management exemption - Section 16 provides that amounts appropriated to the Fiscal Management Division in Section 1 of Chapter 49 of the 2015 Session Laws 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. These amounts may be continued into the 2017-19 biennium.

Capitol building fund exemption - Section 17 provides an exemption allowing up to \$1.4 million of unspent 2015-17 biennium appropriation authority from the Capitol building fund to continue in the 2017-19 biennium for extraordinary repairs (\$1 million) and for Capitol entrance and signage projects (\$400,000).

Funding designations - Section 18 identifies the funding for boys and girls club work (\$53,000), unemployment insurance (\$2,000,000), the Capitol Grounds Planning Commission (\$25,000), and the statewide memberships and related expenses (\$531,450) that are included in the appropriations in Section 1 of the bill.

Special event permits - Section 19 amends Section 5-02-01.1 to allow local governing bodies to issue permits for special events serving alcohol, and Section 39 includes an emergency clause related to the amendment.

Temporary general fund borrowing authority - Section 20 amends Section 6-09-15.1 to increase temporary borrowing authority for general fund cashflow purposes, from \$10 million to \$50 million and to provide for a report to the Budget Section.

Student loan forgiveness program - Section 21 amends Section 15-10-38(8), as amended by Senate Bill No. 2037, to allow teachers in nonpublic schools to be eligible for a student loan forgiveness program.

Property tax incentives - Section 22 adds a new subsection to a newly created section of Chapter 40-05 relating to property tax incentives granted by a city, and Section 37 provides an effective date related to the subsection.

Criminal history record checks - Section 23 amends the newly created Section 43-26.1-05.1 relating to criminal history record checks and the physical therapy compact commission.

Business trusts - Section 24 amends Section 47-02-27.4, as created by House Bill No. 1228, to allow certain business trusts to own real estate.

Publication printing fees - Section 25 amends Section 54-06-04.3 to allow state agencies to collect fees from individuals who request to have publications printed and mailed if the publications are available electronically.

Property tax reports - Section 26 amends Section 57-20-04 relating to property tax increase reports by counties. Section 30 repeals Section 57-20-05 relating to the certification of taxes levied by taxing districts.

Mineral rights - Section 27 amends a section of legislative intent in House Bill No. 1024 to exempt certain property sold by the state from the requirement that the state reserve a portion of the mineral rights, and Section 39 includes an emergency clause related to the amendment.

Oil and gas valuation study - Section 28 amends an oil and gas valuation study in Senate Bill No. 2013 to remove certain requirements related to the study.

Department of Trust Lands administrative rules - Section 29 removes an effective date included in Senate Bill No. 2013 related to the provisions of House Bill No. 1300, which requires the Department of Trust Lands to follow the administrative rules process. **The Governor vetoed this section, which allows the delayed effective date of January 1, 2018, to remain in effect.**

Legislative intent - Section 32 provides legislative intent regarding options to dispose of land that may be received by the state. Section 39 includes an emergency clause related to the intent section.

Related Legislation

House Bill No. 1088 - Adds a new section to Chapter 32-12.2 to provide for an information technology security incident response and limits the expenditures from the risk management fund to \$250,000 per incident.

House Bill No. 1090 - Removes a provision relating to long-distance telephone calls, clarifies when bids become public records, and removes the requirement for agencies to provide annual reports to the Office of Management and Budget on procured services.

House Bill No. 1155 - Increases the maximum balance allowed in the budget stabilization fund from 9.5 to 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The bill also adjusts the use of the budget stabilization fund in the event of a general fund revenue shortfall by providing the order in which general fund allotments and transfers from the budget stabilization fund are to be used.

**Information Technology Department
Budget No. 112
Senate Bill No. 2021; House Bill No. 1178**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	344.30	\$20,532,334	\$224,566,988	\$245,099,322
2017-19 base budget	350.30	23,406,055	151,213,039	174,619,094
Legislative increase (decrease) to base budget	(6.00)	(\$2,873,721)	\$73,353,949	\$70,480,228

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$20,532,334	\$0	\$20,532,334
2015-17 adjusted legislative appropriations	23,406,055	2,672,090	26,078,145
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$2,873,721)	(\$2,672,090)	(\$5,545,811)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(12.3%)	(100.0%)	(21.3%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$349,282)	\$1,321,892	\$972,610
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		173,819	766,961	940,780
Removed 6 FTE positions and related funding of \$1,114,983, including \$300,000 from the general fund for the EduTech Director position.	(6.00)	(300,000)	(814,983)	(1,114,983)
Adjusted the funding source from the general fund to the health information exchange fund for the Health Information Technology Director position.		(361,389)	361,389	0

Reduced funding for operating expenses, primarily related to contractor costs.	(1,275,949)	(990,543)	(2,266,492)
Reduced funding for capital assets.	(25,575)	(520,000)	(545,575)
Added funding for the Center for Distance Education to provide a total appropriation of \$9,079,116.	300,000		300,000
Reduced funding for Education Technology Council grants, to provide total funding of \$1,121,472 for the Education Technology Council, of which \$85,000 is for grants.	(545,000)		(545,000)
Reduced funding for the K-12 wide area network information technology contract costs, to provide total funding of \$4,534,278 for the K-12 wide area network, of which \$2,688,785 is for information technology contract costs.	(490,345)		(490,345)
Added funding for PowerSchool, primarily related to information technology software and data processing, to provide total funding for PowerSchool of \$5,555,500.		599,100	599,100
Added funding for the statewide interoperable radio network as a result of an increase in fees imposed on assessed communications devices in House Bill No. 1178.		13,700,000	13,700,000
Added one-time funding for a loan from the Bank of North Dakota for the statewide interoperable radio network. (House Bill No. 1178)		15,000,000	15,000,000
Added one-time funding for a health information network expansion project. Of this amount, \$40.8 million is from federal funds received by the Department of Human Services.		43,555,133	43,555,133
Added one-time funding to implement an electronic payment processing system for certain state agencies.		375,000	375,000
			0
Total	<u>(6.00)</u>	<u>(\$2,873,721)</u>	<u>\$73,353,949</u>
			<u>\$70,480,228</u>

FTE Changes

The 2017-19 biennium appropriation for the Information Technology Department includes funding for 344.30 FTE positions, a decrease of 6 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE EduTech Director position and related funding of \$300,000 from the general fund. Funding of \$814,983 from the Information Technology Department operating fund was also reduced, relating to the removal of 1 FTE project manager II position, 1 FTE programmer position, and 3 FTE programmer analyst I positions. The funding source for the Health Information Technology Director position of \$361,389 was changed from the general fund to the health information exchange fund.

One-Time Funding

The following is a summary of one-time funding included in the 2017-19 legislative appropriation for the Information Technology Department:

	Other Funds
Health information network expansion project	\$43,555,133
Implementation of an electronic payment processing system	375,000
Statewide interoperability network (Bank of North Dakota loan)	15,000,000
Total	\$58,930,133

Statewide Interoperable Radio Network

House Bill No. 1178 relates to the statewide interoperable radio network and provides for the following related to the Information Technology Department:

- Section 1 establishes a statewide interoperable radio network (SIRN) fund to be maintained in the State Treasury. Subject to legislative approval and Statewide Interoperability Executive Committee (SIEC) approval, moneys in the fund must be used for providing the required state share of funding for expenses associated with the purchase, installation, operation, and maintenance of SIRN. The fund consists of all money transferred into the fund, interest earned on money in the fund, payments to the fund, and other fund earnings. Grants, gifts, or services made available for SIRN by an agency or department of the federal government or any other person must also be deposited in this fund.
- Section 3 amends North Dakota Century Code Section 54-59-05(4) to allow the Information Technology Department to enter into agreements to finance the purchase of software, equipment, or implementation services exceeding 5 years for SIRN. The department is also authorized to spend more than 7.5 percent of the department's appropriation in a biennium to finance the purchase of software, equipment, or implementation services relating to SIRN.
- Section 4 amends Section 57-40.6-02 to require political subdivisions to add a fee of \$0.50 to the fee imposed on assessed communication services. The additional \$0.50 per communication connection must be remitted to the State Treasurer for deposit in the SIRN fund established in Section 1 of the bill.
- Section 6 requires the Information Technology Department to begin implementation of SIRN during the 2017-18 interim based on findings in the North Dakota statewide interoperable network feasibility study and its recommendations by SIEC. Current and future appropriations and local government contributions for improvement or expansion of state or local public safety land mobile radio systems must be expended in a manner consistent with the recommendations of SIEC.
- Section 7 authorizes a loan of \$15 million from the Bank of North Dakota and appropriates the funds to the Information Technology Department for SIRN. The term of the loan may not exceed 6 years and must be repaid from funds available in SIRN fund established in Section 1 of the bill. During the 2017-18 interim, the department shall provide status reports to the Budget Section regarding the implementation and progress of SIRN.
- Section 8 provides legislative intent that by September 30, 2018, all North Dakota entities operating a public-safety answering point relinquish legal rights to any radio frequency required for the SIRN trunk system, allowing these frequencies to be utilized by the state of North Dakota for use of the network.
- Section 9 provides legislative intent that during the 2017-18 interim, the department and SIEC make efforts to consolidate certain functions with SIRN.
- Section 10 provides an expiration date of July 31, 2023, related to the provisions of the bill.

The additional \$0.50 imposed on assessed communication services is estimated to generate an additional \$9.6 million during the 2017-19 biennium. The Information Technology Department budget includes spending authority of up to \$13.7 million during the 2017-19 biennium, should actual revenues exceed the \$9.6 million estimate. Including the \$15 million loan from the Bank of North Dakota, the department's total appropriation for SIRN during the 2017-19 biennium is \$28.7 million, of which \$24.6 million is the amount the department anticipates being available during the biennium. The department anticipates using approximately \$3.3 million of the \$9.6 million generated from increased fees on assessed communication services to begin repaying the \$15 million Bank of North Dakota loan during fiscal year 2019, resulting in net funding available of \$21.3 million for SIRN during the 2017-19 biennium.

Health Information Network Expansion

Health information network expansion - Section 1 of Senate Bill No. 2021 includes \$43.6 million for the North Dakota Health Information Network (NDHIN) expansion project, a project designed to provide for the secure exchange of health information to enable clinical users such as providers, nurses, and clerical staff to easily and efficiently view information relating to a patient's electronic medical records. The project will enhance the functionality of NDHIN by allowing Medicaid providers options to meet specific measures and objectives to achieve meaningful use and promote comprehensive interoperability between all providers throughout the state. The project will enhance the existing NDHIN infrastructure and allow for statewide repositories for analytics, care coordination, credentialing, advanced directives, and provide for necessary connections between providers.

Of the amount appropriated to the Information Technology Department, \$40.5 million is from federal funds distributed by the federal Centers for Medicare and Medicaid Services and to be received by the Department of Human Services. Federal funds are available through a Medicaid advanced planning document and require a 10 percent or 15 percent match. The matching funds will be generated from billings to providers, payers, and the state match from the electronic health information exchange fund. Funding will be available for the project through the anticipated completion date of September 2021.

Electronic Payment Processing System

Electronic payment processing system - Section 10 of Senate Bill No. 2021 provides for Bank of North Dakota loans, appropriated to certain state agencies for the purpose of implementing a new electronic payment system related to merchant credit card fees. Section 11 of the bill provides for the repayment of the loans authorized in Section 10, using special funds derived from additional revenue received as a result of the new system. The following schedule lists the agencies authorized to receive a loan from the Bank during the 2017-19 biennium, the maximum amount the agency may borrow, and the amount appropriated to each agency for repayment of the loans:

Agency	Loan Amount Authorized	Loan Repayment
Department of Transportation	\$147,000	\$159,000
Secretary of State	93,000	101,000
Parks and Recreation Department	42,000	46,000
Game and Fish Department	36,000	39,000
Workforce Safety and Insurance	36,000	39,000
Highway Patrol	21,000	23,000
Total	\$375,000	\$407,000

The agencies listed above will remit funding necessary for the electronic payment processing system to the Information Technology Department, resulting in a special fund appropriation of \$375,000 in the Information Technology Department budget for the cost of implementing the system. The electronic payment processing system will result in an estimated \$3.8 million of savings for these six agencies during the 2017-19 biennium.

Other Sections in Senate Bill No. 2021

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Transfers - Section 4 authorizes the Office of Management and Budget to make transfers of funds between line items of the Information Technology Department as may be requested by the Chief Information Officer as necessary for the development and implementation of information technology projects.

Center for Distance Education course lists - Section 5 creates Section 15-19-01.1, requiring the Director of the Center for Distance Education (CDE) to provide all public schools and districts a list of courses offered by CDE.

Center for Distance Education clearinghouse - Section 6 creates Section 15-19-02.1, requiring the Director of CDE to establish a clearinghouse for online courses offered by CDE.

Statewide Interoperable Executive Committee membership - Section 7 amends Section 37-17.3-02.2(1) to expand the membership of the Statewide Interoperable Executive Committee to include the Indian Affairs Commission Executive Director and, as appointed by the Legislative Management, one member of the House of Representatives and one member of the Senate.

Certified electronic health records systems - Section 8 amends Section 54-59-31 to allow certain health care providers participating in the health information exchange to use an electronic health records system that is not certified by the National Coordinator for Health Information Technology's office if that type of provider is not required to be certified.

Statewide longitudinal data system - Section 9 amends Section 54-59-34(1) to require the Statewide Longitudinal Data System Committee to provide annual reports to education and workforce development programs.

Legislative intent - Information Technology Department efficiencies - Section 12 provides legislative intent that the Governor achieve efficiencies and budgetary savings within the Information Technology Department and other state agencies through the use of innovative ideas and solutions relating to information technology and related services. The Governor shall submit proposed legislation necessary to implement any ideas and solutions for state government efficiencies and budgetary savings to the 66th Legislative Assembly.

Related Legislation

North Dakota eTranscripts - House Bill No. 1037 requires North Dakota school districts to use North Dakota eTranscripts, or an alternative information system designated by the Information Technology Department in collaboration with the Department of Public Instruction, to submit official transcripts for the North Dakota academic or career and technical education scholarship to the Superintendent of Public Instruction.

Victim information and notification system - House Bill No. 1194 amends Section 12.1-34-06 to allow the Attorney General's office to maintain a statewide automated victim information and notification system, rather than by the Information Technology Department.

Desktop support services - Senate Bill No. 2024 amends Section 54-59-22.1(1) to remove the requirement for the Tobacco Prevention and Control Executive Committee to receive desktop support services from the Information Technology Department.

Budget Section report - Senate Bill No. 2032 amends Section 54-59-19 to remove the requirement that the Information Technology Department present a summary of the department's annual report to the Budget Section.

Statewide Interoperability Executive Committee - Senate Bill No. 2050 amends Section 37-17.3-02.2(1) to include the Indian Affairs Commission Executive Director, or a designee, as a member of the Statewide Interoperability Executive Committee.

Statewide longitudinal data system - Senate Bill No. 2104 amends Section 54-59-39(1) to provide that the Information Technology Department may not redisclose any unemployment insurance wage data from Job Service North Dakota that identifies an individual unless the redisclosure is expressly permitted by a written agreement between Job Service North Dakota and the Information Technology Department, or is otherwise expressly permitted or required by federal or state law.

**Office of Administrative Hearings
Budget No. 140
Senate Bill No. 2017**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	5.00	\$0	\$2,918,634	\$2,918,634
2017-19 base budget	5.00	0	2,951,611	2,951,611
Legislative increase (decrease) to base budget	0.00	\$0	(\$32,977)	(\$32,977)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			(\$16,707)	(\$16,707)
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,240.83 per month.			13,273	13,273
Reduced funding for operating expenses.			(29,543)	(29,543)
Total	<u>0.00</u>	<u>\$0</u>	<u>(\$32,977)</u>	<u>(\$32,977)</u>

FTE Changes

The Legislative Assembly approved 5 FTE positions for the Office of Administrative Hearings for the 2017-19 biennium, the same as the 2015-17 biennium.

Other Sections in Senate Bill No. 2017

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

**Legislative Assembly
Budget No. 150
Senate Bill No. 2001**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	0.00	\$14,159,170	\$0	\$14,159,170
2017-19 base budget	0.00	13,730,065	0	13,730,065
Legislative increase (decrease) to base budget	0.00	\$429,105	\$0	\$429,105

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$14,159,170	\$0	\$14,159,170
2015-17 adjusted legislative appropriations	13,730,065	1,114,810	14,844,875
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$429,105	(\$1,114,810)	(\$685,705)
Percentage increase (decrease) to 2015-17 adjusted appropriations	3.1%	(100.0%)	(4.6%)

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

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Added funding for cost-to-continue 2015-17 biennium legislators' monthly compensation.		\$26,146		\$26,146
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		353,769		353,769
Reduced funding for temporary salaries during the 2019 legislative session.		(38,864)		(38,864)
Added funding to increase the maximum monthly lodging expense reimbursement to \$1,720 anticipated for the 2019 legislative session. The maximum monthly lodging reimbursement was \$1,682 for the 2017 session.		20,320		20,320
Restored a portion of the funding for information technology and other operating expenses, reduced as part of the 2015-17 biennium budget reductions.		254,642		254,642
Reduced funding for the 2019 legislative session to provide funding for an estimated 75 legislative days rather than 77 legislative days, including reductions to per diem (\$112,000) and travel expenses (\$48,000).		(160,000)		(160,000)

Reduced funding for National Conference of State Legislatures dues to provide 90 percent of the estimated 2017-19 biennium billing, a total of \$225,155.	(16,108)	(16,108)
Reduced funding for capital assets.	(10,800)	(10,800)
Total	0.00	\$429,105
		\$0
		\$429,105

Legislative Pay Increases

The Legislative Assembly did not provide for legislative pay increases for the 2017-19 biennium. The compensation rates for the 2017-19 biennium will remain as follows:

	Current Compensation Rate	Rate Effective July 1, 2017	Rate Effective July 1, 2018
Monthly compensation	\$495	\$495	\$495
Leaders' additional monthly compensation	\$355	\$355	\$355
Daily session pay	\$177	\$177	\$177
Interim meeting pay	\$177	\$177	\$177

Other Sections in Senate Bill No. 2001

Health insurance increase - Section 2 identifies the amount of funding included in the Legislative Assembly budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Transfers - Section 5 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 or the Director of the Legislative Council.

Continuation of appropriation and transfer authority - Section 6 allows transfers of funds between line items of the 2015-17 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council. In addition, the section provides that the unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2015-17 biennium be continued and that unexpended appropriations enacted prior to the 2015-17 biennium may be cancelled as directed by the Chairman of the Legislative Management or the Director of the Legislative Council.

Legislative revenue advisory committee - Section 7 creates a new section to North Dakota Century Code Chapter 54-35 to establish a legislative revenue advisory committee. **The Governor vetoed this section.**

Legislative Management study - Information Technology Department services - Section 8 provides for a Legislative Management study of Information Technology Department services provided to state agencies.

Legislative Management study - Department of Transportation's state fleet services - Section 9 provides for a Legislative Management study of Department of Transportation's state fleet services.

Emergency - Section 10 declares the Act an emergency measure.

Related Legislation

Brain injury advisory council - House Bill No. 1085 creates a brain injury advisory council and provides for the appointment of two legislators to the council.

Legislative Management membership - House Bill No. 1330 relates to the membership of Legislative Management.

Disclosure of tax deductions or credits - House Bill No. 1354 provides, upon receipt of a written request from the Chairman of the Legislative Management or the chairman of a standing committee of the Legislative Assembly, the Tax Commissioner must disclose the amount of any tax deduction or credit that was claimed or earned by a taxpayer.

Legislative Ethics Committee membership - House Bill No. 1431 relates to membership of the Legislative Ethics Committee.

Dynamic fiscal impact analysis - Senate Bill No. 2044 relates to dynamic fiscal impact analysis of select economic development incentives and bills introduced by the Legislative Assembly and the creation of a dynamic fiscal impact bill selection committee during the 2017-19 biennium.

Initiated and referred measure study commission - Senate Bill No. 2135 creates an initiated and referred measure study commission during the 2017-19 biennium.

Designation of Memorial Hall - Senate Bill No. 2334 relates to the designation of Memorial Hall.

Senate and House employment positions - Senate Concurrent Resolution No. 4007 designates Senate and House employment positions for the 2017 session and sets compensation rates for the positions.

**Legislative Council
Budget No. 160
Senate Bill No. 2001**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	36.00	\$11,891,138	\$70,000	\$11,961,138
2017-19 base budget	37.00	11,948,410	70,000	12,018,410
Legislative increase (decrease) to base budget	(1.00)	(\$57,272)	\$0	(\$57,272)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$11,891,138	\$0	\$11,891,138
2015-17 adjusted legislative appropriations	11,948,410	610,460	12,558,870
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$57,272)	(\$610,460)	(\$667,732)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(0.5%)	(100.0%)	(5.3%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium per diem, salaries, and benefit increases and for other base payroll changes.		\$118,699		\$118,699
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		95,568		95,568
Reduced funding for base level salaries and wages due to staff turnover.		(126,558)		(126,558)
Removed 1 vacant FTE fiscal analyst position. The related funding for salaries and wages was removed as part of the 2015-17 biennium budget reductions.	(1.00)			
Removed funding for 1 FTE office assistant position.		(147,071)		(147,071)

Added funding for temporary salaries and wages to assist with session duties related to the office assistant position.	35,000	35,000		
Reduced funding for per diem (\$92,251) and travel expenses (\$15,140) related to smaller committee sizes anticipated for the 2017-18 interim.	(107,391)	(107,391)		
Added funding for anticipated increases in fees and other travel-related expenses.	11,260	11,260		
Reduced funding for out-of-state travel, including reductions to per diem salaries (\$14,299) and travel expenses (\$44,865).	(59,164)	(59,164)		
Reduced funding for professional fees to provide a total of \$140,000 for audit fees (\$15,000) and interim committee consulting services (\$125,000) during the 2017-18 interim.	(75,000)	(75,000)		
Reduced funding for library services.	(13,000)	(13,000)		
Restored a portion of the funding for information technology and other operating expenses, reduced as part of the 2015-17 biennium budget reductions.	210,385	210,385		
Total	<u>(1.00)</u>	<u>(\$57,272)</u>	<u>\$0</u>	<u>(\$57,272)</u>

FTE Changes

The Legislative Assembly approved 36 FTE positions for the Legislative Council for the 2017-19 biennium, a decrease of 1 FTE position from the 2015-17 biennium. The Legislative Assembly removed 1 vacant FTE fiscal analyst position.

Legislative Pay Increases

The Legislative Assembly did not provide for legislative pay increases for the 2017-19 biennium. The compensation rates for the 2017-19 biennium will remain as follows:

	Current Compensation Rate	Rate Effective July 1, 2017	Rate Effective July 1, 2018
Monthly compensation	\$495	\$495	\$495
Leaders' additional monthly compensation	\$355	\$355	\$355
Daily session pay	\$177	\$177	\$177
Interim meeting pay	\$177	\$177	\$177

Other Sections in Senate Bill No. 2001

Health insurance increase - Section 2 identifies the amount of funding included in the Legislative Assembly budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Transfers - Section 5 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 or the Director of the Legislative Council.

Continuation of appropriation and transfer authority - Section 6 allows transfers of funds between line items of the 2015-17 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council. In addition, the section also provides that the unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2015-17 biennium be continued and that unexpended appropriations enacted prior to the 2015-17 biennium may be cancelled as directed by the Chairman of the Legislative Management or the Director of the Legislative Council.

Legislative revenue advisory committee - Section 7 creates a new section to North Dakota Century Code Chapter 54-35 to establish a legislative revenue advisory committee. **The Governor vetoed this section.**

Legislative Management study - Information Technology Department services - Section 8 provides for a Legislative Management study of Information Technology Department services provided to state agencies.

Legislative Management study - Department of Transportation's state fleet services - Section 9 provides for a Legislative Management study of Department of Transportation's state fleet services.

Emergency - Section 10 declares the Act an emergency measure.

Related Legislation

Brain injury advisory council - House Bill No. 1085 creates a brain injury advisory council and provides for the appointment of two legislators to the council.

Legislative Management membership - House Bill No. 1330 relates to the membership of Legislative Management.

Disclosure of tax deductions or credits - House Bill No. 1354 provides, upon receipt of a written request from the Chairman of the Legislative Management or the chairman of a standing committee of the Legislative Assembly, the Tax Commissioner must disclose the amount of any tax deduction or credit that was claimed or earned by a taxpayer.

Legislative Ethics Committee membership - House Bill No. 1431 relates to membership of the Legislative Ethics Committee.

Dynamic fiscal impact analysis - Senate Bill No. 2044 relates to dynamic fiscal impact analysis of select economic development incentives and bills introduced by the Legislative Assembly and the creation of a dynamic fiscal impact bill selection committee during the 2017-19 biennium.

Initiated and referred measure study commission - Senate Bill No. 2135 creates an initiated and referred measure study commission during the 2017-19 biennium.

Designation of Memorial Hall - Senate Bill No. 2334 relates to the designation of Memorial Hall.

**Judicial Branch
Budget No. 180
Senate Bill No. 2002, House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	355.50	\$102,257,770	\$3,321,839	\$105,579,609
2017-19 base budget	391.00	101,591,134	2,366,806	103,957,940
Legislative increase (decrease) to base budget	(35.50)	\$666,636	\$955,033	\$1,621,669

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$102,257,770	\$0	\$102,257,770
2015-17 adjusted legislative appropriations	101,591,134	3,662,530	105,253,664
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$666,636	(\$3,662,530)	(\$2,995,894)
Percentage increase (decrease) to 2015-17 adjusted appropriations	0.7%	(100.0%)	(2.8%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Judicial branch				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$1,116,796	(\$151,757)	\$965,039
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		950,356		950,356
Adjusted funding for operating expenses.		514,621	(393,210)	121,411
Added one-time funding from Adjutant General loan proceeds for law enforcement costs relating to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).			1,500,000	1,500,000

Supreme Court

Removed 3.5 FTE positions (see FTE changes section for additional information).	(3.50)	(202,113)	(202,113)
Increased funding for information technology expenses.		40,608	40,608
Adjusted funding for judges retirement.		1,176	1,176

District Courts

Removed 32 FTE positions (see FTE changes section for additional information).	(32.00)	(2,801,754)	(2,801,754)
Increased funding for information technology expenses.		545,867	545,867
Adjusted funding for judges retirement.		(359)	(359)
Increased funding for payments to contract counties.		342,479	342,479
Restored funding for University of North Dakota central legal research, which was reduced due to the August 2016 budget reductions.		40,000	40,000
Restored funding for juvenile court services, which was reduced due to the August 2016 budget reductions.		74,234	74,234

Judicial Conduct Commission and Disciplinary Board

Restored funding for Judicial Conduct Commission salaries and wages, which was reduced due to the August 2016 budget reductions.		44,725	44,725
--	--	--------	--------

Total	<u>(35.50)</u>	<u>\$666,636</u>	<u>\$955,033</u>	<u>\$1,621,669</u>
-------	----------------	------------------	------------------	--------------------

FTE Changes

The 2017-19 biennium appropriation includes funding for 355.5 FTE positions, a decrease of 35.5 FTE positions from the 2015-17 biennium authorized level of 391 FTE positions. The Legislative Assembly removed:

- 2 FTE Supreme Court administrative assistants
- 1 FTE Supreme Court law library assistant
- 0.5 FTE Supreme Court deputy clerk
- 3 FTE referees
- 3 FTE court recorders
- 2 FTE calendar control clerks
- 2 FTE district court administrative assistants
- 1 FTE assistant district court administrator

- 3 FTE juvenile court administrative assistants
- 8 FTE juvenile court officers
- 3 FTE law clerks
- 3 FTE deputy clerks
- 1 FTE citizen access paralegal
- 1 FTE assistant state court administrator
- 1 FTE technology support specialist
- 1 FTE technology coordinator

One-Time Funding

House Bill No. 1024 included one-time funding of \$1.5 million from Adjutant General loan proceeds for judicial branch costs relating to unlawful activity associated with the construction of the Dakota Access Pipeline.

Other Sections in Senate Bill No. 2002

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Additional income - Section 4 provides that in addition to the amount appropriated as special funds, any other income received pursuant to federal acts and private 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 2017-19 biennium.

Transfers - Section 5 authorizes the Director of the Office of Management and Budget and the State Treasurer to 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 perform the functions of the judicial branch of government.

University of North Dakota central legal research - Matching funds - Section 6 provides that the \$40,000 appropriated from the general fund for University of North Dakota central legal research may not be spent until the Chief Justice of the Supreme Court certifies to the Office of Management and Budget that \$40,000 in matching funds from nonstate sources have been provided to University of North Dakota for central legal research.

Legislative Management study of judicial branch fees - Section 7 provides for a Legislative Management study of fees charged by the judicial branch, including fees charged by the clerk of district court.

Related Legislation

House Bill No. 1060 - Requires background checks for guardians ad litem who provide direct services to youth.

House Bill No. 1095 - Amends sections relating to guardianship and conservatorship proceedings.

House Bill No. 1222 - Creates law relating to the process for seeking a sexual assault restraining order.

Senate Bill No. 2015 - Creates law relating to the management of inmate population and a community behavioral health program, provides for a Legislative Management study of criminal justice system behavioral health needs, provides for a departmental study of the Youth Correctional Center, and creates the Justice Reinvestment Oversight Committee.

Senate Bill No. 2098 - Creates law relating to disclosure of juvenile court records in order to refer the juvenile to certain programming.

Senate Bill No. 2169 - Creates law relating to the recognition of foreign-country money judgments.

Senate Bill No. 2170 - Creates law relating to the uniform recognition and enforcement of Canadian protection orders.

Senate Bill No. 2309 - Creates law relating to a domestic violence court pilot project and amends law relating to protection orders.

Senate Concurrent Resolution No. 4003 - Provides for a study of the current juvenile justice process, levels of collaboration among various service systems, implementation of dispositional alternatives, and methods for improving outcomes for juveniles involved in the process.

**Commission on Legal Counsel for Indigents
Budget No. 188
Senate Bill No. 2022, House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	40.00	\$17,983,876	\$2,946,747	\$20,930,623
2017-19 base budget	40.00	16,982,909	1,906,914	18,889,823
Legislative increase (decrease) to base budget	0.00	\$1,000,967	\$1,039,833	\$2,040,800

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$17,983,876	\$0	\$17,983,876
2015-17 adjusted legislative appropriations	16,982,909	122,275	17,105,184
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$1,000,967	(\$122,275)	\$878,692
Percentage increase (decrease) to 2015-17 adjusted appropriations	5.9%	(100.0%)	5.1%

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$257,833	\$10,049	\$267,882
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		112,215	2,784	114,999
Increased funding for operating expenses.		130,919		130,919
Increased funding for professional fees due to increased caseloads to provide a total of \$10,227,500 for professional fees.		500,000		500,000

Added one-time funding from special funds received from the Adjutant General for pipeline protest trials related to the unlawful activity associated with the construction of the Dakota Access Pipeline. (House Bill No. 1024)	1,027,000	1,027,000
---	-----------	-----------

	0.00	\$1,000,967		\$1,039,833	\$2,040,800
--	------	-------------	--	-------------	-------------

FTE Changes

The 2017-19 biennium appropriations for the Commission on Legal Counsel for Indigents includes funding for 40 FTE positions, the same as the 2015-17 biennium.

Deficiency Appropriations

The Legislative Assembly provided a deficiency appropriation of \$189,000 from the strategic investment and improvements fund in Section 1 of House Bill No. 1024 to the Commission on Legal Counsel for Indigents for the purpose of defraying expenses relating to the provisions of initiated Measure No. 3, also known as Marsy's Law, which was approved by the voters in the November 2016 general election.

Other Sections in Senate Bill No. 2022

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Confidential records - House Bill No. 1235 amends North Dakota Century Code Section 54-61-02, relating to access to confidential records by the Commission on Legal Counsel for Indigents.

Trespass violations - House Bill No. 1293 amends Section 12.1-22-03 to provide a \$250 fine for trespass violations. In the majority of cases, this fee would replace other fines, including a \$100 court administration fee, which is allocated between the indigent defense administration fund and the court facilities improvement and maintenance fund.

Juvenile justice process - Senate Concurrent Resolution No. 4003 provides for a Legislative Management study of the current juvenile justice process, the appropriate age when a juvenile is considered capable of committing a criminal offense, levels of collaboration among various service systems, implementation of dispositional alternatives, and methods for improving outcomes for juveniles involved in the process.

**Retirement and Investment Office
Budget No. 190
House Bill No. 1022**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	19.00	\$0	\$5,340,054	\$5,340,054
2017-19 base budget	19.00	0	5,413,425	5,413,425
Legislative increase (decrease) to base budget	0.00	\$0	(\$73,371)	(\$73,371)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$34,583	\$34,583
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			50,436	50,436
Adjusted funding for operating expenses.			(\$128,390)	(\$128,390)
Reduced contingency funding to \$52,000.			(\$30,000)	(\$30,000)
Total	0.00	\$0	(\$73,371)	(\$73,371)

FTE Changes

The Legislative Assembly approved 19 FTE positions for the Retirement and Investment Office for the 2017-19 biennium, the same as the 2015-17 biennium.

Other Sections in House Bill No. 1022

Health Insurance Increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases.

Appropriation line item transfers - Section 3 authorizes the agency to 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.

**Public Employees Retirement System
Budget No. 192
House Bill No. 1023**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	34.50	\$0	\$9,258,390	\$9,258,390
2017-19 base budget	34.50	0	9,319,003	9,319,003
Legislative increase (decrease) to base budget	0.00	\$0	(\$60,613)	(\$60,613)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$55,378	\$55,378
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			95,431	95,431
Adjusted funding for operating expenses.			23,000	23,000
Added funding for office remodeling.			30,000	30,000
Adjusted funding for salaries and wages.			(150,000)	(150,000)
Reduced funding for postage, printing, and supplies due to requiring electronic payments.			(8,450)	(8,450)
Reduced funding for printing and postage costs for newsletters.			(29,752)	(29,752)
Reduced funding for printing and postage costs for annual benefit statements.			(33,220)	(33,220)
Reduced funding for hosting costs of a mobile application.			(43,000)	(43,000)
Total	<u>0.00</u>	<u>\$0</u>	<u>(\$60,613)</u>	<u>(\$60,613)</u>

FTE Changes

The Legislative Assembly approved 34.50 FTE positions for the Public Employees Retirement System (PERS) for the 2017-19 biennium, the same as the 2015-17 biennium.

Other Sections in House Bill No. 1023

Health insurance increase - Section 2 identifies the amount of funding included for state employee health insurance premium rate increases for the 2017-19 biennium.

Appropriation line item transfers - Section 4 authorizes PERS to transfer funds from its contingencies line item to other line items and requires the agency to notify the Office of Management and Budget of each transfer made.

Electronic distribution of materials - Section 5 provides legislative intent that the PERS office create operating efficiencies when feasible by discontinuing the distribution of paper materials, including newsletters and benefit statements.

Solicitation of bids and contracting - Section 6 provides for the Retirement Board to design request for proposals, to solicit bids, and to select a carrier to contract for hospital, medical, and prescription drug benefit coverage for the active employee plan for the 2019-21 biennium. **The Governor vetoed this section.**

Public Employee Health Care Coverage Committee study - Section 7 provides for the Public Employee Health Care Coverage Committee to study, review, and make recommendations regarding the terms of the Retirement Board's request for proposals for hospital, medical, and prescription drug benefits coverage for active employees for the 2019-21 biennium. **The Governor vetoed this section.**

Employee Benefits Programs Committee - Section 8 amends the powers and duties of the Legislative Management's Employee Benefits Programs Committee. **The Governor vetoed this section.**

Public Employee Health Care Coverage Committee - Appointment - Section 9 creates a new section to North Dakota Century Code Chapter 54-35 to establish the appointment of committee members for a newly created Public Employee Health Care Coverage Committee. **The Governor vetoed this section.**

Public Employee Health Care Coverage Committee - Powers and duties - Section 10 creates a new section to Chapter 54-35 to establish powers and duties of a newly created Public Employee Health Care Coverage Committee. **The Governor vetoed this section.**

Public Employee Retirement System Board - Section 11 creates a new subsection to Section 54-52-04 for the PERS Board to establish policies and implement procedures to make and collect payments in the most cost-effective manner, including the use of electronic transfer of funds.

Uniform group insurance program - Compliance with federal requirements - Section 12 amends Section 54-52.1-08.2 relating to notifying the Public Employee Health Care Coverage Committee of any approvals from the Employee Benefits Programs Committee relating to any modifications of compliance to federal requirements relating to uniform group insurance programs. **The Governor vetoed this section.**

Effective date - Section 13 provides that Sections 8, 9, 10, and 12 of the bill are effective through July 31, 2019, and after that date are ineffective. **The Governor vetoed this section.**

Related Legislation

House Bill No. 1148 - Provides changes to the public employee retirement plan for firefighters.

House Bill No. 1156 - Provides changes to the definition of medical marijuana and prohibiting the payment of worker's compensation benefits for medical marijuana.

House Bill No. 1403 - Provides changes to the public employee health benefits transparency.

Senate Bill No. 2052 - Provides changes to the PERS uniform group insurance coverage of telehealth services.

Senate Bill No. 2053 - Provides changes relating to the definitions of retirement and retirement board, eligibility for disability retirement and early retirement benefits under PERS, employee enrollment, billing for the retiree health insurance credit, temporary employee participation in the uniform group insurance program failure

to maintain a health savings account when high-deductible health plan is elected, payment of administrative expenses of the defined contribution plan, and penalties for employers failing to pay contributions under the defined contribution plan.

Senate Bill No. 2107 - Provides retroactive health insurance coverage since August 19, 2016, for National Guard service members performing state active duty in response to state emergencies.

**Department of Trust Lands
Budget No. 226
Senate Bill Nos. 2013 and 2134**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	31.00	\$0	\$238,481,273	\$238,481,273
2017-19 base budget	33.00	0	108,243,153	108,243,153
Legislative increase (decrease) to base budget	(2.00)	\$0	\$130,238,120	\$130,238,120

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			(\$73,683)	(\$73,683)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			84,948	84,948
Added 1 FTE geographic information systems specialist position (\$177,080) and related operating expenses (\$23,025).	1.00		200,105	200,105
Removed 3 FTE positions, including 1 FTE natural resources director position (\$259,307), 1 FTE Energy Infrastructure and Impact Office position (\$151,237), and 1 FTE project manager position (\$206,550).	(3.00)		(617,094)	(617,894)
Adjusted funding for operating expenses including increases for building maintenance and utility costs (\$93,746); increases for professional development (\$45,000); and decreases for professional development, information technology services, and travel (\$405,685).			(266,939)	(266,939)
Removed funding for Energy Infrastructure and Impact Office administrative expenses.			(389,217)	(389,217)
Removed funding for grants to political subdivisions from the oil and gas impact grant fund.			(99,300,000)	(99,300,000)
Added one-time funding for an information technology system replacement project.			3,600,000	3,600,000

Added one-time funding for grants to airports including \$25 million from the oil and gas impact grant fund and \$15 million from the newly created energy impact fund.			40,000,000	40,000,000
Added one-time funding for mineral revenue repayments including \$100 million from the strategic investment and improvements fund and \$87 million from a Bank of North Dakota line of credit (Senate Bill No. 2134).			187,000,000	187,000,000
Total	(2.00)	\$0	\$130,238,120	\$130,238,120

FTE Changes

The Legislative Assembly approved 31 FTE positions for the Department of Trust Lands for the 2017-19 biennium, a decrease of 2 FTE position from the 2015-17 biennium authorized level of 33 FTE positions. The Legislative Assembly added 1 FTE geographic information systems specialist position and removed 1 FTE natural resources director position, 1 FTE Energy Infrastructure and Impact Office position, and 1 FTE project manager position.

One-Time Funding

One-time appropriations for the 2017-19 biennium for the Department of Trust Lands include \$3.6 million for an information technology system replacement project, \$40 million for grants to airports, and \$187 million for mineral revenue repayments.

Distributions to State Institutions

Sections 8 and 9 of Senate Bill No. 2013 provide for permanent fund income distributions to state institutions pursuant to Article IX of the Constitution of North Dakota. The 2017-19 biennium distributions include one-time corrections resulting from the misallocation of prior mineral revenues, as identified during a performance audit conducted during the 2015-16 interim. The distributions are as follows:

	2015-17 Biennium	2017-19 Biennium	Increase (Decrease)
Common schools	\$206,134,000	\$288,264,000	\$82,130,000
North Dakota State University	3,368,000	4,738,000	1,370,000
University of North Dakota	2,742,000	3,662,000	920,000
Youth Correctional Center	1,372,000	800,814	(571,186)
School for the Deaf	1,180,000	1,598,000	418,000
North Dakota State College of Science	1,066,000	1,535,984	469,984
State Hospital	1,078,000	1,459,984	381,984
Veterans' Home	434,000	711,984	277,984
Valley City State University	570,000	808,000	238,000
North Dakota Vision Services - School for the Blind	534,000	929,984	395,984
Mayville State University	382,000	542,000	160,000
Dakota College at Bottineau	78,000	275,984	197,984
Dickinson State University	78,000	275,984	197,984
Minot State University	78,000	275,984	197,984
Total	\$219,094,000	\$305,878,702	\$86,784,702

Other Sections in Senate Bill No. 2013

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Township distributions - Section 4 provides one-time funding of \$16.1 million to the State Treasurer for special transportation funding distributions to non-oil-producing townships (See the **State Treasurer** section of this report for more detailed information). **The Governor vetoed this section.**

Fund transfers - Section 5 provides for a transfer of \$8 million from the political subdivision allocation fund to the energy impact fund. Section 6 provides for a transfer of any amounts remaining in the political subdivision allocation fund to the strategic investment and improvements fund. Section 7 provides for a transfer of \$3 million from the strategic investment and improvements fund to the newly created energy impact fund.

Oil and gas impact grant fund exemption - Section 10 provides an exemption for the amount appropriated from the oil and gas impact grant fund for administrative costs and oil impact grants for the 2015-17 biennium and for the deposits in the fund for taxable events through June 30, 2017, allowing the funding to continue to be available during the 2017-19 biennium.

Flood-impacted political subdivision infrastructure development grant exemption - Section 11 provides an exemption to allow an unspent grant to a flood-impacted political subdivision to be available in the 2017-19 biennium.

Information technology project - Section 12 identifies \$3.6 million from the state lands maintenance fund for an information technology project and provides legislative intent for the Governor and agency to achieve efficiencies and budgetary savings through innovative ideas and information technology solutions. Of the \$3.6 million, \$1.8 million is available only upon approval of the Budget Section. **The Governor vetoed the requirement for Budget Section approval.**

Airport grants - Section 13 identifies \$25 million from the oil and gas impact grant fund for an oil impact grant of \$20 million to the Williston airport and a grant of \$5 million to the Dickinson airport. Section 14 identifies \$15 million from the energy impact fund for a grant to the Williston airport. Pursuant to both sections, the funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project.

Oil and gas tax allocation formulas - Sections 15 and 16 amend the oil and gas tax revenue allocation formulas (See the "2017-19 Biennium Oil and Gas Tax Revenue Allocation Flowchart" under the **General Fund Revenue** section of this report for more detailed information). Section 23 provides an effective date related to the formula changes.

Energy impact fund - Section 17 creates a new section to Chapter 57-51 to establish the energy impact fund.

Political subdivision allocation fund - Section 18 amends Section 57-51.1-07.6 to remove the distributions to political subdivisions from the political subdivision allocation fund. Section 19 repeals the political subdivision allocation fund on September 1, 2017, pursuant to the effective date included in Section 23.

Mineral royalties - Section 20 provides a statement of legislative intent regarding the calculation of mineral royalties. **The Governor vetoed this section.**

Oil and gas valuation study - Section 21 provides for a study by the Tax Department and other state agencies regarding the valuation of oil and gas for mineral royalties and tax liability. Section 28 of House Bill No. 1015 amends the study to remove certain requirements.

Hub city oil and gas tax allocation study - Section 22 provides for a Legislative Management study regarding the oil and gas tax revenue allocations to hub cities and hub city school districts.

Department of Trust Lands administrative rules - Section 23 provides an effective date related to the provisions of House Bill No. 1300, which requires the Department of Trust Lands to follow the administrative rules process. Section 29 of House Bill No. 1015 amended Section 23 of Senate Bill No. 2013 to remove the effective date. **The Governor vetoed Section 29 of House Bill No. 1015, which allows the delayed effective date of January 1, 2018, to remain in effect.**

Related Legislation

House Bill No. 1300 - Requires the Department of Trust Lands to follow the administrative rules process by removing the department from the list of exempt agencies.

Senate Bill No. 2101 - Corrects Section 57-62-02 relating to the transfer of interest from the coal development trust fund to the general fund pursuant to constitutional requirements.

Senate Bill No. 2102 - Changes the provisions for the Commissioner of the Board of University and School Lands to provide information on the best use of land from a required report to an optional assessment.

Senate Bill No. 2134 - Defines the ordinary highwater mark used to determine sovereign minerals within Missouri River reservoirs and provides for mineral revenue repayments.

**State Library
Budget No. 250
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	28.75	\$5,618,301	\$2,247,560	\$7,865,861
2017-19 base budget	29.75	6,079,981	2,438,751	8,518,732
Legislative increase (decrease) to base budget	(1.00)	(\$461,680)	(\$191,191)	(\$652,871)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$5,618,301	\$0	\$5,618,301
2015-17 adjusted legislative appropriations	6,079,981	250,000	6,329,981
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$461,680)	(\$250,000)	(\$711,680)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.6%)	(100.0%)	(11.2%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$37,239	\$96,788	\$134,027
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		69,747	10,100	79,847
Restored funding for salaries and wages that was reduced as part of the August 2016 general fund budget reductions.		161,341		161,341
Reduced salaries and wages in anticipation of savings from vacant positions and employee turnover.		(100,000)		(100,000)
Removed 1 FTE education program administrator II position.	(1.00)	(142,296)		(142,296)

Reduced funding for online library resources and adjusted the funding source.	(182,239)	82,921	(99,318)
Reduced funding for operating expenses for equipment purchases.	(10,000)		(10,000)
Reduced funding for aid to public libraries to provide a total of \$1,737,528 from the general fund.	(295,472)		(295,472)
Reduced funding from federal funds in the grants line item because funds will be used for online library resources costs in the State Library's operating expenses line item.		(381,000)	(381,000)
Total	<u>(1.00)</u>	<u>(\$461,680)</u>	<u>(\$191,191)</u>

FTE Changes

The Legislative Assembly approved 28.75 FTE positions for the State Library for the 2017-19 biennium, a decrease of 1 FTE position from the 2015-17 biennium. The Legislative Assembly removed 1 FTE education program administrator II position.

Other Sections in Bill

Health insurance increase - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

State aid to public libraries - Section 18 provides that of the \$1,737,528 provided for aid to public libraries, no more than one-half may be spent during the 1st year of the biennium.

**School for the Deaf
Budget No. 252
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	45.61	\$7,488,526	\$3,198,444	\$10,686,970
2017-19 base budget	45.61	8,541,881	1,089,210	9,631,091
Legislative increase (decrease) to base budget	0.00	(\$1,053,355)	\$2,109,234	\$1,055,879

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$7,488,526	\$0	\$7,488,526
2015-17 adjusted legislative appropriations	8,541,881	0	8,541,881
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$1,053,355)	\$0	(\$1,053,355)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(12.3%)	N/A	(12.3%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$78,677)	\$3,211	(\$75,466)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		117,494	3,584	121,078
Restored funding for salaries and wages, reduced as part of the August 2016 general fund budget reductions and adjusted the funding source for a portion of salaries and wages to provide funding from special funds available from trust fund distributions, rents, and service revenue.		2,476	400,000	402,476
Removed funding for teacher composite pay increases.		(151,193)		(151,193)
Restored funding for operating expenses, reduced as part of the August 2016 general fund budget reductions and adjusted the funding source for a portion of operating expenses to provide funding from special funds available from trust fund distributions, rents, and service revenue.		(784,381)	885,761	101,380

Reduced funding for extraordinary repairs and adjusted the funding source to provide funding from special funds available from trust fund distributions, rents, and service revenue.	(152,174)	83,678	(68,496)
Added one-time funding for the following capital assets:		58,000	58,000
<ul style="list-style-type: none"> • Fargo office IVN equipment - \$10,000; • Kitchen equipment - \$12,000; • Lawn tractor - \$16,000; and • Database software program - \$20,000. 			
Added one-time funding from special funds available from trust fund distributions, rents, and service revenue for extraordinary repairs related to the School for the Deaf's master facility plan repairs.		675,000	675,000
Reduced funding for a grant 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 to provide a total of \$180,000 from the general fund.	(6,900)		(6,900)
Total	0.00	(\$1,053,355)	\$2,109,234

FTE Changes

The Legislative Assembly approved 45.61 FTE positions for the School for the Deaf for the 2017-19 biennium, the same as the 2015-17 biennium.

One-Time Funding

In Section 3 of House Bill No. 1013, the Legislative Assembly identified \$733,000 of one-time funding from special funds for video equipment (\$10,000), kitchen equipment (\$12,000), a lawn tractor (\$16,000), a database software program (\$20,000), and extraordinary repairs related to the School for the Deaf's master facility plan (\$675,000). This amount is not to be considered part of the School for the Deaf 's 2019-21 biennium base budget, and the School for the Deaf is to report to the Appropriations Committees during the 2019 legislative session on the use of this funding.

Extraordinary Repairs and Capital Assets

The Legislative Assembly provided a total of \$891,678 from special funds available from trust fund distributions, rents, and service revenue for extraordinary repairs and capital assets, including:

	Total Special Funds
One-time funding:	
Master facility repairs	\$675,000
Fargo office interactive video network equipment	10,000
Kitchen equipment	12,000
Lawn tractor	16,000
Database software program	20,000
Total one-time funding	\$733,000
Base budget extraordinary repairs	158,678
Total	\$891,678

Other Sections in House Bill No. 1013

Health insurance increase - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

Higher education interpreter grant program - Section 20 provides that \$180,000 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 2017-19 biennium. Funding appropriated for this program is not subject to North Dakota Century Code Section 54-44.1-11. In addition, the section requires the School for the Deaf to develop a formula for distribution of the funds based on a uniform hourly reimbursement 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.

School for the Deaf special fund - Section 25 creates a new section to Chapter 25-07 to establish a special fund for the School for the Deaf. All money received from the Department of Trust Lands, and all revenues received from the lease of buildings and the provision of meals and services, including interpreter services, must be deposited in the fund and used pursuant to legislative appropriation for services.

**North Dakota Vision Services - School for the Blind
Budget No. 253
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	28.50	\$4,394,146	\$1,214,747	\$5,608,893
2017-19 base budget	30.00	4,748,647	569,325	5,317,972
Legislative increase (decrease) to base budget	(1.50)	(\$354,501)	\$645,422	\$290,921

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$4,394,146	\$0	\$4,394,146
2015-17 adjusted legislative appropriations	4,748,647	0	4,748,647
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$354,501)	\$0	(\$354,501)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.5%)	N/A	(7.5%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$175,148	\$16,450	\$191,598
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		85,085	70	85,155
Restored funding for salaries and wages that was reduced as part of the August 2016 general fund budget reductions.		105,800		105,800
Removed a .50 FTE vision rehabilitation specialist II position. The related funding for this position was removed as part of the August 2016 general fund budget reductions.	(0.5)			0
Removed 1 FTE teacher position.	(1.00)	(154,216)		(154,216)
Removed funding for teacher composite pay increases.		(121,691)		(121,691)

Restored funding for operating expenses, reduced as part of the August 2016 general fund budget reductions, and adjusted the funding source for a portion of operating expenses to provide funding from special funds available from trust fund distributions, rents, contributions, and service revenue.	(420,173)	454,210	34,037
Restored funding for extraordinary repairs, reduced as part of the August 2016 general fund budget reductions, and adjusted the funding source to provide funding from special funds available from trust fund distributions, rents, and service revenue.	(24,454)	39,192	14,738
Added one-time funding to payoff special assessments.		10,000	10,000
Added one-time funding for HVAC upgrade.		27,000	27,000
Added one-time funding to replace a roof top air unit.		8,500	8,500
Added one-time funding to replace a water line.		60,000	60,000
Added one-time funding to update the reception area.		30,000	30,000
Total	<u>(1.50)</u>	<u>\$645,422</u>	<u>\$290,921</u>

FTE Changes

The Legislative Assembly approved 28.5 FTE positions for the North Dakota Vision Services - School for the Blind for the 2017-19 biennium, a decrease of 1.5 FTE positions from the 2015-17 biennium. The Legislative Assembly removed a .5 FTE vision rehabilitation specialist II position and 1 FTE teacher position.

One-Time Funding

In Section 3 of House Bill No. 1013, the Legislative Assembly identified \$135,500 of one-time funding from special funds available from trust fund distributions, rents, contributions, and service revenue for special assessments (\$10,000), heating and cooling upgrades (\$35,500), water line replacement (\$60,000), and carpet and reception area upgrades (\$30,000). This amount is not to be considered part of the North Dakota Vision Services - School for the Blind's 2019-21 biennium base budget, and the North Dakota Vision Services - School for the Blind is to report to the Appropriations Committees during the 2019 legislative session on the use of this funding.

Extraordinary Repairs and Capital Assets

The Legislative Assembly provided a total of \$174,692 from special funds available from trust fund distributions, rents, contributions, and service revenue for extraordinary repairs and capital assets, including:

	Total Special Funds
One-time funding:	
Water line replacement	\$60,000
Special assessments	10,000
HVAC upgrade	27,000
Replace roof top air unit	8,500
Carpet and reception area upgrades	30,000
Total one-time funding	\$135,500
Base budget extraordinary repairs	39,192
Total extraordinary repairs and capital assets	\$174,692

Other Sections in Bill

Health insurance increase - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

Subscription and Braille fees - Section 19 provides that money collected for subscription fees or Braille fees must be deposited in the School for the Blind operating fund and is subject to appropriation by the Legislative Assembly.

School for the Blind special fund - Section 24 creates a new section to North Dakota Century Code Chapter 25-06 to establish a special fund for the School for the Blind. All money received from the Department of Trust Lands, contributions, and revenues received from the provision of services and from the lease of buildings must be deposited in the fund and used pursuant to legislative appropriation for services.

**Career and Technical Education
Budget No. 270
Senate Bill No. 2019**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	24.50	\$29,556,283	\$12,093,666	\$41,649,949
2017-19 base budget	26.50	31,698,298	9,697,887	41,396,185
Legislative increase (decrease) to base budget	(2.00)	(\$2,142,015)	\$2,395,779	\$253,764

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$29,306,283	\$250,000	\$29,556,283
2015-17 adjusted legislative appropriations	31,698,298	0	31,698,298
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$2,392,015)	\$250,000	(\$2,142,015)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.5%)	100.0%	(6.8%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$54,785)	(\$81,221)	(\$136,006)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		61,059		61,059
Removed 1 FTE assistant program supervisor position and related funding of \$157,200 and 1 FTE program coordinator position (Funding of \$171,382 from the general fund for this position was removed as part of the August 2016 budget reductions).	(2.00)	(157,200)		(157,200)
Restored salaries and wages funding from the general fund removed as part of the August 2016 budget reductions.		168,618		168,618
Adjusted funding for operating expenses.		(26,751)		(26,751)

Adjusted funding for postsecondary grants, including a \$290,500 transfer from the postsecondary grants line item to the grants line item for science, technology, engineering, and mathematics grants related to K-12 education.	(364,906)		(364,906)
Adjusted funding for adult farm management grants to provide total funding of \$1,854,338, of which \$597,822 is in the adult farm management line item and \$1,256,516 is included in state-funded grants in the grants line item.	(80,616)		(80,616)
Adjusted funding for workforce training grants to provide total funding of \$2 million from the general fund.	(803,500)		(803,500)
Adjusted funding for state-funded grants, including a \$290,500 transfer from the postsecondary grants line item to the grants line item for science, technology, engineering, and mathematics grants related to K-12 education.	(883,934)		(883,934)
Removed ongoing funding for Marketplace for Kids program.	(250,000)		(250,000)
Added one-time funding for Marketplace for Kids program.	250,000		250,000
Added one-time funding from the foundation aid stabilization fund for Marketplace for Kids program, to provide total funding of \$300,000.		50,000	50,000
Added one-time funding from the foundation aid stabilization fund for grants to school districts and area centers.		2,427,000	2,427,000
Total	<u>(2.00)</u>	<u>(\$2,142,015)</u>	<u>\$2,395,779</u>

FTE Changes

The 2017-19 biennium appropriation for the Department of Career and Technical Education includes funding for 24.50 FTE positions, a decrease of 2 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE assistant program supervisor position and 1 FTE program coordinator position.

One-Time Funding

The following is a summary of one-time funding included in the 2017-19 legislative appropriation for the Department of Career and Technical Education:

	General Fund	Other Funds	Total Funds
School district and area center grants, including \$50,000 for the Marketplace for Kids program, from the foundation aid stabilization fund		\$2,477,000	\$2,477,000
Marketplace for Kids program	\$250,000		250,000
Total	\$250,000	\$2,477,000	\$2,727,000

Foundation Aid Stabilization Fund

During the November 2016 general election, Constitutional Measure No. 2 was approved by North Dakota voters, amending Section 24 of Article X of the North Dakota Constitution to allow the Legislative Assembly to use any excess principal balance of the foundation aid stabilization fund for education-related purposes whenever the balance exceeds 15 percent of the general fund appropriation for state aid to school districts and area centers for the most recently completed biennium.

The Legislative Assembly, in 2017 Senate Bill No. 2272 and 2017 House Bill No. 1155, amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriations to the Department of Career and Technical Education for grants to school districts due to an allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also creates a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

The Department of Career and Technical Education general fund appropriation for career and technical education grants to school districts and area centers is \$22,736,666 for the 2015-17 biennium. Of this amount, \$3,410,500, or 15 percent, must be included when calculating the required reserve in the foundation aid stabilization fund during the 2017-19 biennium. The total 2017-19 biennium general fund appropriations to the Department of Career and Technical Education for career and technical education grants to school districts and area centers is \$20,442,999, resulting in \$3,066,450, or 15 percent, to be included in the foundation aid stabilization fund required reserve for the 2019-21 biennium.

As a result of the passage of Constitutional Measure No. 2 and action taken by the 2017 Legislative Assembly, Section 4 of Senate Bill No. 2019 identifies \$2,477,000 from the foundation aid stabilization fund for providing grants to school districts and area centers. Of this amount, \$50,000 is for the Marketplace for Kids program.

Marketplace for Kids

The Legislative Assembly provided a total 2017-19 biennium appropriation of \$300,000 to the Department of Career and Technical Education for the Marketplace for Kids program, the same as the 2015-17 biennium. Funding of \$300,000 was provided as an ongoing general fund appropriation for the 2015-17 biennium. Funding of \$300,000 was provided as one-time funding for the 2017-19 biennium, of which \$250,000 is from the general fund and \$50,000 is from the foundation aid stabilization fund.

Workforce Training Grants

Section 5 of Senate Bill No. 2019 identifies \$2 million from the general fund for the purpose of providing workforce training grants for the 2017-19 biennium, a decrease of \$803,500 from the adjusted 2015-17 biennium appropriation. Of the amount appropriated, \$1 million is to be distributed equally to Bismarck State College, Lake Region State College, Williston State College, and the North Dakota State College of Science. The Department of Career and Technical Education shall award the remaining \$1 million of workforce training grants based on job training needs throughout North Dakota and may consider applications from tribally controlled community colleges when determining these grant awards. Tribally controlled community colleges must collaborate with at least one of the four higher education institutions listed in this section when submitting applications for workforce training grants.

Other Sections in Senate Bill No. 2019

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

**State Department of Health
Budget No. 301
Senate Bill No. 2004 and House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	364.00	\$43,474,460	\$158,019,958	\$201,494,418
2017-19 base budget	365.00	48,535,568	141,970,854	190,506,422
Legislative increase (decrease) to base budget	(1.00)	(\$5,061,108)	\$16,049,104	\$10,987,996

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$43,474,460	\$0	\$43,474,460
2015-17 adjusted legislative appropriations	48,535,568	336,000	48,871,568 ¹
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$5,061,108)	(\$336,000)	(\$5,397,108)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(10.4%)	(100.0%)	(11.0%)

¹The 2015-17 biennium general fund appropriations reflect distributions from the targeted market equity fund of \$724,558.

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$770,856	\$404,755	\$1,175,611
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		531,356	490,394	1,021,750
Removed 1 FTE electronics technician II position from the Air Quality Division of the Environmental Health Section and related funding for salaries and wages.	(1.00)	(111,233)	(27,808)	(139,041)
Removed 6 undesignated FTE positions, including related funding for salaries and wages.	(6.00)	(475,736)	(324,808)	(800,544)
Reduced the base budget, based on the agency's budget request, including the removal of 1 FTE environmental scientist II position in the Water Quality Division of the Environmental Health Section and related salaries and wages of \$145,569 from the general fund.	(1.00)	(5,154,975)	805,115	(4,349,860)
Restored funding for salaries and wages, operating expenses, and grants, reduced as part of the 2015-17 budget reductions.		3,012,391		3,012,391
Adjusted funding for cost-to-continue programs.		100,597	(5,736,641)	(5,636,044)

Reduced funding for operating expenses agencywide.	(135,000)	(540,000)	(675,000)
Adjusted the funding source for litigation fees related to the Environmental Protection Agency lawsuit to provide funding from the strategic investment and improvements fund instead of the general fund.	(500,000)	500,000	0
Reduced funding for bond and capital payments to provide a total of \$636,877, of which \$455,931 is from the general fund.	(404)	(243,680)	(244,084)
Reduced funding for extraordinary repairs to provide a total of \$300,350, of which \$62,516 is from the general fund.	(17,727)	(18,093)	(35,820)
Adjusted funding for equipment to provide a total of \$2,509,513 from other funds.	(10,000)	841,412	831,412
Increased funding for state aid grants to local public health units and adjusted the funding sources to provide a total of \$5.25 million, of which \$3.25 million is from the general fund and \$2 million is from the tobacco prevention and control trust fund.	(1,000,000)	2,000,000	1,000,000
Added 1 FTE position for tobacco prevention and control and increased funding by \$7,953,333 from the tobacco prevention and control trust fund for tobacco prevention and control and cessation programs. Funding provided for tobacco prevention and control totals \$13,646,704, of which \$3,200,000 is from the community health trust fund, \$8,453,333 is from the tobacco prevention and control trust fund, and \$1,993,371 is from federal funds. Tobacco prevention and control funding includes \$6.5 million for grants to local public health units for tobacco prevention and control programs.	1.00	7,953,333	7,953,333
Adjusted funding for the following programs to provide \$2,224,862 from the tobacco prevention and control trust fund instead of the general fund.	(2,224,862)	2,224,862	0

	Tobacco Prevention and Control Trust Fund
Cancer programs	\$744,804
Stroke and cardiac care programs	756,418
Physician loan repayment program	480,000
Behavioral health loan repayment program	243,640
Total	\$2,224,862

Reduced funding from the tobacco prevention and control trust fund for cancer programs due to less need for colorectal screenings.		(100,000)	(100,000)
Added funding from the tobacco prevention and control trust fund for domestic violence offender treatment grants.		300,000	300,000
Reduced funding for emergency medical services grants to provide a total of \$7,721,000. Emergency medical services rural assistance grants total \$6,875,000, of which \$5,625,000	(561,820)		(561,820)

is from the general fund and \$1,250,000 is from the insurance tax distribution fund. Emergency medical services training grants total \$846,000 from the general fund.

Added funding for a federal Ebola grant anticipated to be received by the department.			1,043,098	1,043,098
Added funding for grants from special funds resulting from a settlement agreement between the United States Department of Justice and the Volkswagen Corporation related to emissions. The State Department of Health has been designated to receive the funds by the Governor's office.			2,500,000	2,500,000
Added ongoing funding and authorization for 6 FTE positions to establish a Medical Marijuana Division, based on the fiscal note for Senate Bill No. 2344, to provide total ongoing funding of \$1,465,704, including funding provided for employee health insurance premium increases, of which \$723,270 is from the general fund and \$742,434 is from the medical marijuana fund.	6.00	715,449	722,879	1,438,328
Added one-time funding from the medical marijuana fund for costs related to establishing a Medical Marijuana Division.			95,066	95,066
Added one-time funding for a women, infants, and children program computer project.			1,739,220	1,739,220
Added funding from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).			1,420,000	1,420,000
Total	<u>(1.00)</u>	<u>(\$5,061,108)</u>	<u>\$16,049,104</u>	<u>\$10,987,996</u>

FTE Changes

The Legislative Assembly approved 364 FTE positions for the State Department of Health for the 2017-19 biennium, a decrease of 1 FTE position from the 2015-17 biennium. The Legislative Assembly removed 1 FTE electronics technician II position from the Air Quality Division of the Environmental Health Section, 1 FTE environmental scientist II position from the Water Quality Division of the Environmental Health Section, and 6 FTE positions, not identified, agencywide. The Legislative Assembly also added 1 FTE position for tobacco prevention and control and 6 FTE positions to establish a Medical Marijuana Division.

One-Time Funding

In Section 3 of Senate Bill No. 2004, the Legislative Assembly identified \$1,834,286 of one-time funding from special funds for a women, infants, and children program computer project (\$1,739,220) and for one-time costs related to establishing a Medical Marijuana Division (\$95,066). In addition, House Bill No. 1024 included one-time funding of \$1.42 million from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline. These amounts are not to be considered part of the State Department of Health's 2019-21 biennium base budget, and the State Department of Health is to report to the Appropriations Committees during the 2019 legislative session on the use of this funding.

Deficiency Appropriations

In Section 1 of House Bill No. 1024, the Legislative Assembly provided a deficiency appropriation of \$250,000 from the strategic investment and improvements fund to the State Department of Health for additional costs related to ongoing legal actions with the United States Environmental Protection Agency during the 2015-17 biennium.

Emergency Medical Services Funding

The Legislative Assembly provided a total of \$7,721,000, of which \$6,471,000 is from the general fund and \$1.25 million is from the insurance tax distribution fund, for rural EMS grants. Emergency medical services rural assistance grants total \$6,875,000, of which \$5,625,000 is from the general fund and \$1,250,000 is from the insurance tax distribution fund. Emergency medical services training grants total \$846,000 from the general fund. This level of funding represents a 10 percent reduction in funding from the general fund (\$719,000) compared to the original 2015-17 biennium appropriation.

Tobacco Prevention and Control Funding

The Legislative Assembly, in Senate Bill No. 2024, repealed Chapter 23-42 related to the tobacco prevention and control program and transferred the responsibility for the statewide tobacco prevention and control plan to the State Department of Health. In Senate Bill No. 2004, the Legislative Assembly added 1 FTE position for tobacco prevention and control and increased funding to provide a total tobacco prevention and control appropriation of \$13,646,704, of which \$3,200,000 is from the community health trust fund, \$8,453,333 is from the tobacco prevention and control trust fund, and \$1,993,371 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. Funding provided from the tobacco prevention and control trust fund includes \$6.5 million for grants to local public health units for tobacco prevention and control programs and \$500,000 for cessation.

In Senate Bill No. 2024, the Legislative Assembly amended Section 54-27-25(2) to remove restrictions relating to the administration of the tobacco prevention and control trust fund and provide money received into the fund be used as appropriated by the Legislative Assembly. In addition, the Legislative Assembly, in Section 15 of House Bill No. 1015, requires the Office of Management and Budget to administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium. In Senate Bill No. 2004 and House Bill No. 1012, the Legislative Assembly amended Section 54-27-25(1) relating to the tobacco settlement trust fund to remove the requirement that 80 percent of the transfers from the tobacco settlement trust fund to the community health trust fund must be used for tobacco prevention and control and to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium. Transfers from the tobacco settlement trust fund to the community health trust fund are increased from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund during the 2017-19 biennium.

The Legislative Assembly transferred the responsibility for the statewide tobacco prevention and control plan to the State Department of Health and provided as of July 1, 2017, all business-related records belonging to the Comprehensive Tobacco Control Advisory Committee must be transferred to the State Department of Health. The Comprehensive Tobacco Control Advisory Committee must allow the State Department of Health to have access to the business-related records of the committee before July 1, 2017, as necessary, for the purpose of transitioning operations to the State Department of Health. By July 31, 2017, the State Department of Health must develop a statewide tobacco prevention and control plan that is consistent with the five components of the Centers for Disease Control and Prevention Best Practices for Comprehensive Tobacco Control Programs. At least once during the 2017-19 biennium, the State Department of Health must provide for an independent review of the tobacco prevention and control plan to evaluate the effectiveness of the plan and its implementation. The department must report the results of the independent review to the Legislative Management.

Local Public Health Unit Funding

The Legislative Assembly provided a total of \$5.25 million, of which \$3.25 million is from the general fund and \$2 million is from the tobacco prevention and control trust fund for grants to local public health units. The Legislative Assembly adjusted the funding source for grants to local public health units and increased funding by \$1 million, compared to the \$4.25 million provided from the general fund in the original 2015-17 biennium appropriation.

Medical Marijuana Division

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created North Dakota Century Code Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 requires the State Department of Health establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. The Legislative Assembly, based on the fiscal note for Senate Bill No. 2344, provided a total of \$1,560,770 and authorized 6 FTE positions to establish a Medical Marijuana Division. The Legislative Assembly provided ongoing funding of \$1,465,704, of which \$723,270 is from the general fund; \$742,434 is from the medical marijuana fund; and one-time funding of \$95,066 from the medical marijuana fund for costs related to establishing a Medical Marijuana Division. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The

State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program.

Other Sections in Senate Bill No. 2004

Environment and rangeland protection fund - Section 4 authorizes the department to spend \$250,000 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.

Insurance tax distribution fund - Section 5 provides \$1.25 million from the insurance tax distribution fund to the State Department of Health for rural emergency medical services grants during the 2017-19 biennium.

Strategic investment and improvements fund - Section 6 provides \$500,000 from the strategic investment and improvements fund to the State Department of Health for Environmental Protection Agency litigation during the 2017-19 biennium.

Student loan trust fund - Section 7 provides \$360,000 from the student loan trust fund to the State Department of Health for dental loan repayment grants during the 2017-19 biennium.

Tobacco prevention and control trust fund - Section 8 provides \$12,878,195 from the tobacco prevention and control trust fund to the State Department of Health for tobacco prevention and related health programs during the 2017-19 biennium.

Legislative intent - Medical marijuana - Section 9 provides legislative intent that Chapter 19-24.1 related to medical marijuana, as created by Senate Bill No. 2344, be subject to the requirements of Section 8 of Article III of the Constitution of North Dakota until December 8, 2023.

Legislative intent - Newborn screening - Section 10 provides legislative intent that the State Department of Health's newborn screening program collaborate with the cardiac system of care task force to provide congenital heart defect educational materials and explore data collection and analysis.

Dentists loan repayment program - Sections 11 and 12 amend Sections 43-28.1-01 and 43-28.1-03 related to dentists loan repayment program and criteria to be used in selecting qualified dentists.

Community health trust fund limitation - Section 13 amends Section 54-27-25(1) related to the tobacco settlement trust fund and the community health trust fund to remove the requirement that 80 percent of the transfers from the tobacco settlement trust fund to the community health trust fund be used for tobacco prevention and control.

Community health grant program - Section 14 repeals Chapter 23-38 related to the community health grant program.

Comprehensive Tobacco Control Advisory Committee records transfer - Section 15 requires, as of July 1, 2017, all business-related records belonging to the Comprehensive Tobacco Control Advisory Committee be transferred to the State Department of Health. The State Department of Health must also be allowed access to the business-related records of the Comprehensive Tobacco Control Advisory Committee prior to July 1, 2017, for the purposes of transitioning the operations to the State Department of Health.

Statewide tobacco prevention and control plan - Section 16 requires, by July 31, 2017, the State Department of Health must develop a statewide tobacco prevention and control plan that is consistent with the five components of the Centers for Disease Control and Prevention Best Practices for Comprehensive Tobacco Control Programs. At least once during the 2017-19 biennium, the State Department of Health must provide for an independent review of the tobacco prevention and control plan to evaluate the effectiveness of the plan and its implementation. Any costs related to the independent review are included in the tobacco prevention control line item and may be paid from the tobacco prevention and control trust fund. The department must report the results of the review to the Legislative Management.

Emergency - Section 17 provides the appropriation contained in the medical marijuana line item and Section 15 related to the transfer of records from the Comprehensive Tobacco Control Advisory Committee to the State Department of Health are declared to be emergency measures.

Related Legislation

Deficiency appropriation - House Bill No. 1024 provides a deficiency appropriation of \$250,000 from the strategic investment and improvements fund to the State Department of Health for additional costs related to ongoing legal actions with the United States Environmental Protection Agency during the 2015-17 biennium.

Dental loan repayment program - House Bill No. 1035 changes the dental loan repayment program to provide for a prorated payback of loan repayment funds if a dentist breaches the loan repayment contract.

Medical food program - House Bill No. 1187 increases the eligible age for the medical food program for phenylketonuria or maple syrup urine disease. A fiscal note prepared by the State Department of Health indicates an estimated cost of \$31,200 from the general fund during the 2017-19 biennium.

Cardiac ready community grant program - House Bill No. 1210 requires the State Department of Health to establish a cardiac ready community grant program and advisory committee and provides a continuing appropriation for gifts, grants, and donations.

Water quality tests - House Bill No. 1409 requires the results of certain water quality tests be reported to the State Department of Health and maintained in a database.

Tobacco prevention and control program - Senate Bill No. 2024 repeals the tobacco prevention and control program and amends Section 23-12-10.4(2) to provide the owner, operator, manager, or other person in control of a public place or place of employment where smoking is prohibited by Chapter 23-12 may request signage that meets the requirements of the section from the State Department of Health rather than the Tobacco Prevention and Control Advisory Committee.

Immunization program - Senate Bill No. 2099 removes the requirement that the State Department of Health supply vaccines to insured children under age 19, using a general fund appropriation, on behalf of the local public health units. The department may establish a program through which the department purchases vaccines through the federal vaccine purchasing contract. Funding for the immunization program was removed from the State Department of Health budget.

North Dakota Compassionate Care Act - Senate Bill No. 2154 suspends the provisions of Chapter 19-24, the North Dakota Compassionate Care Act, relating to issuance of applications by the State Department of Health, receipt by the department of applications for registration, and the duty of the department to issue certificates, until July 31, 2017, or the effective date of legislation enacted by the 65th Legislative Assembly authorizing the prescription, dispensing, growth, and use of medical marijuana, whichever occurs first.

Health Council duties - Senate Bill No. 2173 repeals Section 23-01-03.2 relating to duties of the Health Council to monitor health care costs and the quality of health care in the state and publish an annual report on health care in the state.

Syringe exchange program - Senate Bill No. 2320 allows the State Department of Health to authorize a qualified entity to operate a syringe exchange program.

Department of Environmental Quality - Senate Bill No. 2327 creates the Department of Environmental Quality and transfers duties and responsibilities relating to environmental quality from the State Department of Health to the Department of Environmental Quality. Before July 1, 2019, the State Department of Health must obtain the required approvals from, and amend the necessary agreements with, federal agencies and other public and private entities to ensure the state will continue to meet all primacy requirements.

Medical marijuana - Senate Bill No. 2344 repeals Chapter 19-24, created by Initiated Statutory Measure No. 5, approved by voters in November 2016, and creates Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 requires the State Department of Health establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. The bill establishes a medical marijuana fund and requires the State Department of Health deposit all fees related to medical marijuana in the fund and administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. A fiscal note prepared by the State Department of Health estimates expenditures of \$1,560,770 to the State Department of Health and \$162,085 to the Attorney General, related to the processing of background checks, for a total of \$1,722,855, of which \$885,355 is from the general fund and \$837,500 is from the medical marijuana fund, during the 2017-19 biennium.

**Tobacco Prevention and Control Executive Committee
Budget No. 305
Senate Bill No. 2024**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	0.00	\$0	\$0	\$0
2017-19 base budget	8.00	0	16,548,039	16,548,039
Legislative increase (decrease) to base budget	(8.00)	\$0	(\$16,548,039)	(\$16,548,039)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding for comprehensive tobacco control, including 8 FTE positions and related salaries and wages.	(8.00)		(\$16,548,039)	(\$16,548,039)
Total	(8.00)	\$0	(\$16,548,039)	(\$16,548,039)

FTE Changes

The Legislative Assembly did not provide funding for the Tobacco Prevention and Control Executive Committee and removed all 8 FTE positions for the 2017-19 biennium.

Tobacco Prevention and Control Program Repealed

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, developed and funded a comprehensive statewide tobacco prevention and control plan, and created 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). 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 is 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 and the fund is administered by the executive committee created by the measure for the purpose of creating and implementing the comprehensive plan.

In 2017 Governors Dalrymple and Burgum recommended, and the Legislative Assembly approved, the repeal of Chapter 23-42 related to the tobacco prevention and control program and the transfer of Tobacco Prevention and Control Executive Committee responsibilities to the State Department of Health. The Legislative Assembly amended Section 54-27-25(2) to remove restrictions relating to the administration of the tobacco prevention and control trust fund and provided for money received into the fund to be used as appropriated by the Legislative Assembly. In addition, the Legislative Assembly in Section 15 of House Bill No. 1015 requires the Office of Management and Budget to administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium. In Senate Bill No. 2004 and House Bill No. 1012, the Legislative Assembly amended Section 54-27-25(1) relating to the tobacco settlement trust fund to remove the requirement that 80 percent of the transfers from the tobacco settlement trust fund to the community health trust

fund must be used for tobacco prevention and control and to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium. Transfers from the tobacco settlement trust fund to the community health trust fund are increased from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund during the 2017-19 biennium.

Comprehensive Tobacco Prevention and Control

The Legislative Assembly transferred the responsibility for the statewide tobacco prevention and control plan to the State Department of Health and provided as of July 1, 2017, all business-related records belonging to the Comprehensive Tobacco Control Advisory Committee must be transferred to the State Department of Health. The Comprehensive Tobacco Control Advisory Committee must allow the State Department of Health to have access to the business-related records of the committee before July 1, 2017, as necessary, for the purpose of transitioning operations to the State Department of Health. By July 31, 2017, the State Department of Health must develop a statewide tobacco prevention and control plan that is consistent with the five components of the Centers for Disease Control and Prevention Best Practices for Comprehensive Tobacco Control Programs. At least once during the 2017-19 biennium, the State Department of Health must provide for an independent review of the tobacco prevention and control plan to evaluate the effectiveness of the plan and its implementation. The department must report the results of the independent review to the Legislative Management.

In Senate Bill No. 2004, the Legislative Assembly added 1 FTE position for tobacco prevention and control and increased funding to provide a total tobacco prevention appropriation of \$13,646,704, of which \$3,200,000 is from the community health trust fund, \$8,453,333 is from the tobacco prevention and control trust fund, and \$1,999,371 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. Funding provided from the tobacco prevention and control trust fund includes \$6,500,000 for grants to local public health units for tobacco prevention and control programs and \$500,000 for cessation.

Other Sections in Senate Bill No. 2024

Required signage - Section 1 amends Section 23-12-10.4(2) to provide the owner, operator, manager, or other person in control of a public place or place of employment where smoking is prohibited by Chapter 23-12 may request signage that meets the requirements of the section from the State Department of Health rather than the Tobacco Prevention and Control Advisory Committee.

Tobacco prevention and control trust fund - Section 2 amends Section 54-27-25(2) to remove restrictions relating to the administration of the tobacco prevention and control trust fund and provides money received into the fund is to be used as appropriated by the Legislative Assembly.

Desktop support services - Section 3 amends Section 54-59-22.1(1) to remove the Tobacco Prevention and Control Executive Committee from the list of agencies required to obtain centralized desktop support services from the Information Technology Department.

Tobacco prevention and control program - Section 4 repeals Chapter 23-42 relating to the tobacco prevention and control program to eliminate the Tobacco Prevention and Control Executive Committee.

Effective date - Section 5 provides the bill becomes effective July 1, 2017.

Emergency - Section 6 declares the bill is an emergency measure.

Related Legislation

Tobacco settlement trust fund - Section 39 of House Bill No. 1012 amends Section 54-27-25(1) relating to the tobacco settlement trust fund to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium. Transfers from the tobacco settlement trust fund to the community health trust fund are increased from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund during the 2017-19 biennium.

Tobacco prevention and control trust fund - Section 15 of House Bill No. 1015 requires the Office of Management and Budget to administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium.

Tobacco prevention and control program - Senate Bill No. 2004, the appropriation bill for the State Department of Health, includes funding for the statewide tobacco prevention and control plan. Section 13 of the bill amends Section 54-27-25(1) to remove the requirement that 80 percent of the transfers from the tobacco settlement trust fund to the community health trust fund must be used for tobacco prevention and control. Section 15 of the bill requires, as of July 1, 2017, all business-related records belonging to the Comprehensive Tobacco Control Advisory Committee be transferred to the State Department of Health and that the State Department of Health must be allowed access to the business-related records of the Comprehensive Tobacco Control Advisory Committee prior to July 1, 2017, for the purposes of transitioning the operations to the State Department of Health. Section 16 of the bill requires that by July 31, 2017, the State Department of Health must develop a statewide tobacco prevention and control plan that is consistent with the five components of the Centers for Disease Control and Prevention Best Practices for Comprehensive Tobacco Control Programs, and that at least once during the 2017-19 biennium, the State Department of Health provide for an independent review of the tobacco prevention and control plan to evaluate the effectiveness of the plan and its implementation. The department must report the results of the review to the Legislative Management.

**Veterans' Home
Budget No. 313
Senate Bill No. 2007**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	120.72	\$5,951,439	\$18,740,593	\$24,692,032
2017-19 base budget	120.72	8,128,024	15,077,922	23,205,946
Legislative increase (decrease) to base budget	0.00	(\$2,176,585)	\$3,662,671	\$1,486,086

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$5,951,439	\$0	\$5,951,439
2015-17 adjusted legislative appropriations	8,128,024	0	8,128,024
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$2,176,585)	\$0	(\$2,176,585)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(26.8%)	N/A	(26.8%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$817,227)	\$1,145,516	\$328,289
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		130,374	251,893	382,267
Adjusted the funding source from the general fund to the soliders' home fund for a portion of salaries and wages.		(2,000,000)	2,000,000	0
Adjusted funding for bond payments.			131,233	131,233
Adjusted funding for operating expenses.		510,268	(14,771)	495,497
Added funding for a hydraulic breaker.			6,800	6,800

Added one-time funding from the soldiers' home fund for health information exchange software.			15,000	15,000
Added one-time funding from the soldiers' home fund for equipment.			44,500	44,500
Added one-time funding from the soldiers' home fund for a nurse call system upgrade.			82,500	82,500
Total	<u>0.00</u>	<u>(\$2,176,585)</u>	<u>\$3,662,671</u>	<u>\$1,486,086</u>

FTE Changes

The 2017-19 biennium appropriations for the Veterans' Home include funding for 120.72 FTE positions, the same as the 2015-17 biennium.

One-Time Funding

	Other Funds ¹
Health information exchange software	\$15,000
Equipment ²	44,500
Nurse call system upgrade	82,500
Total	\$142,000

¹All one-time funding approved for the Veterans' Home for the 2017-19 biennium is from the soldiers' home fund.

²The Veterans' Home submitted a request for one-time funding of \$59,500, including funding for a walk-behind scrubber (\$7,500), a tow-behind lift (\$28,000), an oxbow pump (\$7,400), and lawnmowers (\$16,600). The Legislative Assembly approved a one-time appropriation for equipment of \$44,500. The Veterans' Home will determine which of these equipment items to purchase during the 2017-19 biennium.

Other Sections in Senate Bill No. 2007

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Exemption - Veterans' Home construction project - Section 4 allows the Veterans' Home to continue into the 2017-19 biennium funds appropriated for the construction of the Veterans' Home facility in 2009 and continued into the 2011-13, 2013-15, and 2015-17 bienniums. The Veterans' Home anticipates up to \$234,679 of the construction costs may be continued into the 2017-19 biennium. This funding is associated with an ongoing lawsuit with the primary contractor of the Veterans' Home construction project, Comstock Construction, related to excess water on the construction site that led to collapsed trenches and damaged equipment. The trial was to begin in March 2015, but Comstock Construction asked to delay the trial until August 2017.

Exemption - Shop addition project - Section 5 allows the Veterans' Home to continue into the 2017-19 biennium funds appropriated for the construction of the shop addition project in 2013 and continued into the 2015-17 biennium. The project completion date is scheduled for June 2017, but the Veterans' Home anticipates up to \$200,000 of the construction costs may be continued into the 2017-19 biennium if the project is delayed.

**Indian Affairs Commission
Budget No. 316
Senate Bill No. 2005**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	4.00	\$1,112,111	\$0	\$1,112,111
2017-19 base budget	5.00	1,127,740	0	1,127,740
Legislative increase (decrease) to base budget	(1.00)	(\$15,629)	\$0	(\$15,629)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$1,112,111	\$0	\$1,112,111
2015-17 adjusted legislative appropriations	1,127,740	9,775	1,137,515
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$15,629)	(\$9,775)	(\$25,404)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(1.4%)	(100.0%)	(2.2%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$73,030		\$73,030
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		10,619		10,619
Removed 1 FTE Indian education program administrator position	(1.00)	(109,850)		(109,850)
Restored funding for the Youth Leadership Academy that was removed as a result of the August 2016 general fund budget reductions.		10,572		10,572
Total	(1.00)	(\$15,629)	\$0	(\$15,629)

FTE Changes

The 2017-19 biennium appropriation includes funding for 4 FTE positions, a decrease of 1 FTE position from the 2015-17 biennium authorized level of 5 FTE positions. The Legislative Assembly removed 1 FTE Indian education program administrator position.

Other Sections in Senate Bill No. 2005

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Senate Bill No. 2144 - Workforce development grants - Amends North Dakota Century Code Sections 54-60.2-01 and 54-60.2-02 relating to workforce development grants for tribally controlled community colleges and appropriates \$500,000 from the student loan trust fund to the Department of Commerce for the purpose of providing workforce grants to tribally controlled community colleges for the 2017-19 biennium.

**Department of Veterans' Affairs
Budget No. 321
Senate Bill No. 2025**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	7.00	\$1,155,162	\$2,091,571	\$3,246,733
2017-19 base budget	9.00	1,429,982	288,018	1,718,000
Legislative increase (decrease) to base budget	(2.00)	(\$274,820)	\$1,803,553	\$1,528,733

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$1,136,562	\$18,600	\$1,155,162
2015-17 adjusted legislative appropriations	1,429,982	76,895	1,506,877
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$293,420)	(\$58,295)	(\$351,715)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(20.5%)	(75.8%)	(23.3%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget		Other Funds	Total
	FTE Positions	General Fund		
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$37,290	(\$32,972)	\$4,318
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		21,156	3,149	24,305
Removed 2 undesignated FTE positions and related funding of \$260,000 from the general fund.	(2.00)	(260,000)		(260,000)
Adjusted the funding source from the general fund to federal funds for a portion of the salaries and wages of 2 FTE administrative positions in the transportation program.		(100,000)	100,000	0
Removed funding for stand down events.		(20,000)		(20,000)
Removed funding for the Agent Orange program.		(50,000)		(50,000)
Restored funding for desktop support services.		26,640		26,640
Reduced funding for operating expenses.		(2,106)		(2,106)

Added funding for service dogs.	50,000	50,000
Added funding for the purchase of one nonhighly rural transport van to provide total ongoing funding of \$18,600.	3,600	3,600
Added one-time funding from the general fund for the purchase of one nonhighly rural transport van.	18,600	18,600
Increased funding for the State Approving Agency to provide a total of \$271,998.		13,856
Added federal funding for the highly rural transportation grant program.		1,719,520
Total	<u>(2.00)</u>	<u>(\$274,820)</u>
		<u>\$1,803,553</u>
		<u>\$1,528,733</u>

FTE Changes

The 2017-19 biennium appropriations for the Department of Veterans' Affairs include funding for 7 FTE positions, a decrease of 2 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 2 undesignated FTE positions. The Legislative Assembly also changed the funding source from the general fund to federal funds for a portion of salaries and wages of 2 FTE administrative positions in the transportation program.

One-Time Funding

In Section 3 of Senate Bill No. 2025, the Legislative Assembly identified \$18,600 from the general fund as one-time funding for the purchase of one transport van during the 2017-19 biennium.

Service Dogs

Service dogs - Section 4 of Senate Bill No. 2025 provides an appropriation of \$50,000 from the general fund to the Department of Veterans' Affairs for the purpose of training up to four service dogs to assist North Dakota veterans with post traumatic stress disorder during the 2017-19 biennium. Funding provided for training each service dog is \$12,500, or approximately 50 percent of the total cost of training. The department also received funding of \$50,000 from the general fund during the 2015-17 biennium for training four service dogs.

Nonhighly Rural Transport Vans

The 2017 Legislative Assembly provided a total appropriation of \$37,200 from the general fund to the Department of Veterans' Affairs for the purchase of two nonhighly rural transport vans to transport veterans to medical appointments at the Veterans' Hospital in Fargo during the 2017-19 biennium. Of this amount, \$18,600 is considered ongoing funding and \$18,600 is considered one-time funding. The 2015 Legislative Assembly provided a general fund appropriation of \$15,000 for the purchase of one transport van. This amount was reduced as part of the August 2016 budget reductions, resulting in no nonhighly rural transport vans being purchased during the 2015-17 biennium.

Highly Rural Transportation Grants Program

The highly rural transportation grant program is a federal grant program that provides funding to the Department of Veterans' Affairs to purchase transport vans and to provide transportation to medical appointments for veterans of highly rural counties. The primary purpose of using the vans must be for medical reasons, although vans are generally allowed to transport veterans to other locations, such as groceries or other locations, as long as the additional stop is reasonable and does not require an unreasonable amount of time. The department pays for all maintenance, gas, insurance, and other costs associated with the transport vans using federal funds.

The 2017 Legislative Assembly appropriated \$1,719,520 of federal funds to the Department of Veterans' Affairs for the highly rural transportation grant program for the 2017-19 biennium. Of this amount, the department anticipates spending approximately \$350,000 during the 2017-19 biennium. The department received \$379,612 of federal funding through the program during the 2013-15 biennium, of which \$316,400 was spent during the biennium. The department received \$1,264,612 of federal funding through the program during the 2015-17 biennium, of which \$174,964 was spent during the biennium.

Other Sections in Senate Bill No. 2025

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Veterans commemorative memorial coins - Senate Bill No. 2183 requires the Department of Veterans' Affairs to create and confer a commemorative memorial coin upon a family member of a deceased North Dakota veteran during military funeral honors for that veteran. The department may expend any gifts, grants, or donations received for the creation and conferment of commemorative memorial coins. The bill also contains a section of legislative intent that the Administrative Committee on Veterans' Affairs consider providing funding from the veterans' postwar trust fund for creating at least 4,000 commemorative memorial coins for the 2017-19 biennium.

**Protection and Advocacy Project
Budget No. 360
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	27.50	\$2,958,999	\$3,488,601	\$6,447,600
2017-19 base budget	27.50	3,020,926	3,432,853	6,453,779
Legislative increase (decrease) to base budget	0.00	(\$61,927)	\$55,748	(\$6,179)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$2,958,999	\$0	\$2,958,999
2015-17 adjusted legislative appropriations	3,020,926	0	3,020,926
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$61,927)	\$0	(\$61,927)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(2.0%)	0.0%	(2.0%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$34,575)	\$17,305	(\$17,270)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		35,891	38,443	74,334
Reduced funding for operating expenses.		(63,243)		(63,243)
Total	0.00	(\$61,927)	\$55,748	(\$6,179)

FTE Changes

The 2017-19 biennium appropriations for the Protection and Advocacy Project include funding for 27.50 FTE positions, the same as the 2015-17 biennium.

Other Sections in House Bill No. 1014

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

**Job Service North Dakota
Budget No. 380
Senate Bill No. 2016**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	181.61	\$545,793	\$54,899,156	\$55,444,949
2017-19 base budget	237.76	1,888,080	70,467,866	72,355,946
Legislative increase (decrease) to base budget	(56.15)	(\$1,342,287)	(\$15,568,710)	(\$16,910,997)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$445,793	\$100,000	\$545,793
2015-17 adjusted legislative appropriations	1,888,080	89,500	1,977,580
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$1,442,287)	\$10,500	(\$1,431,787)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(76.4%)	11.7%	(72.4%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes, including a reduction of 56.15 FTE positions.	(56.15)	(\$12,798)	(\$12,603,617)	(\$12,616,415)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		2,827	419,124	421,951
Reduced funding for operating expenses, including reductions to information technology contractual services and repairs and information technology software.			(2,727,902)	(2,727,902)
Increased funding for participant training contract grants.			54,245	54,245
Removed funding for the Workforce 20/20 program.		(1,432,316)		(1,432,316)

Reduced federal Reed Act funding to provide a total appropriation of \$11,209,557.			(1,460,560)	(1,460,560)
Added funding for estimated rent revenue.			750,000	750,000
Added one-time funding for renovation costs associated with a potential relocation to the Bismarck regional office.	100,000			100,000
Total	<u>(56.15)</u>	<u>(\$1,342,287)</u>	<u>(\$15,568,710)</u>	<u>(\$16,910,997)</u>

FTE Changes

The 2017-19 biennium appropriation for Job Service North Dakota includes funding for 181.61 FTE positions, a decrease of 56.15 FTE positions from the 2015-17 biennium. The Legislative Assembly removed the following positions as requested by the agency:

FTE Position Description or Title	FTE Count
Customer service	32.25
Administration	9.20
Research	2.00
Collections	2.00
Quality assurance	2.00
Design analyst II	1.00
Support specialist I	1.00
Programmer analyst II	1.00
Account technician II	1.00
Human resource technician III	1.00
Manager of employment statistics	1.00
Storekeeper	1.00
Area director	1.00
Custodian	0.70
Total	56.15

One-Time Funding

In Section 3 of Senate Bill No. 2016, the Legislative Assembly identified \$100,000 from the general fund as one-time funding for defraying the expenses of Job Service North Dakota relocating from the Bismarck central office to the Bismarck regional office and for costs associated with renovations of the Bismarck regional office necessary for normal business operations. The funding is contingent on Job Service North Dakota relocating from the Bismarck central office to the Bismarck regional office during the 2017-19 biennium. Section 7 also identifies this amount.

Unemployment Insurance Computer Modernization Project - Reed Act

In Section 4 of Senate Bill No. 2016, the Legislative Assembly identified \$11.2 million of other 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 Senate Bill No. 2016

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Additional federal funding - Section 5 provides a continuing appropriation for Job Service North Dakota to receive and spend any additional federal funds available during the 2017-19 biennium.

Rent revenue - Section 6 identifies \$750,000 of estimated rent revenue as a result of Job Service North Dakota potentially leasing the Minot regional office and a portion of the Bismarck central office to other state agencies, including the Attorney General and Highway Patrol. Any revenue collected must be deposited in the Job Service North Dakota operating fund. If Job Service North Dakota does not lease these properties during the 2017-19 biennium, no rent revenue will be collected.

New jobs training - Section 8 states that during the 2017-19 biennium, Job Service North Dakota may not award more than \$2.5 million for new agreements related to the new jobs training program under North Dakota Century Code Chapter 52-02.1.

Legislative Management study - Section 9 provides for a Legislative Management study of office space cost and value of properties owned by Job Service North Dakota in Fargo, Rolla, Minot, and Bismarck during the 2017-18 interim, with input from the Office of Management and Budget (OMB). If Job Service North Dakota sells or leases any of these properties before July 1, 2017, the property may not be included in the study.

Bismarck central office - study, lease, and relocation - Section 10 provides OMB a one-time appropriation of \$25,000 from the general fund for the purpose of contracting with a qualified consultant by June 30, 2017, to conduct a study of the most cost-effective use for the Job Service North Dakota central office in Bismarck. The Office of Management and Budget, in consultation with the Attorney General and Job Service North Dakota, shall determine the most cost-effective use of the property. The study is to be completed by September 30, 2017, and if OMB determines it is more cost-effective for the Attorney General's office to lease a portion of the Bismarck central office, Job Service North Dakota shall lease the number of square feet that is determined the most cost-effective, up to 75 percent of the building, to the Attorney General, no later than March 31, 2018. Job Service North Dakota shall continue to occupy at least 25 percent of the building and as a result of the study and subsequent lease of a portion of the Bismarck central office, Job Service North Dakota may relocate a portion of its central office operations to another suitable location. Section 12 declares Section 10 to be an emergency measure. **The Governor vetoed Sections 10 and 12.**

Legislative intent - Section 11 provides legislative intent that if the Attorney General's office relocates a portion of its operation to the Job Service North Dakota central office, any funds appropriated to lease office space it is vacating are no longer appropriated for that purpose.

Related Legislation

Criminal background checks - House Bill No. 1132 requires Job Service North Dakota to complete a criminal background check on all employees, final applicants for employment with Job Service North Dakota, and contractors of Job Service North Dakota with access to federal tax information.

Federal advance interest repayment fund - House Bill No. 1196 expands the expense categories for which the federal advance interest repayment (FAIR) fund can be used. The revenue deposited in the fund consists of interest and penalty funds collected by the unemployment insurance program. Currently, funds are authorized for building and lease expenditures, state fleet charges, and renovation and maintenance costs. This bill would allow for additional administration costs for the unemployment insurance program to be paid through the FAIR fund.

Statewide longitudinal data system - Senate Bill No. 2104 amends Section 54-59-39(1) to state the Information Technology Department may not redisclose any unemployment insurance wage data from Job Service North Dakota that identifies an individual unless the redisclosure is expressly permitted by a written agreement between Job Service North Dakota and the Information Technology Department, or is otherwise expressly permitted or required by federal or state law.

Sale of properties - Senate Bill No. 2119 provides for the following related to certain Job Service North Dakota properties:

- Section 1 provides for Job Service North Dakota to study the feasibility and desirability of selling Job Service North Dakota properties in Rolla, Minot, and the central office in Bismarck. The study must identify historical data and documentation regarding the purchase price and funding source of each property and provide for an appraisal of each property. The study must include a determination of the allowable sales price for each property in accordance with state and federal law. Job Service North Dakota must collaborate with OMB to develop a proposal for the Attorney General's office and Highway Patrol to lease portions of the Minot property from Job Service North Dakota, while allowing Job Service North Dakota to continue occupying a portion of the property for normal business operations.

- Section 2 allows Job Service North Dakota to lease property in Rolla to Rolette County beginning July 1, 2017. Job Service North Dakota may lease the property for a sum of \$1 until the property is sold and the lease must provide that all operational and maintenance costs related to the property are the responsibility of Rolette County until the property is sold.
- Section 3 provides if the study in Section 1 reveals the sale of the Rolla property is determined feasible, Job Service North Dakota shall grant Rolette County the right of first refusal to purchase the Rolla property for \$1 within 1 year of Budget Section approval. If the study in Section 1 reveals the purchase price of \$1 is inadequate based on state or federal law, Job Service North Dakota shall sell the property to Rolette County at 90 percent of the current fair market value within 1 year of Budget Section approval. If Rolette County does not exercise its right to purchase the property at 90 percent of current fair market value, Job Service North Dakota may sell the property to another purchase for the current fair market value.
- Section 4 requires OMB to determine the most efficient and cost-effective use of the Job Service North Dakota Bismarck central office, which may require Job Service North Dakota to lease all or a portion of the property to other state agencies, including the Attorney General's office. If Job Service North Dakota does lease all or a portion of the Bismarck central office, Job Service North Dakota may relocate to the Bismarck regional office.
- Section 5 provides legislative intent that if, based on the study in Section 1, the sale of Job Service North Dakota properties in Bismarck and Minot is determined feasible, OMB request authorization and any necessary funding from the 66th Legislative Assembly for the conveyance of the property for use by other state agencies.
- Section 6 declares Senate Bill No. 2119 an emergency measure.

The Governor vetoed Senate Bill No. 2119.

Airport construction unemployment insurance - Senate Bill No. 2311 requires the Bank of North Dakota to provide an \$8 million letter of credit to a city in the northwest corner of the state in order to cover unemployment insurance liability related to an airport construction project.

Industrial Commission
Budget No. 405
Senate Bill Nos. 2014 and 2134; House Bill Nos. 1020 and 1347

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	110.25	\$25,408,987	\$22,293,206	\$47,702,193
2017-19 base budget	116.75	24,957,746	16,994,447	41,952,193
Legislative increase (decrease) to base budget	(6.50)	\$451,241	\$5,298,759	\$5,750,000

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$25,408,987	\$0	\$25,408,987
2015-17 adjusted legislative appropriations	24,957,746	7,718,143	32,675,889
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$451,241	(\$7,718,143)	(\$7,266,902)
Percentage increase (decrease) to 2015-17 adjusted appropriations	1.8%	(100.0%)	(22.2%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$66,741	\$82,522	\$149,263
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		292,009	18,582	310,591
Removed 8.5 FTE positions, including 6.5 FTE engineering technician positions and 2 FTE administrative assistant positions. (A portion of the funding for these positions was removed as part of the August 2016 budget reductions.)	(8.50)	(577,999)		(577,999)
Added funding for contingent FTE engineering technician positions.	2.00	221,737		221,737

Added funding for operating expenses primarily related to travel, information technology software and services, and professional services.	448,753	78,000	526,753
Reduced funding for bond payments, from \$15,040,829 to \$13,210,484.		(1,830,345)	(1,830,345)
Added one-time funding from the strategic investment and improvements fund for litigation costs.		1,000,000	1,000,000
Added one-time funding from the resources trust fund for an independent study of the feasibility and desirability of the sale or lease of the industrial water supply assets of the Western Area Water Supply Authority (HB 1020).		150,000	150,000
Added one-time funding from the abandoned oil and gas well plugging and site reclamation fund for brine pond and soil remediation studies (HB 1347).		5,000,000	5,000,000
Added one-time funding from the strategic investment and improvements fund for contracting with a qualified engineering and surveying firm to conduct a limited review of Army Corps of Engineers surveys (SB 2134).		800,000	800,000
Total	<u>(6.50)</u>	<u>\$451,241</u>	<u>\$5,298,759</u>
		<u>\$5,750,000</u>	

FTE Changes

The Legislative Assembly approved 110.25 FTE positions for the Industrial Commission for the 2017-19 biennium, a decrease of 6.5 FTE positions from the 2015-17 biennium authorized level of 116.75 FTE positions. The Legislative Assembly removed 6.5 FTE engineering technician positions and 2 FTE administrative assistant positions and added 2 contingent FTE engineering technician positions.

One-Time Funding

One-time appropriations for the 2017-19 biennium for the Industrial Commission include the following:

	General Fund	Other Funds	Total
Litigation (strategic investment and improvements fund)	\$0	\$1,000,000	\$1,000,000
Western Area Water Supply Authority study (resources trust fund)	0	150,000	150,000
Brine pond and soil reclamation studies (abandoned oil and gas well plugging and site reclamation fund)	0	5,000,000	5,000,000
Limited review of Army Corps of Engineers surveys (strategic investment and improvements fund)	0	800,000	800,000
Total	\$0	\$6,950,000	\$6,950,000

Lignite Research Funding

Advanced energy technology research and development - Advanced energy technology research and development includes projects related to carbon dioxide capture and sequestration as well as projects related to the Allam Cycle. Section 15 of Senate Bill No. 2014 provides a transfer of \$3 million from the strategic investment and improvements fund to the lignite research fund for the 2017-19 biennium. The section also identifies the funding for advanced energy technology research and development and requires grant recipients to provide matching funds. Section 21 reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund for developing advanced energy technology. The allocation changes provide additional funding for advanced energy technology research and development. Section 26 provides a statement of intent allowing advanced energy technology development projects to apply for funding from the renewable energy development fund.

Lignite research grants - Section 25 of Senate Bill No. 2014 provides an exemption for lignite research grants to allow any unexpended 2015-17 biennium funds to be available during the 2017-19 biennium. Section 27 provides that up to \$4.5 million of the lignite research funding is available for studies, projects, marketing programs, lignite-related litigation costs, the Lignite Vision 21 Project, and other lignite-related activities. House Bill No. 1152 changes the allocation of the state's share of oil and gas tax revenue to provide an allocation of up to \$3 million to the lignite research fund.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the lignite research fund.

Lease Payments

The Legislative Assembly provided \$13,210,484 from funds received from agencies for lease payments on outstanding bonded indebtedness, a decrease of \$1,830,345 from the 2013-15 biennium appropriation of \$15,040,829. The following schedule lists the 2015-17 and 2017-19 biennium lease payments:

	2015-17 Biennium	2017-19 Biennium	Increase (Decrease)
Higher education institutions	\$8,368,836	\$6,605,326	(\$1,763,510)
North Dakota University System energy conservation projects	491,161	491,500	339
Department of Corrections and Rehabilitation - State Penitentiary	1,279,524	1,158,679	(120,845)
Department of Corrections and Rehabilitation energy conservation projects	16,206	16,285	79
State Department of Health	637,940	636,877	(1,063)
Job Service North Dakota	427,131	428,100	969
Office of Management and Budget	664,952	665,411	459
Attorney General	765,483	766,012	529
State Historical Society	1,391,668	1,392,629	961
Parks and Recreation Department	73,592	73,642	50
Research and Extension Service	571,126	571,520	394
Veterans' Home	353,210	404,503	51,293
Total	\$15,040,829	\$13,210,484	(\$1,830,345)

Other Sections in Senate Bill No. 2014

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Bond payments - Section 4 provides legislative intent for bond payments, and Section 6 provides appropriation authority, subject to Emergency Commission approval, for bond issuances during the 2017-19 biennium.

Contingency funding and FTE positions - Section 7 provides \$221,737 from the general fund and 2 FTE positions are contingent based on the number of wells in the state capable of production or injection. The funding and FTE positions are authorized, subject to Budget Section approval, if the total number of wells capable of production and injection exceeds 18,200 wells.

Administration funding - Section 8 allows the Industrial Commission to transfer up to \$1,103,779 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 24 provides an exemption and allows any unspent 2015-17 biennium appropriations for administrative costs to continue in the 2017-19 biennium.

Litigation expenses - Section 16 identifies \$1 million in the estimated income line item from the strategic investment and improvements fund for litigation expenses.

Lakebed sedimentation study - Section 29 requires the Industrial Commission, in consultation with the Game and Fish Department, the State Department of Health, the State Water Commission, and any other state agencies as necessary, to study lakebed sedimentation and to report the results to the Legislative Management.

Related Legislation

House Bill No. 1003 - Section 5 authorizes the Attorney General to submit litigation-related expenses to the Industrial Commission, which are to be paid from litigation funding available to the Industrial Commission, for expenses incurred by the Attorney General as a result of the protests and related activities associated with the Dakota Access Pipeline project.

House Bill No. 1020 - Section 11 appropriates \$150,000 from the resources trust fund to the Industrial Commission to conduct an independent study of the feasibility and desirability of the sale or lease of the industrial water supply assets of the Western Area Water Supply Authority. The Industrial Commission is required to report the findings to the Water Topics Overview Committee by June 1, 2018.

House Bill No. 1151 - Clarifies that operators are not required to provide reports to the Industrial Commission related to fluid spills of 10 barrels or less when the spills are contained on the well pad.

House Bill No. 1152 - Changes the allocation of the state's share of oil and gas tax revenue to provide an allocation of up to \$3 million to the lignite research fund.

House Bill No. 1347 - Authorizes \$5 million from the abandoned oil and gas well plugging and site reclamation fund for restoration projects related to pipelines and facilities that were abandoned or inadequately reclaimed before August 1, 1983, and for demonstration projects related to reclamation. This bill includes an appropriation of \$5 million from the abandoned oil and gas well plugging and site reclamation fund for brine pond and remediation studies and designates \$500,000 under the continuing appropriation from the oil and gas research fund to continue a study of pipeline leak detection technology.

Senate Bill No. 2134 - Provides \$800,000 from the strategic investment and improvements fund for the Industrial Commission to contract with a qualified engineering and surveying firm to conduct a limited review of the Army Corps of Engineers survey.

Senate Bill No. 2333 - Requires any land disturbed by oil and gas activity to be reclaimed as close as possible to its original condition and allows the Industrial Commission to waive the requirement.

**Department of Labor and Human Rights
Budget No. 406
House Bill No. 1007**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	14.00	\$2,303,986	\$439,916	\$2,743,902
2017-19 base budget	15.00	2,347,241	437,832	2,785,073
Legislative increase (decrease) to base budget	(1.00)	(\$43,255)	\$2,084	(\$41,171)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$2,303,986	\$0	\$2,303,986
2015-17 adjusted legislative appropriations	2,347,241	0	2,347,241
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$43,255)	\$0	(\$43,255)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(1.8%)	0.0%	(1.8%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$4,987	\$2,084	\$7,071
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		37,165		37,165
Removed 1 FTE administrative assistant position and related funding of \$52,998. (Funding of \$42,794 was removed as part of the August 2016 budget reductions, resulting in a total reduction of \$95,792 for this position.)	(1.00)	(52,998)		(52,998)
Reduced funding for operating expenses.		(32,409)		(32,409)
Total	(1.00)	(\$43,255)	\$2,084	(\$41,171)

FTE Changes

The 2017-19 biennium appropriations for the Department of Labor and Human Rights include funding for 14 FTE positions, a decrease of 1 FTE position from the 2015-17 biennium. The Legislative Assembly removed 1 FTE administrative assistant position.

Other Sections in House Bill No. 1007

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Discriminatory practices - Section 3 amends North Dakota Century Code Section 14-02.4-15 to preclude correctional system inmates from filing complaints with the Department of Labor and Human Rights.

Claims for wages - Section 4 amends Section 34-14-09 to provide that an employee may file a wage complaint with the Department of Labor and Human Rights for disputes between \$125 and \$15,000. The department is to refer a claimant to the appropriate small claims court if the wage is under \$125 and to the appropriate district court if the wage dispute is over \$15,000. Section 5 provides an expiration date of June 30, 2019, related to Section 4.

**Aeronautics Commission
Budget No. 412
Senate Bill No. 2006**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	7.00	\$900,000	\$9,985,412	\$10,885,412
2017-19 base budget	7.00	934,500	10,308,017	11,242,517
Legislative increase (decrease) to base budget	0.00	(\$34,500)	(\$322,605)	(\$357,105)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$900,000	\$0	\$900,000
2015-17 adjusted legislative appropriations	934,500	0	934,500
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$34,500)	\$0	(\$34,500)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(3.7%)	0.0%	(3.7%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			(\$34,998)	(\$34,998)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			18,583	18,583
Adjusted funding for airport grants to provide a total of \$900,000 from the general fund and \$5,800,000 from other funds.		(\$34,500)	800,000	765,500
Increased funding for operating expenses to provide a total of \$2,204,190.			143,810	143,810
Removed funding for planning grants.			(1,100,000)	(1,100,000)

Reduced funding for capital assets to provide a total of \$100,000.			(200,000)	(200,000)
Reduced funding for education grants to provide a total of \$300,000.			(100,000)	(100,000)
Increased special funds spending authority as a result of House Bill No. 1217 which adjusts aircraft registration fees.			150,000	150,000
Total	<u>0.00</u>	<u>(\$34,500)</u>	<u>(\$322,605)</u>	<u>(\$357,105)</u>

FTE Changes

The Legislative Assembly approved 7 FTE positions for the Aeronautics Commission for the 2017-19 biennium, the same as the 2015-17 biennium.

Airport Grants

The Legislative Assembly reduced ongoing funding from the general fund for grants to airports from \$934,500 to \$900,000.

Other Sections in Senate Bill No. 2006

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

House Bill No. 1217 - Aircraft registration - Amends North Dakota Century Code Sections 2-05-11 and 2-05-11.3 relating to aircraft registration. This bill removes the reduction in aircraft registration fees for aircraft 1 year old or older and increases the permanent registration fee from \$85 to \$125.

Senate Bill No. 2013 - Grants to airports - Provides \$40 million, of which \$25 million from the oil and gas impact grant fund to the Dickinson airport (\$5 million), the Williston airport (\$20 million), and \$15 million from the energy impact fund for the Williston airport.

Senate Bill No. 2049 - Aircraft excise tax and aviation fuel tax - Amends Section 2-05-22 relating to the use of the Aeronautics Commission special fund. The bill also amends sections in Chapters 57-40.5 and 57-43.3 relating to aircraft excise tax and aviation fuel tax and repeals Sections 57-43.3-04 and 57-43.3-06 relating to the aviation fuel tax, to be effective for taxable purchases made after June 30, 2017.

Senate Bill No. 2200 - Capital project levies - Amends Sections 57-15-06.6, 57-15-10, and 57-15-38 relating to capital project levies. The bill authorizes counties and cities to levy taxes for the purpose of financing projects for county and city airports or airport authorities.

**Department of Financial Institutions
Budget No. 413
Senate Bill No. 2008**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	30.00	\$0	\$8,409,912	\$8,409,912
2017-19 base budget	30.00	0	8,389,442	8,389,442
Legislative increase (decrease) to base budget	0.00	\$0	\$20,470	\$20,470

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$182,207	\$182,207
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			79,639	79,639
Reduced funding for salaries and wages in anticipation of savings from vacant positions and employee turnover.			(185,196)	(185,196)
Reduced contingency funding.			(57,000)	(57,000)
Added funding for operating expenses.			820	820
Total	0.00	\$0	\$20,470	\$20,470

FTE Changes

The Legislative Assembly approved 30 FTE positions for the Department of Financial Institutions for the 2017-19 biennium, the same as the 2015-17 biennium.

Other Sections in Senate Bill No. 2008

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Department of Financial Institutions and Securities Department operations study - Section 4 requires the Governor to study the feasibility and desirability of combining the operations of the Department of Financial Institutions and the Securities Department. The section also requires a report to the Legislative Management upon the completion of the study.

**Securities Department
Budget No. 414
House Bill No. 1011**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	9.00	\$2,184,714	\$170,000	\$2,354,714
2017-19 base budget	9.00	2,090,781	170,000	2,260,781
Legislative increase (decrease) to base budget	0.00	\$93,933	\$0	\$93,933

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$2,184,714	\$0	\$2,184,714
2015-17 adjusted legislative appropriations	2,090,781	0	2,090,781
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$93,933	\$0	\$93,933
Percentage increase (decrease) to 2015-17 adjusted appropriations	4.5%	0.0%	4.5%

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$23,496		\$23,496
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		23,892		23,892
Restored a portion of funding for operating expenses that was removed as a result of the August 2016 general fund budget reductions.		46,545		46,545
Total	0.00	\$93,933	\$0	\$93,933

FTE Changes

The Legislative Assembly approved 9 FTE positions for the Securities Department for the 2017-19 biennium, the same as the 2015-17 biennium.

Other Sections in House Bill No. 1011

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Senate Bill No. 2008 - Department of Financial Institutions and Securities Department study - Requires the Governor to study the feasibility and desirability of combining the operations of the Department of Financial Institutions and the Securities Department and requires a report to the Legislative Management upon the completion of the study.

**Bank of North Dakota
Budget No. 471
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	181.50	\$0	\$59,299,204	\$59,299,204
2017-19 base budget	181.50	0	59,287,301	59,287,301
Legislative increase (decrease) to base budget	0.00	\$0	\$11,903	\$11,903

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$390,404	\$390,404
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			483,144	483,144
Added funding for additional salary increases related to higher starting salaries for new employees and higher than anticipated salary adjustments for market rate equity adjustments.			1,459,131	1,459,131
Reduced funding for operating expenses primarily related to marketing activities that were paid with a federal grant that expired in calendar year 2016 as well as cost-savings from efficiencies.			(2,385,776)	(2,385,776)
Added funding for information technology equipment to provide total funding of \$810,000 for capital assets.			65,000	65,000
Total	0.00	\$0	\$11,903	\$11,903

FTE Changes

The Legislative Assembly approved 181.50 FTE positions for the Bank of North Dakota for the 2017-19 biennium, the same as the 2015-17 biennium.

Economic Development

The Legislative Assembly provided funding from transfers of Bank of North Dakota profits for the partnership in assisting community expansion (PACE) fund, Ag PACE, biofuels PACE, and the beginning farmer revolving loan fund, as follows:

	2015-17 Biennium	2017-19 Biennium	Increase (Decrease)
PACE fund	\$28,000,000	\$16,000,000	(\$12,000,000)
Ag PACE fund	3,000,000	2,000,000	(1,000,000)
Biofuels PACE fund	2,000,000	1,000,000	(1,000,000)
Beginning farmer revolving loan fund	7,000,000	6,000,000	(1,000,000)
Total	\$40,000,000	\$25,000,000	(\$15,000,000)

Estimated Capital Structure

The following schedule provides an analysis of the Bank of North Dakota's estimated capital structure for the 2017-19 biennium:

	Amount
Estimated beginning capital level (July 1, 2017)	\$711,000,000
Estimated 2017-19 biennium profits	260,000,000 ¹
Transfer to general fund (Section 9 of Senate Bill No. 2014)	(140,000,000)
Transfers relating to economic development (Sections 10 through 13 of Senate Bill No. 2014)	(25,000,000)
Transfer for interest rate buydowns on school construction loans (Section 14 of Senate Bill No. 2014)	(6,000,000)
Estimated ending capital level (June 30, 2019)	\$800,000,000

¹Actual calendar year 2016 profits were \$136 million.

Profits and Transfers of Profits and Accumulated Earnings

The following schedule provides information on the Bank of North Dakota's profits based on calendar years as well as transfers of profits and accumulated earnings to state funds from the 2005-07 biennium to the 2017-19 biennium:

	Profits Based on Calendar Years	Transfers to State Funds
2005-07 biennium - Calendar year 2005 and 2006 profits	\$79,211,000	\$60,000,000
2007-09 biennium - Calendar year 2007 and 2008 profits	\$108,130,000	\$60,000,000
2009-11 biennium - Calendar year 2009 and 2010 profits	\$119,934,000	\$500,000
2011-13 biennium - Calendar year 2011 and 2012 profits	\$151,929,000	\$37,500,000
2013-15 biennium - Calendar year 2013 and 2014 profits	\$205,174,000	\$40,255,000
2015-17 biennium - Calendar year 2015 and 2016 profits	\$266,809,000	\$257,875,000
2017-19 biennium (estimated)	\$260,000,000	\$171,000,000

Bank of North Dakota Loans

The 2017 Legislative Assembly authorized loans from the Bank of North Dakota, as follows:

Bill No.	Description
1015	Office of Management and Budget - Increases temporary borrowing authority for general fund cashflow purposes from \$10 million to \$50 million.
1020	Western Area Water Supply Authority - Authorizes the refinancing and consolidation of \$115 million in existing loans.
1020	State Water Commission - Decreases the commission's line of credit from \$200 million to \$75 million.
1024	Adjutant General - Authorizes \$10 million of borrowing authority related to unlawful activity associated with the construction of the Dakota Access Pipeline.
1178	Information Technology Department - Authorizes \$15 million of borrowing authority for a statewide interoperable radio network.
2021	Various state agencies - Authorizes \$375,000 of borrowing authority for the expenses of implementing a new electronic payment processing system.
2134	Department of Trust Lands - Authorizes \$87 million for a line of credit related to mineral revenue repayments.
2174	Adjutant General - Authorizes \$11 million of borrowing authority related to unlawful activity associated with the construction of the Dakota Access Pipeline.

Other Sections in Senate Bill No. 2014

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Transfer to general fund - Section 9 provides for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund during the 2017-19 biennium.

Transfer to PACE fund - Section 10 provides for a transfer of \$16 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund during the 2017-19 biennium.

Transfer to Ag PACE fund - Section 11 provides for a transfer of \$2 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund during the 2017-19 biennium.

Transfer to biofuels PACE fund - Section 12 provides for a transfer of \$1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund during the 2017-19 biennium.

Transfer to the beginning farmer revolving loan fund - Section 13 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 during the 2017-19 biennium.

Transfer for interest rate buydowns on school construction loans - Section 14 provides for a transfer of \$6 million from the Bank of North Dakota's current earnings and undivided profits for interest rate buydowns on school construction loans during the 2017-19 biennium.

Defaulted student loans - Section 17 authorizes the Bank of North Dakota to charge reasonable fees for student loan guarantees and for collections on defaulted student loans. Section 18 provides authority to suspend a recreational license when the licensee's student loans are in default.

North Dakota financial center - Section 22 amends 2015 Session Laws to extend the authorization for a North Dakota financial center through June 30, 2021. Section 28 prohibits the Bank of North Dakota from constructing a North Dakota financial center until the 2019-21 biennium, and Section 33 provides an emergency clause related to the prohibition.

Operating efficiencies study - Section 31 requires the Bank of North Dakota to study potential efficiencies in operations and to report to the appropriations committees of the 66th Legislative Assembly.

Related Legislation

House Bill No. 1008 - Provides for a transfer of up to \$900,000 from the beginning farmer revolving loan fund to the Public Service Commission for costs associated with a rail rate complaint case.

House Bill No. 1024 - Sections 7 and 8 provides legislative intent related to the repayment of the loans authorized for the costs of responding to unlawful activity associated with the construction of the Dakota Access Pipeline. House Bill No. 1015 also includes legislative intent related to the loan repayments.

Senate Bill No. 2044 - Requires the Bank of North Dakota to conduct dynamic revenue analysis of economic development tax incentives.

Senate Bill No. 2124 - Excludes an individual's assets under the North Dakota achieving a better life experience plan from determining eligibility for state and local benefits or assistance programs.

Senate Bill No. 2178 - Amends the infrastructure revolving loan fund to include replacement projects as eligible projects under the loan program.

Senate Bill No. 2272 - Consolidates school construction loans in the school construction assistance revolving loan fund, which is administered by the Bank of North Dakota and provides \$75 million from the foundation aid stabilization fund for new school construction loans and to repay the Bank of North Dakota for a portion of the outstanding loans issued under an interest rate buydown program.

Senate Bill No. 2311 - Requires the Bank of North Dakota to provide a letter of credit for the new Williston airport construction project.

**Housing Finance Agency
Budget No. 473
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	44.00	\$0	\$44,530,239	\$44,530,239
2017-19 base budget	46.00	0	37,520,089	37,520,089
Legislative increase (decrease) to base budget	(2.00)	\$0	\$7,010,150	\$7,010,150

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$92,182	\$92,182
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			119,459	119,459
Added funding for additional salary increases related to salary adjustments for vacant positions and higher than anticipated 2015-17 biennium salary adjustments.			257,425	257,425
Removed funding for 2 FTE positions and reduced salaries and wages related to a vacant FTE position.	(2.00)		(322,044)	(322,044)
Added funding for operating expenses to continue additional expenses related to increased volume in mortgage servicing premiums during the 2015-17 biennium that were paid with additional income appropriation authority.			970,000	970,000
Adjusted funding for other operating expenses, including an increase of \$45,630 for anticipated increases in loan processing and a decrease of \$16,550 for miscellaneous budgetary reductions.			29,080	29,080
Added funding for federal Housing and Urban Development grants related to distributions from the federal housing trust fund.			6,017,048	6,017,048
Reduced funding for the Helping Hand grant program from \$250,000 to \$150,000.			(100,000)	(100,000)

Reduced grant funding for program outreach (\$43,000) and technical assistance grants (\$10,000).			(53,000)	(53,000)
Total	<u>(2.00)</u>	<u>\$0</u>	<u>\$7,010,150</u>	<u>\$7,010,150</u>

FTE Changes

The Legislative Assembly approved 44 FTE positions for the Housing Finance Agency for the 2017-19 biennium, a decrease of 2 FTE positions from the 2015-17 biennium authorized level of 46 FTE positions. The Legislative Assembly removed 1 FTE housing program administrator position and 1 FTE housing program representative position.

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 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 limit to \$15 million per biennium.

Senate Bill No. 2014 (2013) provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund. The bill continued the housing incentive fund tax credit through the first 2 taxable years after December 31, 2012, and increased the aggregate amount of tax credits allowed to all eligible contributors from \$15 million to \$20 million per biennium. Similar provisions were also included in 2013 House Bill No. 1029.

House Bill No. 1014 (2015) continued the housing incentive fund into the 2015-17 biennium. Section 7 of the bill provided for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund, and Section 28 provided an emergency clause for the transfer. Section 8 provided for a contingent transfer of \$5 million from the Bank's profits to the housing incentive fund if the Bank's profits exceed \$130 million during calendar year 2015. The contingency was met, and the \$5 million was transferred to the housing incentive fund. Section 17 amended the fund to limit the origination fee to 5 percent per award. Section 20 increased the funding available to the housing incentive fund from income tax credits from \$20 million to \$30 million. Funding provided to the housing incentive fund during the 2015-17 biennium totaled \$40 million.

Section 20 of Senate Bill No. 2014 (2017) continues the housing incentive fund for the 2017-19 biennium and changes the requirement for the Housing Finance Agency to report to the Budget Section from a quarterly report to a biennial report. The changes in Section 20 also incorporate the requirement for the Housing Finance Agency to report to the Industrial Commission upon request, and Section 22 repeals a section of North Dakota Century Code that separately required the Housing Finance Agency to report to the Industrial Commission upon request. The 2017 Legislative Assembly did not provide any new funding for the housing incentive fund for the 2017-19 biennium.

Other Sections in Senate Bill No. 2014

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Additional income - Section 5 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2017-19 biennium. The section also requires the Housing Finance Agency to notify the Office of Management and Budget and the Legislative Council of additional income received requiring an increase in appropriation authority.

**Mill and Elevator Association
Budget No. 475
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	153.00	\$0	\$68,213,519	\$68,213,519
2017-19 base budget	147.00	0	64,315,898	64,315,898
Legislative increase (decrease) to base budget	6.00	\$0	\$3,897,621	\$3,897,621

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$2,539,491	\$2,539,491
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			406,160	406,160
Added funding for 6 FTE positions.	6.00		768,893	7,68,893
Reduced funding for salaries and wages, primarily related to overtime.			(684,923)	(684,923)
Added funding for operating expenses related to utilities, supplies, and repairs.			868,000	868,000
Total	6.00	\$0	\$3,897,621	\$3,897,621

FTE Changes

The Legislative Assembly approved 153 FTE positions for the Mill and Elevator Association for the 2017-19 biennium, an increase of 6 FTE positions from the 2015-17 biennium authorized level of 147 FTE positions. The Legislative Assembly added 2 FTE grain handling positions, 2 FTE food safety positions, 1 FTE flour packer position, and 1 FTE utility worker position.

Gain-Sharing Program

The gain-sharing program was implemented in 1990 with the primary goal of incentivizing employees to maximize profits and production through teamwork while maintaining a safe working environment. Each year, the Industrial Commission reviews and approves the criteria for the program. Section 30 of Senate Bill No. 2014 requires the Industrial Commission and Mill and Elevator Association to study the gain-sharing program during the 2017-18 interim and to report its findings to the Legislative Management.

The following schedule provides information on the Mill and Elevator Association's profits and the gain-sharing program from fiscal year 2006 to fiscal year 2016:

	Profits (Losses)¹	Gain-Sharing Payout to Employees	Gain-Sharing as a Percentage of Employees' Wages
2005-07 biennium - Fiscal year 2006	\$6,225,560	\$574,623	10.95%
2005-07 biennium - Fiscal year 2007	\$5,114,465	\$549,349	9.81%
2007-09 biennium - Fiscal year 2008	(\$821,607)	\$0	0%
2007-09 biennium - Fiscal year 2009	(\$9,697,054)	\$0	0%
2009-11 biennium - Fiscal year 2010	\$13,179,910	\$1,201,974	18.65%
2009-11 biennium - Fiscal year 2011	\$16,088,024	\$1,496,513	21.90%
2011-13 biennium - Fiscal year 2012	\$8,048,398	\$970,081	13.26%
2011-13 biennium - Fiscal year 2013	\$11,907,227	\$1,300,138	17.52%
2013-15 biennium - Fiscal year 2014	\$13,351,343	\$1,389,214	18.09%
2013-15 biennium - Fiscal year 2015	\$16,675,348	\$1,805,863	21.84%
2015-17 biennium - Fiscal year 2016	\$9,336,618	\$1,274,309	14.86%

¹The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.

Major Expansion and Renovation Projects

The Mill and Elevator Association regularly undertakes various capital projects that are financed through a line of credit at the Bank of North Dakota. The repayments are deducted prior to determining the Mill and Elevator Association's profits. The schedule below provides information on major expansion and renovation projects:

Fiscal Year	Project Description	Cost
2005	Replaced the whole-wheat mill	\$1.7 million
2007	Constructed a new C mill to increase spring wheat milling capacity	\$6.3 million
2010	Constructed a new E mill resulting in a production capacity increase of 1,000 cwt per day of spring wheat and expanded the D mill resulting in a production capacity increase of 1,000 cwt per day of durum wheat	\$2.4 million
2013	Three phase expansion of the K mill	\$8.4 million
2015	Construction of a new G mill and additional flour storage	\$38.7 million
2016	Constructed a high speed truck and rail unloading system to receive wheat	\$9.3 million
Potential future projects	Increase packaging capacity (\$1.5 million); increase whole wheat milling capacity (\$2.5 million); increase durum wheat milling capacity (\$3.5 million); Phase 2 unloading project (\$9.5 million); and increase wheat storage capacity (\$9.5 million)	\$26.5 million

Profits and Transfers of Profits

Beginning in the 2009-11 biennium, 5 percent of the Mill and Elevator Association's annual profits are transferred to the agricultural products utilization fund and 50 percent of the remaining annual profits are transferred to the state general fund pursuant to North Dakota Century Code Sections 54-18-19 and 54-18-21. The 2013 Legislative Assembly limited the transfers from the Mill and Elevator Association's profits to the general fund to \$6,817,200 for the 2013-15 biennium. Section 20 of Senate Bill No. 2014 (2017) increases the transfer of annual profits to the general fund from 50 to 75 percent, and pursuant to the expiration date in Section 32 of the bill, the increase is effective only for the 2017-19 biennium.

The following schedule provides information on the Mill and Elevator Association's profits and the transfer of profits to state funds from the 2005-07 biennium to the 2017-19 biennium:

	Profits (Losses)¹	Transfers to State Funds
2005-07 biennium	\$11,340,025	\$5,200,000
2007-09 biennium	(\$10,518,661)	\$0
2009-11 biennium	\$29,267,934	\$15,365,665
2011-13 biennium	\$19,955,625	\$10,506,703
2013-15 biennium	\$30,026,691	\$8,318,534
2015-17 biennium (estimated)	\$19,336,619	\$9,184,894
2017-19 biennium (estimated)	\$26,058,392	\$18,566,604

¹The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.

Other Sections in Senate Bill No. 2014

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

**Workforce Safety and Insurance
Budget No. 485
House Bill No. 1021 and Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	260.14	\$0	\$72,481,659	\$72,481,659
2017-19 base budget	260.14	0	61,865,170	61,865,170
Legislative increase (decrease) to base budget	0.00	\$0	\$10,616,489	\$10,616,489

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$1,368,799	\$1,368,799
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			719,707	719,707
Removed lump sum salary equity funding.			(122,592)	(122,592)
Reduced funding for temporary salaries.			(357,942)	(357,942)
Increased funding for operating expenses, including increases in professional service fees and information technology data processing.			1,199,920	1,199,920
Removed funding for credit card fees.			(1,200,000)	(1,200,000)
Added one-time funding for a claims and policy system project.			8,120,097	8,120,097
Added one-time funding for an extranet enhancement project.			538,500	538,500
Added one-time funding for an internal reporting system project.			275,000	275,000
Added one-time funding for an electronic payment processing system to be implemented by the Information Technology Department, of which \$36,000 is from Bank of North Dakota loan proceeds and \$39,000 is for repayment of the loan. (Senate Bill No. 2021)			75,000	75,000
Total	0.00	\$0	\$10,616,489	\$10,616,489

FTE Changes

The 2017-19 biennium appropriations for Workforce Safety and Insurance include funding for 260.14 FTE positions, the same as the 2015-17 biennium.

One-Time Funding

	Other Funds
Computer software replacement project	\$8,120,097
Extranet enhancement	538,500
Internal reporting system	275,000
Implementation of an electronic payment processing system (Bank of North Dakota loan proceeds and special fund authority for loan repayment) (Senate Bill No. 2021)	75,000
Total	\$9,008,597

Claims and Policy System

The claims and policy system (CAPS) is a program designed to replace core Workforce Safety and Insurance business systems, which support injury services and employer services, with current industry web-based technology in order to improve customer service, enhance system maintainability, and provide enhanced reporting and accessibility to information. The CAPS program consists of 5 phases and multiple projects, as shown in the schedule below:

Phase	Number of Projects	Status	Completion Date
Planning and analysis		Completed	June 2015
Shared components refacing	3	Completed	February 2017
Policy holder services application refacing	6	Incomplete	November 2019 (Projected)
Claims management system refacing	11	Incomplete	June 2023 (Projected)
Program finalization		Incomplete	September 2023 (Projected)

The 2015 Legislative Assembly provided a one-time appropriation of \$6 million from the workmens compensation fund for the CAPS program for the 2015-17 biennium. The 2017 Legislative Assembly provided a one-time appropriation of \$8,120,097 from the workmens compensation fund for the CAPS program for the 2017-19 biennium. Workforce Safety and Insurance anticipates additional funding will be needed in the 2019-21 and 2021-2023 bienniums to complete the project and meet the September 2023 projected completion date. Workforce Safety and Insurance estimates total funding for the project will be approximately \$30 million.

Other Sections in House Bill No. 1021

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Injured employees - House Bill No. 1086 removes the requirement for injured employees electing to discontinue benefits to send a notice to the injured employee's doctor. The bill also identifies personal reimbursement requests as managed care decisions addressed under North Dakota Century Code Section 65-02-20.

Rate classifications and premiums - House Bill No. 1137 requires Workforce Safety and Insurance to assign rate classifications based on information provided by the employer or information gathered through investigative process and authorizes Workforce Safety and Insurance to calculate premiums using the wage cap in effect per employee reported in the previous payroll report if Workforce Safety and Insurance does not receive the annual payroll report from a noncompliant employer or reliable and accurate payroll information is not available. The bill also establishes a cease and desist order and civil penalty order for employers without worker's compensation coverage, authorizing a penalty up to \$10,000 and \$100 per day for each day the violation continues.

Medical marijuana - House Bill No. 1156 defines medical marijuana for workers' compensation purposes, prohibits payment for medical marijuana, and prohibits wage loss payments related to the use of medical marijuana.

Confidential records - House Bill No. 1235 amends North Dakota Code Section 54-61-02, relating to access to confidential records by the Commission on Legal Counsel for Indigents, including Workforce Safety and Insurance records pursuant to a release signed by an individual or as otherwise provided in Section 65-05-32.

Electronic payment processing system - Senate Bill No. 2021 authorizes Workforce Safety and Insurance to obtain a loan of \$36,000 from the Bank of North Dakota, which will be used to pay the Information Technology Department to implement an electronic payment processing system for credit card fees. An appropriation of \$39,000 is also provided for the repayment of the loan, resulting in a total appropriation of \$75,000 to Workforce Safety and Insurance in Senate Bill No. 2021.

Attorney fees - Senate Bill No. 2048 addresses worker's compensation attorney's fees and costs, including the requirements for the establishment of costs payable, maximum costs, a reasonable maximum hourly rate, and Workforce Safety and Insurance's liability for an injured employee's attorney's fees and costs.

Liens for benefits paid - Senate Bill No. 2093 authorizes Workforce Safety and Insurance to bring an action against a third party to recover its lien for benefits paid to the injured employee.

Medical expense assessments - Senate Bill No. 2094 requires employers to reimburse Workforce Safety and Insurance for all medical expenses related to a compensable injury to an employee if the expenses do not exceed \$250 and to reimburse WSI for the first \$250 of medical expenses when the expenses exceed \$250. If a claim for benefits is filed with the organization more than 14 days from the date the employer received notice of the workplace injury from the employee, the employer is required to reimburse Workforce Safety and Insurance for the first \$350 of medical expenses if the expenses exceed \$350. The bill also increases the penalty amount from \$2,000 to \$5,000 that Workforce Safety and Insurance may assess if an employer willfully misrepresents payroll or willfully fails to secure coverage. A civil penalty of \$5,000 is established for an employer who willfully makes a false statement in an attempt to preclude an injured worker from securing benefits, which is now considered a Class A misdemeanor.

**Highway Patrol
Budget No. 504
Senate Bill Nos. 2011 and 2021; House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	204.00	\$42,527,428	\$18,339,278	\$60,866,706
2017-19 base budget	215.00	42,943,745	12,955,491	55,899,236
Legislative increase (decrease) to base budget	(11.00)	(\$416,317)	\$5,383,787	\$4,967,470

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$42,527,428	\$0	\$42,527,428
2015-17 adjusted legislative appropriations	42,943,745	656,813	43,600,558
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$416,317)	(\$656,813)	(\$1,073,130)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(1.0%)	(100.0%)	(2.5%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base budget changes.		\$260,689	\$628,312	\$889,001
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		426,619	106,959	533,578
Removed 9 FTE Trooper positions. (Funding of \$1,810,120 from the general fund was removed as part of the August 2016 budget reductions)	(9.00)		(214,046)	(214,046)
Removed 2 FTE nonsworn positions. (Funding of \$489,482 from the general fund for these and other vacant positions was removed as part of the August 2016 budget reductions)	(2.00)	(14,210)	(46,887)	(61,097)
Added funding for Trooper on-call pay.		323,750	46,250	370,000

Adjusted funding for operating expenses and equipment.	(144,000)	(141,966)	(285,966)
Adjusted the funding source for permit section staff salaries and wages and related expenses of \$1,269,165 from the general fund to the motor carrier electronic permit transaction fund. Appropriation authority of \$100,000 was also added from the electronic permit transaction fund for nonenforcement motor carrier activities.	(1,269,165)	1,369,165	100,000
Provided one-time funding from the strategic investment and improvements fund for Taser and AED equipment replacement.		358,000	358,000
Added one-time special fund authority to allow the Highway Patrol to expend special funds received from the Adjutant General for expenses of law enforcement support related to the Dakota Access Pipeline protest. (House Bill No. 1024)		3,234,000	3,234,000
Added one-time special fund authority for a loan from the Bank of North Dakota for the purpose of implementing an electronic payment processing system and to repay the loan with accrued interest. (Senate Bill No. 2021)		44,000	44,000
Total	<u>(11.00)</u>	<u>(\$416,317)</u>	<u>\$5,383,787</u>
			<u>\$4,967,470</u>

FTE Changes

The 2017-19 biennium appropriations for the Highway Patrol include funding for 204 FTE positions, a decrease of 11 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 9 FTE Trooper positions and 2 FTE nonsworn positions. The Legislative Assembly also transferred funding from 1 FTE trooper position to fill 2 unfunded Capitol security positions.

One-Time Funding

The following is a summary of one-time funding included in the 2017-19 legislative appropriations for the Highway Patrol:

	Other Funds
Taser and AED equipment replacement (strategic investment and improvements fund) (Senate Bill No. 2011)	\$358,000
Law enforcement support related to the Dakota Access Pipeline protest (special funds received from the Adjutant General) (House Bill No. 1024)	3,234,000
Implementation of an electronic payment processing system (Bank of North Dakota loan proceeds and special fund authority for loan repayment) (Senate Bill No. 2021)	44,000
Total	\$3,636,000

Other Sections in Senate Bill No. 2011

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Funding from highway tax distribution fund - Section 4 provides that \$6,912,904 of the special funds appropriation for the Highway Patrol is from the highway tax distribution fund.

Funding from motor carrier electronic permit transaction fund - Section 5 provides that \$1,369,165 of the special funds appropriation for the Highway Patrol is from the motor carrier electronic permit transaction fund.

Funding from strategic investment and improvements fund - Section 6 provides that \$358,000 of the special funds appropriation for the Highway Patrol is one-time funding from the strategic investment and improvements fund for Taser and AED equipment replacement.

Officer per diem - Section 7 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 2015-17 biennium.

Capitol building access cards - Section 8 creates a new section to North Dakota Century Code Chapter 39-03 to authorize the Highway Patrol to charge nonstate employees \$10 for a Capitol building access card. The section provides for the fees to be deposited in a Capitol building access card fund. Any money deposited in the fund is appropriated to the Highway Patrol for Capitol building security needs.

Motor carrier electronic permit fees - Section 9 amends Section 39-12-02 to require the Highway Patrol to charge up to \$15 for issuing an electronic permit. The section currently requires a \$15 fee to be charged for each permit. The fees charged for the electronic permit are deposited in the motor carrier electronic permit transaction fund.

Related Legislation

Statewide interoperable radio network - House Bill No. 1178 authorizes the creation of a statewide interoperable radio network and increases the assessed communications services fee and prepaid wireless emergency 911 fee.

Community outreach programs and other adjustments - Senate Bill No. 2097 adds a new subsection to Section 39-03-09 to allow the Highway Patrol to promote public trust and understanding through education, community outreach, and job shadowing programs. The bill also makes other various adjustments to statute to clarify the contents on Highway Patrol officer badges, to update language relating to the issuance of overweight and oversize vehicle permits, and to clarify the ability of public security personnel to possess weapons.

**Department of Corrections and Rehabilitation
Budget No. 530
Senate Bill No. 2015 and House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	845.29	\$214,336,704	\$39,264,160	\$253,600,864
2017-19 base budget	836.29	203,044,020	33,236,706	236,280,726
Legislative increase (decrease) to base budget	9.00	\$11,292,684	\$6,027,454	\$17,320,138

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$214,336,704	\$0	\$214,336,704
2015-17 adjusted legislative appropriations	203,044,020	1,466,167	204,510,187
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$11,292,684	(\$1,466,167)	\$9,826,517
Percentage increase (decrease) to 2015-17 adjusted appropriations	5.6%	(100.0%)	4.8%

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$843,274	\$1,296,984	\$2,140,258
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		2,016,105	139,467	2,155,572
Added 8 FTE new Youth Correctional Center positions to maintain compliance with the federal Prison Rape Elimination Act.	8.00	1,006,461		1,006,461
Added funding for a community behavioral health program, including 1 FTE position.	1.00	7,000,000		7,000,000

Reduced funding for salaries and wages and contract housing and programming, including \$348,812 for the Dakota Women's Correctional and Rehabilitation Center contract.	(7,000,000)		(7,000,000)
Restored funding for salaries and wages reduced due to budget reductions made during the August 2016 special legislative session.	461,935		461,935
Restored funding for contract housing and programming reduced due to budget reductions made during the August 2016 special legislative session.	4,715,073		4,715,073
Restored funding for the Dakota Women's Correctional and Rehabilitation Center contract reduced due to budget reductions made during the August 2016 special legislative session to provide a total of \$10,761,951.	348,815		348,815
Reduced funding for temporary employee operating expenses.	(31,100)		(31,100)
Increased funding to provide a total of \$27,224,642 for contract housing and programming.	105,441		105,441
Adjusted funding for various expenses, including food and clothing, medical, travel, utilities, repairs, maintenance, information technology, and professional services.	2,364,585	(359,501)	2,005,084
Adjusted funding relating to federal grants, including federal Victims of Crime Act funding.		3,017,597	3,017,597
Reduced funding for extraordinary repairs.	(417,060)	(170,000)	(587,060)
Reduced funding for bond payments.	(120,845)		(120,845)
Added one-time funding for Roughrider Industries equipment over \$5,000.		167,000	167,000
Added one-time funding from the strategic investment and improvements fund for an electronic medical records system.		935,907	935,907
Added one-time funding from other funds from a Council of State Government's grant for implementing justice reinvestment initiatives.		500,000	500,000
Added one-time funding from Adjutant General loan proceeds for law enforcement support relating to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).		500,000	500,000
Total	<u>9.00</u>	<u>\$11,292,684</u>	<u>\$17,320,138</u>

FTE Changes

The Legislative Assembly authorized 845.29 FTE positions for the Department of Corrections and Rehabilitation for the 2017-19 biennium, an increase of 9 FTE positions from the 2015-17 biennium. The Legislative Assembly added 8 FTE Youth Correctional Center positions to maintain the federal Prison Rape Elimination Act compliance and 1 FTE position associated with the community behavioral health program.

One-Time Funding

The following is a summary of one-time items for the Department of Corrections and Rehabilitation for the 2017-19 biennium:

	Other Funds
Roughrider Industries equipment	\$167,000
Electronic medical records system (strategic investment and improvements fund)	935,907
Justice reinvestment initiatives	500,000
Dakota Access Pipeline law enforcement (House Bill No. 1024)	500,000
Total	\$2,102,907

Inmate Population

The following table summarizes the 2017-19 biennium inmate population projections used to develop the legislative appropriation:

	Male	Female	Total
Fiscal year 2018			
July	1,616	224	1,840
August	1,623	224	1,847
September	1,631	224	1,855
October	1,639	224	1,863
November	1,641	224	1,865
December	1,641	224	1,865
January	1,641	224	1,865
February	1,641	224	1,865
March	1,641	224	1,865
April	1,641	224	1,865
May	1,641	224	1,865
June	1,641	224	1,865
Fiscal year 2019			
July	1,641	224	1,865
August	1,641	224	1,865
September	1,641	224	1,865
October	1,641	224	1,865
November	1,641	224	1,865
December	1,641	224	1,865
January	1,641	224	1,865
February	1,641	224	1,865
March	1,641	224	1,865
April	1,641	224	1,865
May	1,641	224	1,865
June	1,641	224	1,865

The following table shows the estimated and actual average male and female inmate populations for the 2015-17 biennium to date:

	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 2016						
July	1,576	1,550	(26)	216	219	3
August	1,581	1,555	(26)	216	217	1
September	1,587	1,573	(14)	217	214	(3)
October	1,594	1,590	(4)	217	220	3
November	1,601	1,597	(4)	218	211	(7)
December	1,608	1,589	(19)	219	204	(15)
January	1,617	1,578	(39)	220	215	(5)
February	1,625	1,558	(67)	222	224	2
March	1,635	1,571	(64)	223	233	10
April	1,645	1,563	(82)	224	230	6
May	1,655	1,567	(88)	226	238	12
June	1,666	1,566	(100)	228	237	9
Fiscal year 2017						
July	1,674	1,547	(127)	229	229	0
August	1,680	1,541	(139)	230	227	(3)
September	1,687	1,569	(118)	230	225	(5)
October	1,693	1,573	(120)	231	233	2
November	1,701	1,573	(128)	232	240	8
December	1,709	1,571	(138)	233	225	(8)
January	1,718	1,601	(117)	235	213	(22)
February	1,727	1,622	(105)	236	225	(11)
March	1,736	1,628	(108)	238	219	(19)
April	1,746	1,618	(128)	239	211	(28)
May	1,757			241		
June	1,769			243		

Dakota Women's Correctional and Rehabilitation Center

The Legislative Assembly provided \$10,761,951 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 \$3 from the 2015-17 biennium adjusted appropriation of \$10,761,948.

Other Sections in Senate Bill No. 2015

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Appropriation - Department of Human Services - Section 4 provides an appropriation of \$7 million from other funds and 6 FTE positions to the Department of Human Services for the community behavioral health program. The source of funds is the Department of Corrections and Rehabilitation.

Appropriation - Department of Human Services - Section 5 provides an appropriation of \$500,000 from the general fund to the Department of Human Services to contract with a public or private entity to create, initiate, and facilitate the implementation of a strategic plan to increase the availability of behavioral health services in the state.

Special funds transfer - Strategic investment and improvements fund - Section 6 designates \$935,907 from the strategic investment and improvements fund for an electronic medical records system.

Missouri River Correctional Center - Housing unit purchase - Section 7 designates \$844,000 for the purchase of a 36-bed housing unit at the Missouri River Correctional Center.

Management of inmate population - Section 8 creates a new section to North Dakota Century Code Chapter 12-44.1 relating to local management of inmate population.

Community behavioral health program - Section 9 creates a new section to Chapter 54-23.3 relating to a community behavioral health plan as a term of parole or an alternative to incarceration.

Prioritization of admission of inmates - Section 10 creates a new section to Chapter 54-23.3 relating to prioritization of admission of inmates.

Criminal justice behavioral health needs study - Section 11 provides for the continuation of the Legislative Management study of alternatives to incarceration, with a focus on the behavioral health needs of individuals in the criminal justice system.

Tompkins Rehabilitation Center study - Section 12 provides for a Legislative Management study of the Tompkins Rehabilitation Center.

Youth Correctional Center facilities study - Section 13 provides for a study of Youth Correctional Center facilities by the Department of Corrections and Rehabilitation, in consultation with the Department of Human Services, the Protection and Advocacy Project, and the Supreme Court.

Justice Reinvestment Oversight Committee - Section 14 provides for a Justice Reinvestment Oversight Committee, which shall study the implementation of justice reinvestment policies and periodically report to the Legislative Management.

Related Legislation

House Bill No. 1041 - Relates to sentence reduction credit, medical paroles, domestic violence offender treatment, grading of theft offenses, credit for time spent in custody, terms and conditions of probation, controlled substances and controlled substance paraphernalia, addiction counseling services, and the supplemental nutrition assistance program.

House Bill No. 1269 - Provides for reductions in certain mandatory minimum sentences.

Senate Bill No. 2125 - Amends Section 62.1-02-05 to provide an exemption for correctional officers employed by the Department of Corrections and Rehabilitation to possess a firearm at a public gathering.

Senate Concurrent Resolution No. 4003 - Provides for a Legislative Management study of the current juvenile justice process, levels of collaboration among various service systems, implementation of dispositional alternatives, and methods for improving outcomes for juveniles involved in the process.

Adjutant General, including the National Guard and the Department of Emergency Services
Budget No. 540
House Bill Nos. 1016 and 1024, Senate Bill No. 2174

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	234.00	\$25,886,422	\$198,468,480	\$224,354,902
2017-19 base budget	234.00	29,096,100	204,383,027	233,479,127
Legislative increase (decrease) to base budget	0.00	(\$3,209,678)	(\$5,914,547)	(\$9,124,225)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$25,886,422	\$0	\$25,886,422
2015-17 adjusted legislative appropriations	29,096,100 ¹	1,844,672	30,940,772 ¹
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$3,209,678)	(\$1,844,672)	(\$5,054,350)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(11.0%)	(100.0%)	(16.3%)

¹The 2015-17 biennium general fund appropriations reflect transfers totaling \$71,323 from the targeted market equity pool during the 2015-17 biennium.

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$144,039	(\$391,790)	(\$247,751)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		234,453	357,525	591,978
Department of Emergency Services				
Reduced funding for salaries and wages.		(100,000)		(100,000)
Reduced funding for operating expenses.		(1,724,959)		(1,724,959)

Adjusted funding for State Radio to reduce funding from the general fund and increase funding from the radio communications fund.	(100,000)	100,000	0
Removed funding for mortuary response training.	(191,900)		(191,900)
Reduced funding for grants.		(57,784,088)	(57,784,088)
Reduced capital assets funding for equipment and information technology.		(815,000)	(815,000)
Added one-time funding from the strategic investment and improvements fund (SIIF) for mobile repeaters and programming radios for emergency medical services.		300,000	300,000
Added one-time funding from federal funds for emergency response equipment.		569,000	569,000
Added one-time funding from Bank of North Dakota loan proceeds for law enforcement support relating to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).		10,000,000	10,000,000
Added one-time funding from Bank of North Dakota loan proceeds for law enforcement support relating to unlawful activity associated with the construction of the Dakota Access Pipeline (Senate Bill No. 2174).		11,000,000	11,000,000
National Guard			
Adjusted funding for salaries and wages.	(6,662)		(6,662)
Reduced funding for operating expenses.	(582,613)		(582,613)
Increased funding for recruitment to provide a total of \$2,617,500.	100,000		100,000
Adjusted funding for the Veterans' Cemetery to provide a total of \$881,284.	(50,000)	50,000	0
Reduced funding for the reintegration program to provide a total of \$1,261,384.	(716,075)		(716,075)
Reduced funding for grants relating to armories to provide a total of \$318,553.	(190,961)		(190,961)
Reduced capital assets funding for equipment, motor vehicles, and land and buildings.	(25,000)	(2,300,194)	(2,325,194)
Added one-time funding from federal funds and other funds for the National Guard Readiness Center project in Fargo.		33,000,000	33,000,000
Total	<u>0.00</u>	<u>(\$3,209,678)</u>	<u>(\$5,914,547)</u>

FTE Changes

The Legislative Assembly approved 234 FTE positions for the Adjutant General for the 2017-19 biennium, the same as the 2015-17 biennium.

One-Time Funding

The following is a summary of one-time items for the Adjutant General for the 2017-19 biennium:

	Other Funds
Emergency response equipment	\$569,000
Mobile repeaters and programming radios (SIIF)	300,000
National Guard Readiness Center	33,000,000
Dakota Access Pipeline law enforcement (House Bill No. 1024, Senate Bill No. 2174)	21,000,000
Total	\$54,869,000

Deficiency Appropriations

House Bill No. 1024 contains a deficiency appropriation of \$79,500 from the strategic investment and improvements fund to repay a Bank of North Dakota loan for the state's share of disaster costs relating to 2015 Burleigh County fires.

Other Sections in House Bill No. 1016

Health insurance increase - Section 2 identifies the amount of funding included in the bill for increases in employee health insurance premiums.

Veterans' Cemetery maintenance fund - Section 4 appropriates any additional funds received and deposited in the Veterans' Cemetery maintenance fund pursuant to North Dakota Century Code Sections 37-03-14 and 39-04-10.10 for the operation of the Veterans' Cemetery for the 2017-19 biennium.

Maintenance and repairs - Section 5 authorizes the Adjutant General to transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2017-19 biennium. Any amounts transferred must be reported to the Office of Management and Budget.

Strategic investment and improvements fund - Section 6 identifies \$300,000 from the strategic investment and improvements fund for mobile repeaters and programming radios for emergency medical services.

Exemption - Radio communications - Section 7 provides that any unexpended general fund or special funds appropriation authority continued in the radio communications line item relating to the state radio tower package for the 2013-15 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2017-19 biennium.

Exemption - Tuition, recruiting, and retention - Section 8 provides that any unexpended general fund or special funds appropriation authority in the tuition, recruiting, and retention line item for the 2015-17 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2017-19 biennium.

Exemption - National Guard tuition assistance - Section 9 provides that any unexpended general fund or special funds appropriation authority in the tuition, recruiting, and retention line item relating to the appropriation for providing tuition assistance to eligible members of the National Guard for the 2013-15 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2017-19 biennium.

Exemption - Veterans' bonus program - Section 10 provides that any unexpended general fund or special funds appropriation authority continued relating to the \$5 million appropriated for payment of adjusted compensation to veterans during the 2005-07, 2007-09, 2009-11, 2011-13, 2013-15, and 2015-17 bienniums is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2017-19 biennium. Any unexpended funds from this appropriation must be transferred to the Veterans' Cemetery trust fund during the 2017-19 biennium.

Exemption - Veterans' bonus - Section 11 provides that any unexpended general fund or special funds appropriation authority in the grants line item relating to payment of adjusted compensation to veterans for the 2015-17 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2017-19 biennium. Any unexpended funds from this appropriation must be transferred to the Veterans' Cemetery trust fund during the 2017-19 biennium.

Exemption - Radio communications - Section 12 provides that any unexpended general fund or special funds appropriation authority continued in the radio communications line item relating to the state radio tower package 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 2017-19 biennium.

Exemption - Disaster costs - Section 13 provides that any unexpended general fund or special funds appropriation authority in the disaster costs line item relating to grants to political subdivisions for amounts required to match federal dollars 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 2017-19 biennium.

Exemption - Radio communications - Section 14 provides that any unexpended general fund or special funds appropriation authority in the radio communications line item relating to radio tower redundancy and Next Generation 9-1-1 for the 2015-17 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2017-19 biennium.

Related Legislation

House Bill No. 1027 - Amends Sections 57-40.6-01(2), 57-40.6-04, and 57-40.6-10(4), relating to the standards and guidelines for emergency services communications systems; and repeals Section 57-40.6-03.1, relating to 911 database management charges.

House Bill No. 1104 - Amends Section 37-01-04, relating to the Governor's authority to call out the National Guard.

House Bill No. 1105 - Amends Section 39-01-01(2), relating to the definitions of emergency vehicles.

House Bill No. 1106 - Amends Section 37-17.1-04, relating to definitions of disasters and emergencies.

House Bill No. 1108 - Amends Section 44-04-18.4(7), relating to the availability of records involving security and cyber attacks.

House Bill No. 1109 - Amends Sections 37-01-03, 37-01-43, 37-28-02(6), and 37-28-03, relating to the operation of the North Dakota National Guard.

House Bill No. 1178 - Increases the prepaid wireless emergency 911 fee from 2 to 2.5 percent of gross receipts, adds a fee of \$0.50 for assessed communications services, and establishes a statewide interoperable radio network fund. This bill also appropriates \$15 million to the Information Technology Department from Bank of North Dakota loan funds for the statewide interoperability radio network.

House Bill No. 1359 - Provides for an alert notice system for disabled and vulnerable elderly adults and minors who have developmental disabilities who are reported missing.

Senate Bill No. 2021 - Section 1 of the bill appropriates \$13.7 million from other funds from increased fees on assessed communications services to the Information Technology Department for developing the statewide interoperability radio network. This appropriation, combined with the \$15 million appropriation in House Bill No. 1178, provides a total funding of \$28.7 million for the statewide interoperability radio network. Section 7 amends Section 37-17.3-02.2, relating to the members of the Statewide Interoperability Executive Committee.

Senate Bill No. 2106 - Amends Section 37-17.3-08, relating to the state radio fee system.

Senate Bill No. 2107 - Creates Section 37-01-47, relating to health insurance coverage for National Guard service members, and amends Sections 37-04-08 and 37-07-05, relating to pay and benefits of National Guard members.

Senate Bill No. 2110 - Relating to late fees for hazardous chemical preparedness and response program fees and fines.

Senate Bill No. 2316 - Relates to disclosure of information concerning toxic or hazardous substances.

**Department of Commerce
Budget No. 601
Senate Bill Nos. 2018 and 2144**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	66.40	\$31,342,680	\$68,885,658	\$100,228,338
2017-19 base budget	69.40	33,859,099	53,809,604	87,668,703
Legislative increase (decrease) to base budget	(3.00)	(\$2,516,419)	\$15,076,054	\$12,559,635

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$30,342,680	\$1,000,000	\$31,342,680
2015-17 adjusted legislative appropriations	33,859,099	18,663,260	52,522,359
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$3,516,419)	(\$17,663,260)	(\$21,179,679)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(10.4%)	(94.6%)	(40.3%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$76,147)	\$229,068	\$152,921
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		135,102	37,452	172,554
Removed 3 FTE positions and related funding of \$479,078.	(3.00)	(\$274,522)	(\$204,556)	(\$479,078)
Adjusted funding for salaries and wages.		155,808		155,808
Adjusted funding for operating expenses, primarily related to professional services, postage, office supplies, and equipment.		(1,438,838)	129,837	(1,309,001)
Added funding for the North Dakota tourism program, including \$500,000 from the Research North Dakota fund, to provide a total appropriation of \$10.9 million, of which \$9.9 million is from the general fund.		315,000	637,000	952,000
Reduced funding for Operation Intern to provide total funding of \$950,000.		(550,000)		(550,000)
Adjusted funding for grants, primarily related to a \$500,000 grant from the Research North Dakota fund to be awarded to the Energy and Environmental Research Center (EERC).		189,525	623,778	813,303

Adjusted funding for discretionary funds, of which \$1 million is from the Research North Dakota fund, to provide total funding of \$2.2 million.	415,848	1,000,000	1,415,848
Increased federal funding for workforce and economic development grants.		162,318	162,318
Reduced funding for prekindergarten community grants to provide total funding of \$1.5 million.	(500,000)		(500,000)
Adjusted funding for the Agricultural Products Utilization Commission.	(647,517)	659,405	11,888
Reduced funding for the North Dakota Trade Office to provide total funding of \$2 million.	(556,694)		(556,694)
Reduced funding for partner programs to provide total funding of \$1,939,845.	(233,984)		(233,984)
Added funding from the general fund for homeless shelter grants.	300,000		300,000
Adjusted funding for entrepreneurship grants and vouchers to provide total funding of \$2.25 million, including \$600,000 from the general fund, \$1.5 million from the Research North Dakota fund, and \$150,000 from the economic development fund.	(750,000)	1,500,000	750,000
Added one-time federal funding for flood impact grants, including \$201,752 for salaries and operating expenses related to the program.		5,201,752	5,201,752
Added one-time funding of \$2 million from the strategic investment and improvements fund for unmanned aircraft system (UAS) grants. In addition, the agency was authorized to continue up to \$1 million of the 2015-17 biennium appropriation for UAS grants into the 2017-19 biennium.		2,000,000	2,000,000
Added one-time funding from the strategic investment and improvements fund for base retention grants.		600,000	600,000
Added one-time funding for enhanced use lease grants, of which \$1 million is from the general fund and \$2 million is from the strategic investment and improvements fund.	1,000,000	2,000,000	3,000,000
Added one-time funding from the student loan trust fund for workforce grants to tribally controlled community colleges. (Senate Bill No. 2144)		500,000	500,000
Total	<u>(3.00)</u>	<u>(\$2,516,419)</u>	<u>\$15,076,054</u>
			<u>\$12,559,635</u>

FTE Changes

The 2017-19 biennium appropriations for the Department of Commerce include funding for 66.40 FTE positions, a decrease of 3 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE administrative assistant position, 1 FTE program assistant position, and 1 FTE program administrator position, and related funding of \$479,078, of which \$274,522 is from the general fund.

One-Time Funding

In Section 3 of Senate Bill No. 2018, the Legislative Assembly identified \$10,801,752 of funding as one-time funding items for the Department of Commerce, of which \$1 million is from the general fund and \$9,801,752 is from other funds. The Legislative Assembly also provided one-time funding of \$500,000 from the student loan trust fund to the Department of Commerce in Senate Bill No. 2144 for workforce grants to tribally controlled community colleges. The following is a summary of one-time funding included in the 2017-19 legislative appropriation for the Department of Commerce:

	General Fund	Other Funds	Total Funds
Flood impact grants and loans (federal funding)		\$5,201,752	\$5,201,752
Unmanned aircraft system (strategic investment and improvements fund)		2,000,000	2,000,000
Base retention grants (strategic investment and improvements fund)		600,000	600,000
Enhanced use lease grants (strategic investment and improvements fund)	\$1,000,000	2,000,000	3,000,000
Workforce grants to tribally controlled community colleges (student loan trust fund)		500,000	500,000
Total	\$1,000,000	\$10,301,752	\$11,301,752

Centers of Excellence and Centers of Research Excellence

The 2017 Legislative Assembly did not appropriate any new funding for either the centers of excellence program, established in North Dakota Century Code Chapter 15-69 by the 2003 Legislative Assembly, or the centers of research excellence program, established in Chapter 54-65 by the 2011 Legislative Assembly. The 2011 Legislative Assembly 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 2013 Legislative Assembly established the Research North Dakota grant program and the Research North Dakota venture program. The Research North Dakota grant program was established to provide grants to research universities for research, development, and commercialization activities in collaboration with a private sector partner.

The 2015 Legislative Assembly provided one-time funding of \$4.5 million as a transfer from the general fund to the Research North Dakota fund in Section 1 of House Bill No. 1018. Section 15 of House Bill No. 1018 provides of the \$4.5 million, \$1 million is designated for biotechnology grants and \$3.5 million is available without any specific designation. The purpose of the biotechnology grants is to conduct research on and commercialization for the prevention of, treatment of, or cure for viral diseases, cancer, and other pathogens. The \$1 million designated for biotechnology was available until December 31, 2016, and after that date, any remaining funds could be used for other Research North Dakota purposes. The funds were not reallocated, because the department awarded the entire \$1 million prior to December 31, 2016.

The 2017 Legislative Assembly did not appropriate any new funding for the Research North Dakota grant program. The Legislative Assembly made adjustments totaling \$7.5 million to existing funds in the Research North Dakota fund. The following are the adjustments made in Senate Bill No. 2018 for the 2017-19 biennium:

- Designated \$500,000 to the Department of Commerce for North Dakota tourism. (Section 14)
- Designated \$500,000 to the Department of Commerce for a grant to be awarded to EERC at the University of North Dakota. The grant must be utilized for economic development and diversification of the North Dakota economy and may be provided only to the extent the EERC provides \$1 of matching funds from private or other public sources for each \$1 provided by the department. (Sections 13 and 14)
- Designated \$1 million to the Department of Commerce for discretionary funds. (Section 14)
- Designated \$1.5 million to the Department of Commerce for the entrepreneurship grants and vouchers program. Of this amount, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks; \$300,000 for biotechnology grants; and \$300,000 to an organization that provides workplace safety. **The Governor vetoed the \$300,000 designation to an organization that provides workplace safety.** (Sections 12 and 14)
- Provided for the transfer of \$4 million from the Research North Dakota fund to the general fund during the 2017-19 biennium. (Section 15)

As of May 2017 the estimated 2015-17 biennium ending fund balance in the Research North Dakota fund was \$11,322,089. Of this amount, \$2,947,441 has been awarded but not distributed, resulting in \$8,374,648 of uncommitted funding available during the 2017-19 biennium. Following the \$7,500,000 of adjustments made by the 2017 Legislative Assembly, funding of \$874,648 is uncommitted and available for use during the 2017-19 biennium. Of this remaining amount, the Department of Commerce anticipates awarding the entire amount during the 2017-19 biennium, but only distributing \$470,001, resulting in an estimated ending fund balance of \$404,647 on June 30, 2019.

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. The 2017 Legislative Assembly did not appropriate any new funding for the Research North Dakota venture program.

The Research North Dakota venture grant program was established 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 were required to develop guidelines for the grants. The 2013 Legislative Assembly designated \$2 million of Research North Dakota funding for venture grants, with additional funding available for venture grants from funds not specifically designated in the Research North Dakota fund. As of May 2016 the estimated amount of Research North Dakota venture grants to be spent in the 2015-17 biennium is \$3,103,685 and the estimated amount for the 2017-19 biennium is \$829,307.

The Research North Dakota venture investment program was established during the 2013-15 biennium 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 was required to establish guidelines for the investments. There have been no qualifying projects for the Research North Dakota venture investment program, and as a result, the Department of Commerce has not provided any funding from the development fund for the venture investment program.

Unmanned Aircraft Systems Program

The 2013 Legislative Assembly established the UAS program and UAS program fund in Section 14 of Senate Bill No. 2018, provided a one-time appropriation of \$5 million from the general fund, and provided a continuing appropriation to defray the expenses of the UAS program. The Department of Commerce was required to establish the UAS program in collaboration with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties; to administer the UAS test site upon receiving Federal Aviation Administration approval; and to provide semiannual reports to the Legislative Management. Funding is provided to the Northern Plains UAS Test Site located in Grand Forks, which is one of six Federal Aviation Administration UAS test sites in the United States.

The 2015 Legislative Assembly provided one-time funding of \$2,718,620 from the general fund for the UAS program. Of the \$2,718,620 appropriated for the UAS program, \$1,200,000 was designated for a business incentive match fund to incentivize private sector business development related to the test site. In addition the Department of Commerce was authorized to continue \$1,500,000 from the 2013-15 biennium, which was appropriated for the UAS program during the 2013-15 biennium.

The 2017 Legislative Assembly provided one-time funding from the strategic investment and improvements fund of \$2 million for the UAS program, as identified in Section 9 of Senate Bill No. 2018. In addition, Section 6 of 2017 Senate Bill No. 2018 authorized the Department of Commerce to continue up to \$1 million from the 2015-17 biennium general fund appropriation for the UAS program into the 2017-19 biennium.

Enhanced Use Lease Grant Program

The 2013 Legislative Assembly established the enhanced use lease grant program and provided a one-time appropriation of \$2.5 million from the strategic investment and improvements fund to the Department of Commerce for the department to develop the program and award grants. The department is to award grants for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base, contingent upon certification from the department verifying both a signed enhanced use lease agreement and a commitment by a private sector business to locate in the development. In February 2015 Grand Sky Development Company, a wholly owned subsidiary of Infinity Development Partners LLC, entered into an agreement on behalf of Grand Forks County with the Grand Forks Air Force Base to form the Grand Forks Business Park. Grand Sky provides Grand Forks Air Force Base lease tenants with the ability to test UAS and beyond visual line of sight flights in partnership with the Northern Plains UAS Test Site. The 2015 Legislative Assembly provided a one-time appropriation of \$7.5 million from the strategic investment and improvements fund for enhanced use lease grants. The contingencies for the enhanced use lease grant program, as detailed in Section 4 of 2015 House Bill No. 1018, provide \$3.1 million is contingent on

the construction and agreement of a first private sector single-tenant or multitenant building on the property. The remaining \$4.4 million is contingent on agreement of a second private sector single-tenant or multitenant building on the property or after an agreement is reached with any data-intensive tenant for data connectivity and redundancy infrastructure requirements or for data services.

The 2017 Legislative Assembly provided a one-time appropriation of \$3 million, of which \$1 million is from the general fund and \$2 million is from the strategic investment and improvements fund, for enhanced use lease grants. Section 10 of 2017 Senate Bill No. 2018 provides grants must be awarded for initiatives related to the UAS industry in North Dakota, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefitting UAS. The Department of Commerce is to require grant recipients to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this 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 2015 Legislative Assembly provided \$1.55 million from the general fund, including one-time funding of \$50,000, for the operation intern program for the 2015-17 biennium. This level of funding reflects an increase of \$50,000 from the 2013-15 biennium. Section 14 of 2015 House Bill No. 1018 provides that the \$1.55 million appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund. Section 24 of 2015 House Bill No. 1018 amended Section 54-60-17 to include educators under the Operation Intern program.

The 2017 Legislative Assembly provided \$950,000 from the general fund for the operation intern program for the 2017-19 biennium, a decrease of \$600,000 from the 2015-17 biennium. Section 7 of Senate Bill No. 2018 provides that the \$950,000 appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund. Section 16 declares these items an emergency measure.

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 2017 Legislative Assembly provided \$2 million from the general fund for the North Dakota Trade Office for the 2017-19 biennium, a decrease of \$556,694 from the 2015-17 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
2011-13	\$2,613,400 ⁵	\$0	\$2,613,400
2013-15	\$2,613,400 ⁵	\$0	\$2,613,400
2015-17 (adjusted)	\$2,556,694 ^{5,6}	\$0	\$2,556,694
2017-19	\$2,000,000 ⁷	\$0	\$2,000,000

¹Section 21 of 2003 House Bill No. 1019 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 the bill 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 2005 Legislative Assembly provided funding of \$500,000 from the development fund and \$200,000 from the Mill and Elevator Association 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 2007 House Bill No. 1018 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 2009 Senate Bill No. 2018 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 2011 Senate Bill No. 2057, Section 31 of 2013 Senate Bill No. 2018, and Section 12 of 2015 House Bill No. 1018, provided 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.

⁶The 2015-17 biennium appropriation for the North Dakota Trade Office reflects a \$56,706 general fund reduction made as part of the August 2016 special legislative session reductions.

⁷Section 11 of 2017 Senate Bill No. 2018 provided the Department of Commerce may spend 60 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 is to provide grants to develop and expand the use of agricultural products in accordance with Chapter 4-14.1. The Agricultural Products Utilization Commission receives funding from the general fund, special funds, and federal funds. The 2017 Legislative Assembly provided an appropriation of \$3,152,915 for the Agricultural Products Utilization Commission for the 2017-19 biennium, all from the agricultural products utilization fund, reflecting an overall increase of \$34,304 from the 2015-17 adjusted appropriation of \$3,118,611, as shown in the schedule below.

Biennium	General Fund	Agricultural Products Utilization Fund ¹	Federal Funds	Total Appropriation ²
2013-15	\$1,202,210	\$1,738,284	\$300,000	\$3,240,494
2015-17 (adjusted) ³	1,022,983 ³	2,095,628	0	3,118,611
2017-19	0	3,152,915 ⁴	0	3,152,915
Increase (Decrease) from 2015-17 biennium	(\$1,022,983)	\$1,057,287	\$0	\$34,304

¹The 2013 Legislative Assembly renamed the agricultural fuel tax fund the Agricultural Products Utilization Commission fund.

²These amounts do not include carryover authority.

³The 2015-17 general fund appropriation for the Agricultural Products Utilization Commission reflects a \$200,000 reduction made during the August 2016 special legislative session reductions.

⁴Of the amount appropriated to the Department of Commerce through the Agricultural Products Utilization Commission fund for the 2017-19 biennium, approximately \$1.3 million is from the Mill and Elevator Association profits and approximately \$1,000 is from motor vehicle fuel tax refunds. The remaining amount is due to funds received in prior bienniums and continued into to the 2017-19 biennium.

The 2013 Legislative Assembly renamed the agricultural fuel tax fund the agricultural products utilization fund. Section 19 of 2013 Senate Bill No. 2018 removed 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 the change, the remaining funding sources for the agricultural products utilization fund are an annual transfer of 5 percent of the Mill and Elevator Association profits and one-half cent per gallon of the motor vehicle fuel tax refund for industrial purposes.

The 2015 Legislative Assembly provided an exemption for the Agricultural Products Utilization Commission in Section 17 of House Bill No. 1018 allowing unexpended funds from the 2013-15 biennium to continue and to be spent during the 2015-17 biennium. The 2017 Legislative Assembly also provided an exemption for the Agricultural Products Utilization Commission in Section 4 of Senate Bill No. 2018 allowing unexpended funds from the 2015-17 biennium to continue and be spent during the 2017-19 biennium.

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 2013 Legislative Assembly 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 estimated revenues for the ethanol production incentive fund are \$4.8 million during the 2015-17 biennium and \$4.7 million during the 2017-19 biennium.

Other Grant Programs

Base retention grant program - The 2015 Legislative Assembly provided one-time funding of \$1.5 million from the general fund for base retention grants, the same amount as the 2013-15 biennium. Section 3 of 2015 House Bill No. 1018 states that of this amount, up to \$500,000 may be provided to each community with an Air Force base or Air National Guard facilities.

The 2017 Legislative Assembly provided one-time funding of \$600,000 from the strategic investment and improvements fund for base retention grants, a decrease of \$900,000 from the 2015-17 biennium funding level. Section 8 of Senate Bill No. 2018 provides that of this amount, up to \$200,000 may be provided to each community with an Air Force base or Air National Guard facilities.

Child care facility grant program - The 2017 Legislative Assembly did not provide funding for the child care facility grant program in Senate Bill No. 2018, compared to funding of \$2.25 million from the general fund approved for the 2015-17 biennium.

Entrepreneurship grants and voucher program - Section 12 of Senate Bill No. 2018 identifies \$2.25 million in Section 1 for the entrepreneurship grants and voucher program, also known as Innovate North Dakota, of which \$600,000 is from the general fund, \$1.5 million is from the Research North Dakota fund, and \$150,000 is from the economic development fund. Of the \$1.5 million provided from the Research North Dakota fund, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks; \$300,000 for biotechnology grants; and \$300,000 to an organization that provides workplace safety. **The Governor vetoed the \$300,000 designation to an organization that provides workplace safety.** The Department of Commerce is required to establish guidelines to award vouchers to entrepreneurs to procure business development assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working with an entrepreneurial center. Any unexpended funds from the entrepreneurship grants and voucher program line item is available during the 2019-21 biennium.

Tribal college workforce grant program - The purpose of this grant program 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. Section 3 of 2017 Senate Bill No. 2144 appropriated one-time funding of \$500,000 from the student loan trust fund to the Department of Commerce for workforce grants to tribally controlled community colleges, a \$2.5 million decrease from the 2015-17 biennium. The 2015 Legislative Assembly provided a total appropriation of \$3 million for workforce grants to tribally controlled community colleges, of which \$2 million was from the general fund and \$1 million was from the student loan trust fund.

Prekindergarten community grant program - The 2017 Legislative Assembly provided \$1.5 million from the general fund for prekindergarten community grants, also known as early childhood education grants, a \$1.5 million decrease from the 2015-17 biennium.

Homeless shelter grant program - The 2017 Legislative Assembly provided \$300,000 from the general fund specifically for homeless shelter grants, a decrease of \$1.2 million compared to the \$1.5 million provided as a one-time appropriation in the 2015-17 biennium. The department may also use funds available in its discretionary funds line item for grants to homeless shelters.

Exemptions

The Legislative Assembly provided exemptions in Senate Bill No. 2018 to allow unexpended 2015-17 biennium funds to continue and to be spent during the 2017-19 biennium as follows:

- **Agricultural Products Utilization Commission** - Section 4 provides an exemption for the Agricultural Products Utilization Commission.
- **Discretionary funds** - The exemption in Section 5 provides an exemption for the discretionary funds line item.
- **Unmanned aircraft systems program** - Section 6 provides an exemption of up to \$1 million for the UAS program.

Other Sections in Senate Bill No. 2018

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Primary sector businesses - House Bill No. 1044 relates to primary sector businesses certified by the Department of Commerce's Division of Economic Development and Finance.

Angel fund - House Bill No. 1045 relates to angel fund income tax credits and in-state qualified businesses certified by the Department of Commerce.

Criminal history record checks - House Bill No. 1060 requires the Department of Commerce to conduct a criminal history record check for volunteers providing mentoring and youth engagement services to at-risk youth and homeless young adults through nonprofit organizations. The child-placing agency is responsible for all fees associated with a criminal history record investigation.

Committee on Employment of People with Disabilities - Section 2 of House Bill No. 1135 amends Section 50-06.1-16 to eliminate the Committee on Employment of People with Disabilities, which includes the Director of the Department of Commerce's Division of Workforce Development, and transfer the committee's responsibilities to the State Rehabilitation Council.

Large truck primary highway network - House Bill No. 1255 creates an advisory committee for a large truck primary highway network and requires committee membership from the Department of Commerce Commissioner or a designee.

Commission on the Status of Women - House Bill No. 1405 amends Section 54-34.3-10 to require the Commission on the Status of Women to provide a biennial report to the Department of Commerce Director of the Division of Economic Development and Finance and to the Governor on the findings and recommendations of the commission and any proposed legislation necessary to implement the recommendations.

Tribal workforce grants - Senate Bill No. 2144 provides a one-time appropriation of \$500,000 from the student loan trust fund to the Department of Commerce for workforce grants to tribally controlled community colleges.

Boundary geography data - Senate Bill No. 2188 authorizes the Department of Commerce, at the discretion of each political subdivision, to act on behalf of political subdivisions to deliver a consolidated response to the boundary and annexation survey and provide legal boundary geography data to the United States census bureau. The department shall coordinate with political subdivisions to ensure consistent, accurate, and integrated geography is provided to the United States census bureau.

Early childhood education - Senate Bill No. 2250 allows an early childhood education program to extend beyond 32 weeks and precludes children enrolled in a Head Start program to be counted for determining eligibility for grant funds. The Department of Commerce is responsible for receiving applications for and distributing early childhood education grants, also known as prekindergarten community grants, to eligible applicants.

Community services block grant - Senate Concurrent Resolution No. 4001 authorizes the Budget Section of the Legislative Management to hold required legislative hearings on state plans for the receipt and expenditures of new or reviewed block grants passed by Congress. The Department of Commerce appropriation bill contains directions regarding the use of community services block grant program money for the period ending September 30, 2019.

**Upper Great Plain Transportation Institute
Budget No. 627
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	43.88	\$3,543,174	\$18,817,068	\$22,360,242
2017-19 base budget	54.98	3,900,791	18,175,657	22,076,448
Legislative increase (decrease) to base budget	(11.10)	(\$357,617)	\$641,411	\$283,794

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$3,443,174	\$100,000	\$3,543,174
2015-17 adjusted legislative appropriations	3,900,791	628,823	4,529,614
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$457,617)	(\$528,823)	(\$986,440)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(11.7%)	(84.1%)	(21.8%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes, including the removal of certain vacant FTE positions.	(9.80)	\$56,508	(\$388,117)	(\$331,609)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		27,397	81,443	108,840
Removed 1.3 FTE positions and reduced funding for salaries and wages and operating expenses.	(1.30)	(213,402)		(213,402)
Adjusted funding for operating expenses and grants.		(21,203)	601,085	579,882
Reduced funding for equipment.			(53,000)	(53,000)
Reduced general fund appropriations by 3 percent.		(106,917)		(106,917)

Adjusted funding sources.	(200,000)	200,000	0
Added one-time funding for a road and bridge asset management system, including \$200,000 of county matching funds.	100,000	200,000	300,000
Total	<u>(11.10)</u>	<u>(\$357,617)</u>	<u>\$641,411</u>

FTE Changes

The 2017-19 biennium appropriation includes funding for 43.88 FTE positions, a decrease of 11.10 FTE positions from the 2015-17 biennium authorized level of 54.98 FTE positions. Section 10 of Senate Bill No. 2020 continues the authorization of the State Board of Higher Education to adjust FTE positions at entities under its control, subject to the availability of funds.

One-Time Funding

The Legislative Assembly, in Senate Bill No. 2020, provided a one-time appropriation of \$300,000, of which \$100,000 is from the general fund and \$200,000 is from county matching funds, for a road and bridge asset management system.

Other Sections in Senate Bill No. 2020

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Additional income appropriation - Section 4 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Upper Great Plains Transportation Institute, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2017-19 biennium.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute and provides that any adjustments be reported to the Office of Management and Budget.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended 2017-19 biennium general fund appropriations and excess income received by the Upper Great Plains Transportation Institute into the 2019-21 biennium.

Road and bridge asset management system matching funds - Section 13 identifies the general fund appropriations for the road and bridge asset management system and provides it is available only to the extent that \$2 of matching funds have been raised for every \$1 from the general fund.

**Branch Research Centers
Budget No. 628
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	110.29	\$17,155,257	\$21,781,691	\$38,936,948
2017-19 base budget	113.94	18,483,636	19,817,130	38,300,766
Legislative increase (decrease) to base budget	(3.65)	(\$1,328,379)	\$1,964,561	\$636,182

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$17,155,257	\$0	\$17,155,257
2015-17 adjusted legislative appropriations	18,483,636	275,000	18,758,636
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$1,328,379)	(\$275,000)	(\$1,603,379)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.2%)	(100.0%)	(8.6%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$196,347	\$30,744	\$227,091
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		226,777	83,817	310,594
Increased funding for capital bond payments.		104		104
Removed 3.65 FTE positions and adjusted funding for salaries.	(3.65)	(642,408)		(642,408)
Adjusted funding for operating expenses.		(22,626)		(22,626)
Adjusted funding sources and made additional general fund budget reductions.		(553,620)	350,000	(203,620)

Reduced general fund appropriations by 3 percent.	(532,953)		(532,953)
Added one-time funding from donations and other funds for a Williston Research Extension Center seed cleaning plant.		1,500,000	1,500,000
Total	<u>(3.65)</u>	<u>(\$1,328,379)</u>	<u>\$1,964,561</u>

FTE Changes

The 2017-19 biennium appropriation includes funding for 110.29 FTE positions, a decrease of 3.65 FTE positions from the 2015-17 biennium authorized level of 113.94 FTE positions. Section 10 of Senate Bill No. 2020 continues the authorization of the State Board of Higher Education to adjust FTE positions at entities under its control, subject to the availability of funds.

One-Time Funding

The Legislative Assembly, in Senate Bill No. 2020, provided a one-time appropriation of \$1.5 million from donations and other funds for a Williston Research Extension Center seed cleaning plant.

Other Sections in Senate Bill No. 2020

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Additional income appropriation - Section 4 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the branch research centers, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2017-19 biennium.

Employee accrued leave - Section 5 amends North Dakota Century Code Section 4-05.1-05 to clarify 12-month employees whose employment is not limited in duration shall accrue leave pursuant to Section 54-06-14. Section 5 is effective through June 30, 2019.

Dickinson Research Extension Center mineral rights income - Section 7 authorizes the Dickinson Research Extension Center to spend up to \$755,000 of revenue received during the 2017-19 biennium from mineral royalties, leases, or easements for ongoing operational expenses. Any revenues received in excess of \$755,000 may be spent only for one-time expenditures for the 2017-19 biennium.

Williston Research Extension Center mineral rights income - Section 8 directs the Williston Research Extension Center to report to the Appropriations Committees of the 66th Legislative Assembly on amounts received and spent from mineral royalties, leases, or easements in the 2015-17 biennium and the 2017-19 biennium.

Transfer authority - Section 9 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, North Dakota State University Extension Service, and Northern Crops Institute and provides that any transfers be reported to the Office of Management and Budget.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the branch research centers and provides that any adjustments be reported to the Office of Management and Budget.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended 2017-19 biennium general fund appropriations and excess income received by the branch research centers into the 2019-21 biennium.

**NDSU Extension Service
Budget No. 630
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	252.98	\$25,648,320	\$26,646,689	\$52,295,009
2017-19 base budget	263.91	27,824,562	25,826,708	53,651,270
Legislative increase (decrease) to base budget	(10.93)	(\$2,176,242)	\$819,981	(\$1,356,261)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$25,633,320	\$15,000	\$25,648,320
2015-17 adjusted legislative appropriations	27,824,562	12,500	27,837,062
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$2,191,242)	\$2,500	(\$2,188,742)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.9%)	20.0%	(7.9%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$302,125	\$265,427	\$567,552
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		368,413	354,554	722,967
Removed 10.93 FTE positions and adjusted funding for salaries and wages.	(10.93)	(1,619,206)	200,000	(1,419,206)
Reduced funding for state soil conservation committee operating expenses.		(21,788)		(21,788)
Adjusted funding for other operating expenses.		175,557		175,557
Reduced funding for equipment.		(300,000)		(300,000)

Reduced general fund appropriations by 3 percent.	(806,343)	(806,343)
Further reduced general fund appropriations.	(290,000)	(290,000)
Added one-time funding for the Burleigh County junior master gardener program.	15,000	15,000
Total	<u>(10.93)</u>	<u>(\$2,176,242)</u>
		<u>\$819,981</u>
		<u>(\$1,356,261)</u>

FTE Changes

The 2017-19 biennium appropriation includes funding for 252.98 FTE positions, a decrease of 10.93 FTE positions from the 2015-17 biennium authorized level of 263.91 FTE positions. Section 10 of Senate Bill No. 2020 continues the authorization of the State Board of Higher Education to adjust FTE positions at entities under its control, subject to the availability of funds.

One-Time Funding

The Legislative Assembly, in Senate Bill No. 2020, provided a one-time appropriation of \$15,000 from the general fund for the Burleigh County junior master gardener program.

Other Sections in Senate Bill No. 2020

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Additional income appropriation - Section 4 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the NDSU Extension Service, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2017-19 biennium.

Employee accrued leave - Section 6 amends North Dakota Century Code Section 4-08-10 to clarify 12-month employees whose employment is not limited in duration shall accrue leave pursuant to Section 54-06-14. Section 6 is effective through June 30, 2019.

Transfer authority - Section 9 authorizes the transfer of appropriation authority between the Main Research Center, branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to the Office of Management and Budget.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the NDSU Extension Service and provides that any adjustments be reported to the Office of Management and Budget.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended 2017-19 biennium general fund appropriations and excess income received by the NDSU Extension Service into the 2019-21 biennium.

State soil conservation committee study - Section 14 provides for a Legislative management study of the state soil conservation committee.

State Board of Agricultural Research and Education study - Section 15 directs the State Board of Agricultural Research and Education to study the duties and responsibilities of the NDSU Extension Service and reports its findings to the Budget Section by March 31, 2018.

Related Legislation

House Bill No. 1231 - Repeals Section 15-12-12 to eliminate the requirement that the NDSU Extension Service place quarterly advertisements for agency programs in the county newspaper.

**Northern Crops Institute
Budget No. 638
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	11.80	\$1,886,891	\$1,755,830	\$3,642,721
2017-19 base budget	12.00	1,964,467	1,747,735	3,712,202
Legislative increase (decrease) to base budget	(0.20)	(\$77,576)	\$8,095	(\$69,481)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$1,886,891	\$0	\$1,886,891
2015-17 adjusted legislative appropriations	1,964,467	0	1,964,467
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$77,576)	\$0	(\$77,576)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(4.0%)	N/A	(4.0%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.	(0.20)	\$26,399	\$3,160	\$29,559
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		26,921	4,935	31,856
Restored funding for operating expenses.		137,691		137,691
Reduced funding for travel.		(10,216)		(10,216)
Reduced funding for equipment.		(200,000)		(200,000)
Reduced general fund appropriations by 3 percent.		(58,371)		(58,371)
Total	(0.20)	(\$77,576)	\$8,095	(\$69,481)

FTE Changes

The 2017-19 biennium appropriation includes funding for 11.8 FTE positions, a decrease of 0.2 FTE positions from the 2015-17 biennium authorized level of 12.0 FTE positions. Section 10 of Senate Bill No. 2020 continues the authorization of the State Board of Higher Education to adjust FTE positions at entities under its control, subject to the availability of funds.

Other Sections in Senate Bill No. 2020

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Additional income appropriation - Section 4 provides that in addition to the amount appropriated as other funds, any other income 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 2017-19 biennium.

Transfer authority - Section 9 authorizes the transfer of appropriation authority between the Main Research Center, branch research centers, North Dakota State University Extension Service, and Northern Crops Institute and provides that any transfers be reported to the Office of Management and Budget.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Northern Crops Institute and provides that any adjustments be reported to the Office of Management and Budget.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended 2017-19 biennium general fund appropriations and excess income received by the Northern Crops Institute into the 2019-21 biennium.

**NDSU Main Research Center
Budget No. 640
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	336.12	\$49,557,415	\$59,084,828	\$108,642,243
2017-19 base budget	353.85	53,581,255	56,948,525	110,529,780
Legislative increase (decrease) to base budget	(17.73)	(\$4,023,840)	\$2,136,303	(\$1,887,537)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$49,557,415	\$0	\$49,557,415
2015-17 adjusted legislative appropriations	53,581,255	1,617,428	55,198,683
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$4,023,840)	(\$1,617,428)	(\$5,641,268)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(7.5%)	(100.0%)	(10.2%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$638,645	\$196,105	\$834,750
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		619,307	340,198	959,505
Removed 17.73 FTE positions and reduced funding for salaries and wages.	(17.73)	(1,946,615)		(1,946,615)
Reduced funding for operating expenses.		(355,589)		(355,589)
Restored funding for equipment.		260,000		260,000
Increased funding for capital bond payments.		291		291

Adjusted funding sources and made additional general fund budget reductions.	(1,700,000)	1,600,000	(100,000)
Reduced general fund appropriations by 3 percent.	<u>(1,539,879)</u>		<u>(1,539,879)</u>
Total	<u><u>(17.73)</u></u>	<u><u>\$2,136,303</u></u>	<u><u>(\$1,887,537)</u></u>

FTE Changes

The 2017-19 biennium appropriation includes funding for 336.12 FTE positions, a decrease of 17.73 FTE positions from the 2015-17 biennium authorized level of 353.85 FTE positions. Section 10 of Senate Bill No. 2020 continues the authorization of the State Board of Higher Education to adjust FTE positions at entities under its control, subject to the availability of funds.

Other Sections in Senate Bill No. 2020

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Additional income appropriation - Section 4 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Main Research Center, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2017-19 biennium.

Employee accrued leave - Section 5 amends North Dakota Century Code Section 4-05.1-05 to clarify 12-month employees whose employment is not limited in duration shall accrue leave pursuant to Section 54-06-14. Section 5 is effective through June 30, 2019.

Transfer authority - Section 9 authorizes the transfer of appropriation authority between the Main Research Center, branch research centers, North Dakota State University Extension Service, and Northern Crops Institute and provides that any transfers be reported to the Office of Management and Budget.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Main Research Center and provides that any adjustments be reported to the Office of Management and Budget.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended 2017-19 biennium general fund appropriations and excess income received by the Main Research Center into the 2019-21 biennium.

Exemption - Section 12 authorizes the Main Research Center to continue unexpended general or special funds appropriation authority relating to the veterinary diagnostics laboratory and the seed cleaning plants from the 2015-17 biennium to the 2017-19 biennium.

**Agronomy Seed Farm
Budget No. 649
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	3.00	\$0	\$1,536,129	\$1,536,129
2017-19 base budget	3.00	0	1,521,007	1,521,007
Legislative increase (decrease) to base budget	0.00	\$0	\$15,122	\$15,122

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$7,157	\$7,157
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			7,965	7,965
Total	0.00	\$0	\$15,122	\$15,122

FTE Changes

The Legislative Assembly approved 3 FTE positions for the Agronomy Seed Farm for the 2017-19 biennium, the same as the 2015-17 biennium. Section 10 of Senate Bill No. 2020 continues the authorization of the State Board of Higher Education to adjust FTE positions at entities under its control, subject to the availability of funds.

Other Sections in Senate Bill No. 2020

Health insurance increase - Section 2 identifies the amount of funding included in the bill for the increase in employee health insurance premiums.

Additional income appropriation - Section 4 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Agronomy Seed Farm, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2017-19 biennium.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Agronomy Seed Farm and provides that any adjustments be reported to the Office of Management and Budget.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended excess income received by the Agronomy Seed Farm into the 2019-21 biennium.

**State Fair Association
Budget No. 665
Senate Bill No. 2009**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	0.00	\$515,665	\$0	\$515,665
2017-19 base budget	0.00	532,665	0	532,665
Legislative increase (decrease) to base budget	0.00	(\$17,000)	\$0	(\$17,000)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$515,665	\$0	\$515,665
2015-17 adjusted legislative appropriations	532,665	467,250	999,915
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$17,000)	(\$467,250)	(\$484,250)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(3.2%)	(100.0%)	(48.4%)

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

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Reduced funding for premiums		(\$17,000)		(\$17,000)
Total	0.00	(\$17,000)	\$0	(\$17,000)

State Fair Premiums

The Legislative Assembly provided \$515,665 from the general fund for premiums. This is a reduction of \$17,000 from the 2015-17 biennium adjusted appropriation.

Other Sections in Senate Bill No. 2009

Facility operations and maintenance costs - Section 3 creates a new section to North Dakota Century Code Chapter 4-02.1 to provide that, other than costs resulting from a natural disaster, facility operations and maintenance costs are to be paid from State Fair Association funds.

Related Legislation

Agriculture laws revisions - Senate Bill No. 2026 rewrites the state's agriculture laws, including repealing Chapter 4-02.1 and moving the statutory provisions of the State Fair Association to Chapter 4.1-55.

**Racing Commission
Budget No. 670
Senate Bill No. 2023**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	2.00	\$379,621	\$162,557	\$542,178
2017-19 base budget	2.00	387,821	158,730	546,551
Legislative increase (decrease) to base budget	0.00	(\$8,200)	\$3,827	(\$4,373)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$379,621	\$0	\$379,621
2015-17 adjusted legislative appropriations	387,821	0	387,821
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$8,200)	\$0	(\$8,200)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(2.1%)	0.0%	(2.1%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$13,716)	\$3,827	(\$9,889)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		5,309		5,309
Restored funding for operating expenses.		207		207
Total	0.00	(\$8,200)	\$3,827	(\$4,373)

FTE Changes

The Legislative Assembly approved 2 FTE positions for the Racing Commission for the 2017-19 biennium, the same as the 2015-17 biennium.

Other Sections in Senate Bill No. 2023

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Senate Bill No. 2051 - Distributions from the breeders' fund - Changes out-of-state awards and payment supplements from the breeders' fund currently dispersed in the same calendar year the money was earned by the recipient to being dispersed within 2 months of the end of the calendar year the money was earned by the recipient.

**State Historical Society
Budget No. 701
House Bill No. 1018**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	75.00	\$16,673,644	\$4,155,795	\$20,829,439
2017-19 base budget	78.00	17,254,791	3,299,901	20,554,692
Legislative increase (decrease) to base budget	(3.00)	(\$581,147)	\$855,894	\$274,747

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$16,673,644	\$0	\$16,673,644
2015-17 adjusted legislative appropriations	17,254,791	2,922,969	20,177,760
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$581,147)	(\$2,922,969)	(\$3,504,116)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(3.4%)	(100.0%)	(17.4%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$364,479	(\$10,682)	\$353,797
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		177,213	16,576	193,789
Removed 1 FTE custodial position.	(1.00)	(106,393)		(106,393)
Removed 2 undesignated FTE positions.	(2.00)	(58,237)		(58,237)
Reduced salaries and wages in anticipation of savings from vacant positions and employee turnover.		(243,714)		(243,714)
Reduced funding for temporary employees.		(147,986)		(147,986)

Reduced grant funding from federal funds for historical preservation.		(300,000)		(300,000)
Reduced funding for operating expenses.	(250,414)		150,000	(100,414)
Removed funding for cultural heritage grants.	(293,454)			(293,454)
Reduced funding for capital assets.	(22,641)			(22,641)
Added one-time funding from the state disaster relief fund (\$500,000) and a grant from the Parks and Recreation Department (\$500,000) for Double Ditch historic site repairs.			1,000,000	1,000,000
Total	<u>(3.00)</u>	<u>(\$581,147)</u>	<u>\$855,894</u>	<u>\$274,747</u>

FTE Changes

The Legislative Assembly approved 75 FTE positions for the State Historical Society for the 2017-19 biennium, a decrease of 3 FTE positions from the 2015-17 biennium authorized level of 78 FTE positions. The Legislative Assembly removed 1 FTE custodial position and 2 undesigned FTE positions.

Deficiency Appropriations

House Bill No. 1024 provides a deficiency appropriation of \$50,000 from the strategic investment and improvements fund for litigation expenses related to the Heritage Center expansion project.

Double Ditch Historic Site Repairs

The 2015 Legislative Assembly in Senate Bill No. 2018 appropriated \$3.5 million from the general fund (\$250,000), the state disaster relief fund (\$2 million), and from loan proceeds, contingent upon the Adjutant General not assisting in the repairs of the Double Ditch historic site, received from the Bank of North Dakota (\$1.25 million) to the State Historical Society for the Double Ditch historic site repairs. The 2017 Legislative Assembly in House Bill No. 1018, authorized the funds appropriated to the State Historical Society for the Double Ditch historic site repairs during the 2015-17 biennium to be continued into the 2017-19 biennium and appropriated \$1 million, of which \$500,000 is from the state disaster relief fund and \$500,000 from the grant provided by the Parks and Recreation Department to the State Historical Society for the Double Ditch historic site repairs. The 2017 Legislative Assembly in House Bill No. 1019 directed the Parks and Recreation Department to provide a \$500,000 grant from funds provided during the 2015-17 biennium to the Parks and Recreation Department from the State Water Commission for sovereign lands recreation use to the State Historical Society for the Double Ditch historic site repairs. The engineering, design specifications, and bid documents have been completed, work is expected to begin in June 2017, and the repairs are expected to be completed by the end of November 2017.

One-Time Funding

The Legislative Assembly identified one-time funding of \$1 million, which includes \$500,000 from the state disaster relief fund and \$500,000 from a grant received from the Parks and Recreation Department for the Double Ditch historic site repairs during the 2017-19 biennium.

Other Sections in House Bill No. 1018

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Revolving fund - Appropriation - Section 4 appropriates all fees collected and deposited into the State Historical Society revolving fund to the society for the 2017-19 biennium.

Gifts, grants, and bequests - Appropriation - Section 5 appropriates to the State Historical Society all gifts, grants and devises, bequests, donations, and assignments received by the State Historical Society during the 2017-19 biennium.

Appropriation - State disaster relief fund - Double Ditch historic site repairs - Section 6 appropriates \$500,000 from the state disaster relief fund to the State Historical Society for repairs to the Double Ditch historic site during the 2017-19 biennium.

Double Ditch historic site repairs - Section 7 exempts amounts appropriated to the State Historical Society from the general fund, the state disaster relief fund, and Bank of North Dakota loan proceeds for Double Ditch historic site repairs, as contained in Sections 5 and 6 of Chapter 52 of the 2015 Session Laws, from provisions of North Dakota Century Code Section 54-44.1-11 relating to cancellation of unexpended appropriations.

**Council on the Arts
Budget No. 709
Senate Bill No. 2010**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	5.00	\$1,564,876	\$1,786,922	\$3,351,798
2017-19 base budget	5.00	1,630,444	1,745,467	3,375,911
Legislative increase (decrease) to base budget	0.00	(\$65,568)	\$41,455	(\$24,113)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$1,564,876	\$0	\$1,564,876
2015-17 adjusted legislative appropriations	1,630,444	0	1,630,444
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$65,568)	\$0	(\$65,568)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(4.0%)	0.0%	(4.0%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusts funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$12,428	(\$6,545)	\$5,883
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		13,273		13,273
Added funding for the Art for Life program toolkits.			48,000	48,000
Adjusted funding for operating expenses.		(64,373)		(64,373)
Adjusted funding for grants.		(26,896)		(26,896)
Total	<u>0.00</u>	<u>(\$65,568)</u>	<u>\$41,455</u>	<u>(\$24,113)</u>

FTE Changes

The Legislative Assembly approved 5 FTE positions for the Council on the Arts for the 2017-19 biennium, the same as the 2015-17 biennium.

Grants

The Legislative Assembly provided funding of \$2,090,494 for the grant programs listed below, of which \$452,407 is from the general fund, a decrease in total of \$26,896 from the 2015-17 biennium adjusted amount of \$2,117,390:

	2015-17 Adjusted Biennium	Increase (Decrease)	2017-19 Biennium
Arts education grants	\$455,239	\$30,847	\$486,086
Grants to organizations	1,482,173	(40,143)	1,442,030
Grants to individuals	179,978	(17,600)	162,378
Total grants	\$2,117,390	(\$26,896)	\$2,090,494

Other Sections in Bill

Health insurance increase - Section 2 identifies the funding provided for state employee health insurance premium rate increases for the 2017-19 biennium.

Cultural endowment fund - Section 3 provides all income from the cultural endowment fund is appropriated to the Council on the Arts for furthering the cultural arts in the state.

**Game and Fish Department
Budget No. 720
House Bill Nos. 1017, 1024, and 1419 and Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	163.00	\$0	\$83,976,222	\$83,976,222
2017-19 base budget	163.00	0	77,231,739	77,231,739
Legislative increase (decrease) to base budget	0.00	\$0	\$6,744,483	\$6,744,483

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			(\$614,362)	(\$614,362)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			420,749	420,749
Increased funding for credit card fee charges on the purchase of hunting and fishing licenses.			180,000	180,000
Reduced funding for rent allowance for oil-impacted areas.			(100,000)	(100,000)
Increased base funding for extraordinary repairs of buildings.			97,000	97,000
Added funding for replacement of pond liners.			572,000	572,000
Added funding for replacement of lighting in the salmon building.			130,000	130,000
Increased funding for capital assets.			200,000	200,000
Added funding for equipment replacement.			747,000	747,000
Increased funding for grants from Pittman-Robertson federal funds.			1,590,000	1,590,000
Increased funding for operating expenses.			839,186	839,186
Reduced funding for capital assets.			(1,063,040)	(1,063,040)
Provided funding for the Parks and Recreation Department for operation of boating access at state parks.			122,000	122,000
Increased funding for grants.			1,353,772	1,353,772
Increased funding for land habitat and deer depredation.			1,153,880	1,153,880
Increased funding for noxious weed control operating expenses.			120,135	120,135
Reduced funding for the Lonetree Reservoir operating expenses.			(80,485)	(80,485)

Added increased funding for a grant to the Agriculture Commissioner for wildlife services.		115,600	115,600
Reduced funding for grants, gifts, and donations.		(37,014)	(37,014)
Reduced funding for Missouri River enforcement.		(662)	(662)
Added one-time funding to replace an airplane.		250,000	250,000
Added one-time funding of other funds received from Adjutant General loan proceeds for law enforcement costs relating to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).		423,724	423,724
Added funding from the game and fish fund for establishing and administering a shooting sports grant program (House Bill No. 1419).		250,000	250,000
Added one-time funding for an electronic payment processing system to be implemented by the Information Technology Department, of which \$36,000 is from loan proceeds from the Bank of North Dakota and \$39,000 is for repayment of the loan (Senate Bill No. 2021).		75,000	75,000
Total	0.00	\$0	\$6,744,483

FTE Changes

The Legislative Assembly approved 163 FTE positions for the Game and Fish Department for the 2017-19 biennium, the same as the 2015-17 biennium.

One-Time Funding

The Legislative Assembly appropriated \$748,724 of one-time funding to the department for the 2017-19 biennium. Of this amount, \$250,000 is to replace an airplane, \$423,724 is for costs relating to the Dakota Access Pipeline protest, and \$75,000 is for the implementation of an electronic payment processing system.

Capital Assets, Payments, and Projects

The Legislative Assembly provided \$7,425,960 from other funds for capital assets, payments, and projects during the 2017-19 biennium. The schedule below details funding provided in the 2015-17 and 2017-19 bienniums for capital assets, payments, and projects:

Projects	2015-17 Biennium	2017-19 Biennium
Extraordinary repairs	\$1,125,000	\$1,215,790
Wildlife management area improvements	100,000	653,170
Fishing area projects	985,000	1,387,000
Shooting range improvements	400,000	1,030,000
Lonetree wildlife management area improvements	50,000	50,000
Land acquisition	800,000	800,000
Payment in lieu of taxes	1,000,000	1,363,000
Enforcement division equipment	209,997	245,000
Fisheries equipment	277,002	170,000
Lonetree wildlife management area equipment	65,000	30,000
Wildlife Division equipment	200,997	232,000
Devils Lake storage building	200,000	
State Fair shooting skills building	200,000	
Airplane replacement		250,000
Total	\$5,612,996	\$7,425,960

Other Sections in House Bill No. 1017

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Grants, gifts, and donations line - Section 3 identifies \$400,000 received by the Game and Fish Department in the grants, gifts, and donations line item for surface damage, easements, or reclamation on department-owned or managed properties as a result of mineral exploration and extraction activities.

Related Legislation

House Bill No. 1024 - Section 2 provides an appropriation of \$423,724 for salaries and wages (\$221,795) and operating expenses (\$201,929) to the Game and Fish Department from special funds received from the Adjutant General for law enforcement support which were incurred after June 30, 2015, related to unlawful activity associated with the construction of the Dakota Access Pipeline project.

House Bill No. 1025 - Amends North Dakota Century Code Section 20.1-04-07 and creates a new section to Chapter 20.1-05.1 relating to Governor's proclamations and the authority to authorize special allocation of hunting licenses. The bill eliminates Governor's proclamations for hunting licenses provided for raffles and authorizes the Director of the Game and Fish Department to issue annual special allocation hunting licenses.

House Bill No. 1150 - Creates a new section to Chapter 20.1-03 relating to bonus or preference points awarded for lotteries. The bill authorizes individuals to apply for a hunting license, but to be excluded from the drawing in order to obtain the preference points for that hunting season.

House Bill No. 1204 - Amends Sections 20.1-03-01.5 and 20.1-03-11, relating to apprentice hunter validation and hunter education; and to repeal Section 20.1-04-05, relating to protection of bald eagles. The bill decreases the age of individuals who may qualify for an apprentice hunter validation from 16 years of age or older to 12 years of age or older. The bill amends Section 20.1-03-11(1)(a) to allow individuals whose 11th birthday occurs in the same year as a youth deer hunting season to receive a statewide white-tailed antlerless deer permit. The bill repeals Section 20.1-04-05 relating to the protection of eagles.

House Bill No. 1207 - Creates Section 20.1-11-14 relating to property abandoned on state game refuges, leased or managed real property, and state game or fish management areas. The bill authorizes the Game and Fish Department to seize tangible property presumed to be abandoned on state game refuges, real property leased or managed by the Game and Fish Department, and state game or fish management areas, and authorizes the Director to transfer the property to the report all poachers program for the disposal of the seized property after 90 days. The proceeds from the sale of seized property are to be deposited in the North Dakota wildlife federation report all poachers fund.

House Bill No. 1419 - Appropriates \$250,000 from the game and fish fund to the Game and Fish Department for establishing and administering a shooting sports grant program during the 2017-19 biennium.

Senate Bill No. 2021 - Authorizes the Game and Fish Department to obtain a loan of \$36,000 from the Bank of North Dakota, which will be used by the Information Technology Department to implement an electronic payment processing system for credit card fees. An appropriation of \$39,000 is also provided for the repayment of the loan, resulting in a total appropriation of \$75,000.

Senate Bill No. 2284 - Amends Section 20.1-03-17 relating to the issuance of hunting and fishing licenses. The bill changes the amount an agent may charge a purchaser. The bill changes the fee an agent may charge a purchaser from fifty cents for each license to 3 percent of the total license fee excluding the certificate fee.

Senate Bill No. 2318 - Amends Section 20.1-04-15 relating to the opening day of the pheasant season. The bill amends Section 20.1-04-15 to require the pheasant season opening day to be no later than October 12th of any year.

**Parks and Recreation Department
Budget No. 750
House Bill Nos. 1019 and 1024; Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	62.50	\$14,654,276	\$19,039,580	\$33,693,856
2017-19 base budget	66.00	16,702,916	14,517,835	31,220,751
Legislative increase (decrease) to base budget	(3.50)	(\$2,048,640)	\$4,521,745	\$2,473,105

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$14,654,276	\$0	\$14,654,276
2015-17 adjusted legislative appropriations	16,702,916	14,410,526	31,113,442
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$2,048,640)	(\$14,410,526)	(\$16,459,166)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(12.3%)	(100.0%)	(52.9%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$287,726)	(\$18,093)	(\$305,819)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		175,203	6,572	181,775
Removed 2.5 FTE positions.	(2.50)	(292,187)		(292,187)
Removed 1 FTE administrative assistant position.	(1.00)	(116,875)		(116,875)
Reduced funding for salaries and wages in anticipation of savings from vacant positions and employee turnover.		(239,959)		(239,959)
Adjusted seasonal salaries and benefits.		(586,406)		(586,406)

Adjusted funding relating to the federal Affordable Care Act health insurance requirements for part-time employees.	15,338	10,375	25,713
Added spending authority for 2015-17 biennium funds received from the State Water Commission for recreational opportunities on sovereign lands (\$500,000), and to provide a grant to the State Historical Society for Double Ditch historic site repairs (\$500,000).		1,000,000	1,000,000
Added gift fund authority of which \$175,000 is from fundraising efforts to offset expenses at the Lewis and Clark Interpretive Center and Fort Mandan and \$55,930 is to increase the gift fund from \$94,070 to \$150,000 to support the park system.		230,930	230,930
Added funding from park income by raising park entrance annual and daily fees. (See Other Sections in House Bill No. 1019 section below for additional information.)		750,000	750,000
Adjusted funding for operating expenses for state parks--(\$1,465,840), International Peace Garden--(\$97,370), and Lewis and Clark Interpretive Center--(\$13,950).	(215,320)	1,569,840	1,354,520
Adjusted funding for bond payments.	52		52
Adjusted funding for extraordinary repairs.	(150,760)	(55,879)	(206,639)
Adjusted funding for equipment.	(350,000)	740,000	390,000
Added funding for implementing a new electronic payment system (\$42,000), and for repayment of a loan to the Bank of North Dakota (\$46,000) (Senate Bill No. 2021).		88,000	88,000
Added funding from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).		200,000	200,000
Total	<u><u>(3.50)</u></u>	<u><u>(\$2,048,640)</u></u>	<u><u>\$4,521,745</u></u>

FTE Changes

The 2017-19 biennium appropriation includes funding for 62.50 FTE positions, a decrease of 3.50 FTE positions from the 2015-17 biennium authorized level of 66 FTE positions. The Legislative Assembly removed 1 FTE administrative assistant position and 2.50 FTE unspecified positions.

Costs Associated with Dakota Access Pipeline Construction Project

Section 2 of House Bill No. 1024 provides a special fund appropriation of \$200,000 for the 2015-17 biennium for the natural resources line item from funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline.

Lewis and Clark Interpretive Center

The Legislative Assembly appropriated the following for the Lewis and Clark Interpretive Center for the 2017-19 biennium:

	FTE Positions	General Fund	Other Funds	Total
Lewis and Clark Interpretive Center 2017-19 biennium appropriation	3.50	\$888,668	\$362,019 ¹	\$1,250,687 ²
Lewis and Clark Interpretive Center 2017-19 base budget	4.00	918,279	0	918,279
Legislative increase (decrease) to base budget	(0.50)	(\$29,611)	\$362,019	\$332,408

¹Grant funding of \$100,000 of special funds is from the Department of Transportation for the purpose of defraying the expenses for the Lewis and Clark Interpretive Center. The remaining \$262,019 of special funds is from the parks and recreation operating fund.

²In addition Section 10 of House Bill No. 1019 allows the department to continue any unexpended funds from the 2015-17 biennium for the Lewis and Clark Interpretive Center.

International Peace Garden

The Legislative Assembly appropriated the following for the International Peace Garden for the 2017-19 biennium:

	General Fund	Other Funds	Total
International Peace Garden 2017-19 biennium appropriation	\$876,329	\$0	\$876,329 ¹
International Peace Garden 2017-19 base budget	973,699	0	973,699
Legislative increase (decrease) to base budget	(\$97,370)	\$0	(\$97,370)

¹In addition Section 8 of House Bill No. 1019 allows the department to continue any unexpended funds from the 2015-17 biennium for the International Peace Garden repair of the Peace Tower.

Other Sections in House Bill No. 1019

Health insurance increase - Section 2 identifies the funding included for state employee health insurance premium rate increases for the 2017-19 biennium.

Game and fish operating fund - Transfer for boat ramp maintenance - Section 4 provides for the transfer of \$122,000 from the game and fish operating fund, federal funds, or other funds available to the Game and Fish Department to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at state parks for the 2017-19 biennium.

State Water Commission grant - Grant to State Historical Society and recreation opportunities on sovereign lands - Section 5 designates \$1 million of funding from the State Water Commission in Section 1 of the bill for a grant to the State Historical Society for defraying the expenses of Double Ditch Historic Site repairs (\$500,000), and for developing recreation opportunities on sovereign lands in the state (\$500,000).

Department of Transportation grants - Section 6 identifies \$100,000 of funding in Section 1 of the bill is from a grant from the Department of Transportation for the Lewis and Clark Interpretive Center.

Community grants - Section 7 exempts \$500,000 of community grants funding from the general fund in the recreation line item included in Section 34 of 2015 Senate Bill No. 2015 from provisions of North Dakota Century Code Section 54-44.1-11, relating to cancellation of unexpended appropriations.

International Peace Garden - Section 8 exempts any funds included in the International Peace Garden line item for repairs of the Peace Tower in Section 30 of 2013 House Bill No. 1015 from provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.

International Peace Garden - Matching fund requirements - Section 9 allows the department to spend up to \$100,000 of funds appropriated in the 2015-17 biennium for the International Peace Garden without raising dollar-for-dollar matching funds for completing the demolition project of the Peace Towers.

Lewis and Clark Interpretive Center - Section 10 exempts any funds included in the Lewis and Clark Interpretive Center line item in Section 34 of 2015 Senate Bill No. 2015, and any funds of up to \$950,000 of one-time funding for park enhancements designated for the Lewis and Clark Interpretive Center included in the natural resources line item in Section 34 of 2015 Senate Bill No. 2015, from provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.

Outdoor heritage grants - Section 11 exempts any funds received from the outdoor heritage grant from provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.

Pembina Gorge area project - Section 12 exempts \$116,000 of Pembina Gorge area project funding from the general fund in the natural resources line item in Section 10 of Chapter 53 of the 2015 Session Laws from provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.

State park marina swimming rules - Section 13 provides legislative intent that the department establish rules for state park marinas to allow an individual currently renting a slip at the marina and the individual's immediate family members to swim in the marina area subject to the individual and each family member signing a release of liability waiver form developed by the department. **The Governor vetoed this section.**

Park entrance fees - Section 14 amends Section 55-08-06 relating to permits for motor vehicles to change the annual park entrance fee from \$25 to \$35 and the daily park entrance fee from \$5 to \$7.

Concession revolving fund - Section 15 amends Section 55-08-07.1 relating to the state parks and recreation concession revolving fund to remove the requirement that any surplus in excess of \$50,000 must be transferred to the state park operating fund.

Northern Plains National Heritage Area grants - Section 16 authorizes the Parks and Recreation Department to apply for Northern Plains National Heritage Area grants.

Dakota Institute transfer to Bismarck State College - Section 17 provides for transferring the name Dakota Institute and all rights, title, interests, copyrights, and up to 80 percent of any remaining inventory of any Dakota Institute publication, book, or other document or production, regardless of format to Bismarck State College; and allows Bismarck State College to transfer any rights, title, interests, copyrights, inventory of any of the Dakota Institute's publications, books, or other document or productions, regardless of format, to the author or producer of the document or production. **The Governor vetoed a portion of this section relating to Bismarck State College transferring inventory of the institute to its original author or producer.**

Emergency measure - Section 18 provides grant funding from the State Water Commission in Section 5, and carryover funds for the International Peace Garden in Section 9 are to be declared an emergency measure.

Related Legislation

House Bill No. 1024 - Section 2 of House Bill No. 1024 provides a special fund appropriation of \$200,000 as an emergency for the natural resources line item from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline.

House Bill No. 1089 - Allows the Parks and Recreation Department to sell advertising in department publications.

House Bill No. 1102 - Allows the Parks and Recreation Department to sell out-of-state off-highway vehicle permits and to charge a fee of \$10 for the permit.

Senate Bill No. 2003 - Section 32 provides for transferring the name Dakota Institute and all rights, title, interests, copyrights, and up to 80 percent of any remaining inventory of any Dakota Institute publication, book, or other document or production, regardless of format from the Parks and Recreation Department to Bismarck State College; and allows Bismarck State College to transfer any rights, title, interests, copyrights, inventory of any of the Dakota Institute's publications, books, or other document or productions, regardless of format, to the author or producer of the document or production. **The Governor vetoed the portion of this section relating to Bismarck State College transferring inventory of the institute to its original author or producer.**

Senate Bill No. 2014 - Identifies the amount of bond payments for state agencies. Total bond payments of \$13,210,484 are identified, of which \$73,642 relates to the Parks and Recreation Department.

Senate Bill No. 2021 - Provides loan authorization and an appropriation to the Parks and Recreation Department for implementing a new electronic payment system (\$42,000), and a loan repayment appropriation for repayment of the Bank of North Dakota loans plus interest (\$46,000).

**State Water Commission
Budget No. 770
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	93.00	\$0	\$722,173,475	\$722,173,475
2017-19 base budget	97.00	0	868,935,836	868,935,836
Legislative increase (decrease) to base budget	(4.00)	\$0	(\$146,762,361)	(\$146,762,361)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$322,700	\$322,700
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			257,498	257,498
Removed 4 FTE positions and related funding.	(4.00)		(753,720)	(753,720)
Increased funding for Bank of North Dakota loan payments relating to State Water Commission outstanding bonds refinanced through the Bank during the 2015-17 biennium to provide \$7.5 million per biennium.			3,693,997	3,693,997
Added \$125,000 from the resources trust fund for the Agriculture Commissioner's Wildlife Services program.			125,000	125,000
Adjusted funding for operating expenses and water projects.			(225,437,836)	(225,437,836)
Added funding for a State Engineer study, of which \$15,000 is from the resources trust fund and \$15,000 is other funds received from Ward County.			30,000	30,000
Added one-time funding for projects from a Bank of North Dakota line of credit.			75,000,000	75,000,000
Total	(4.00)	\$0	(\$146,762,361)	(\$146,762,361)

FTE Changes

The Legislative Assembly approved 93 FTE positions for the State Water Commission for the 2017-19 biennium, a decrease of 4 FTE positions from the 2015-17 biennium authorized level of 97 FTE positions.

One-Time Funding

In Section 20, the Legislative Assembly authorized the State Water Commission to obtain a \$75 million line of credit from the Bank of North Dakota for water projects.

Other Sections in House Bill No. 1020

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Resources trust fund and water development trust fund - Section 3 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 2017-19 biennium.

Grant and water project carryover authority - Section 4 authorizes the State Water Commission to continue any unexpended 2017-19 biennium appropriation authority for grants or water-related projects in the 2019-21 biennium.

Project funding designations - In Subsection 1 of Section 5, the Legislative Assembly directed the State Water Commission to provide \$298,875,000 from the water and atmospheric resources line item for the following designated purposes:

- \$120,125,000 for water supply;
- \$27,000,000 for rural water supply;
- \$136,000,000 for flood control; and
- \$15,750,000 for general water.

In Subsection 2 of Section 5 the Legislative Assembly provided that the State Water Commission must receive Budget Section approval to transfer funding between the items identified in this section and notify the Water Topics Overview Committee of any transfers. **The Governor vetoed the provisions in this subsection requiring Budget Section approval.**

Mouse River Valley water supply project - Section 6 provides legislative intent that the state provide no more than \$193 million of state funding for Mouse River flood control projects within the city limits of Minot. It provides further intent that the \$193 million be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums.

Red River Valley Water Supply Project - Section 7 provides legislative intent that the State Water Commission provide \$30 million, of which \$17 million is for the completion of the planning and permitting process and \$13 million is to initiate construction of Phase 1 prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project for the 2017-19 biennium. The section also requires the Garrison Diversion Conservancy District to obtain Budget Section approval prior to changing funding between designations. Section 8 identifies accomplishments the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and requires the district to obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires Budget Section approval of the certification and for construction to begin before the funding can be provided to the Garrison Conservancy District for the Red River Valley Water Supply Project.

Western Area Water Supply Authority debt refinancing - Section 9 directs the refinancing of Western Area Water Supply Authority debt, and provides for the repayment of a \$25 million loan from the general fund. The section also requires the Western Area Water Supply Authority to provide monthly financial reporting and authorizes the Western Area Water Supply Authority to pay only interest on loans from the resources trust fund during the period of July 1, 2017, through June 30, 2018, and changes the interest rate on the \$10 million loan to the Western Area Water Supply Authority from 5 to 2.5 percent.

Western Area Water Supply Authority debt service shortfall - Section 10 directs the State Water Commission to provide a payment, subject to Budget Section approval, to the Bank of North Dakota if the Western Area Water Supply Authority defaults on its consolidation loan from the Bank of North Dakota authorized in Section 9 of House Bill No. 1020, or on revenue bonds or other financing provided for in Section 12 of House Bill No. 1020.

Appropriation - Industrial Commission study - Section 11 appropriates \$150,000 from the resources trust fund to the Industrial Commission for conducting an independent study of the feasibility and desirability of the sale or lease of the industrial water supply assets of the Western Area Water Supply Authority. The section requires the Industrial Commission to report the findings to the Water Topics Overview Committee by June 1, 2018. Section 12 directs the Industrial Commission, based on the results of the study, to either develop a timeline to complete the lease or the sale of the Western Area Water Supply Authority's assets or assist the Western Area Water Supply Authority in refinancing its outstanding debt through bonding.

State Engineer - Flood hazard risk management study - Section 13 provides the water and atmospheric resources line item in Section 1 of House Bill No. 1020 includes \$30,000, of which \$15,000 is from the resources trust fund and \$15,000 is from other funds received from Ward County, to conduct a flood hazard risk management framework study and demonstration to include only Ward County. Section 14 directs the Legislative Management to study issues related to the state's development of a statewide flood hazard risk management framework by granting authority to the State Engineer to perform the study and provides guidance for the completion of the study.

Allocation of money in the oil extraction tax development fund - Section 15 amends North Dakota Century Code Section 57-51.1-07 to reduce the resources trust fund allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium. Section 16 amends Section 57-51.1-07 to restore the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019. Section 28 provides that Section 15 is effective for the period of August 1, 2017, through July 31, 2019, and Section 16 becomes effective on August 1, 2019.

Definitions - Section 17 amends Section 61-02-02(10), as amended by Section 3 of House Bill No. 1374 as approved by the 65th Legislative Assembly, related to the definition of a water conveyance project. Section 28 provides that this section becomes effective on August 1, 2017.

Meetings of the State Water Commission - Section 18 amends Section 61-02-08, as amended by Section 6 of House Bill No. 1374 as approved by the 65th Legislative Assembly, to designate the Governor as Chairman of the State Water Commission and provide the commission select the Vice Chairman. Section 28 provides that this section becomes effective on August 1, 2017.

Infrastructure revolving loan fund - Section 19 amends Section 61-02-78(1) to limit the total allocation to the infrastructure revolving loan fund from the resources trust fund to \$26 million. Section 25 directs the State Treasurer to transfer any oil extraction money exceeding \$26 million which have been deposited in the infrastructure revolving loan fund from the infrastructure revolving loan fund to the resources trust fund.

Bank of North Dakota line of credit - Section 20 amends Section 61-02-79 to reduce the State Water Commission's authority for a Bank of North Dakota line of credit from \$200 million to \$75 million and changes the interest rate from 1.75 to 1.5 percent over the 3-month London InterBank Offered Rate, up to 3 percent for water supply and flood control projects approved before June 30, 2019.

Economic analysis process - Section 21 amends a new section to Chapter 61-03, as created by Section 12 of House Bill No. 1374, as approved by the 65th Legislative Assembly, to change the dollar threshold for which a project requires an economic analysis from \$750,000 to \$1,000,000. Section 28 provides that this section becomes effective on August 1, 2017.

Temporary use permits - Little Missouri River - Section 22 amends Section 61-29-06 to authorize the State Water Commission to issue temporary use permits within the confines of the Little Missouri Scenic River and all Little Missouri River tributary streams.

Authority of the Western Area Water Supply Authority - Section 23 amends Section 61-40-05 to authorize the Western Area Water Supply Authority to issue revenue bonds, and that the provisions of Chapters 40-35 and 40-36 apply to the extent necessary and consistent with Section 12 of House Bill No. 1020. Section 29 provides that Section 23 is contingent on certification by the Industrial Commission to the Legislative Council that the Industrial Commission has determined the

Western Area Water Supply Authority shall repay its obligations to the Bank of North Dakota through the issuance of revenue bonds as provided under Subsection 2 of Section 12 of House Bill No. 1020.

Western Area Water Supply Authority water rates - Section 24 amends Section 61-40-11 to authorize the Industrial Commission to allow the Western Area Water Supply Authority to contract at competitive, floating, market rates for industrial water depot and lateral retail sales.

Legislative Management study - Oil and gas industrial water use - Section 26 requires a Legislative Management study of the industrial water use of the oil and gas industry and taxes or fees other states charge for water used in the oil industry during the 2017-18 interim.

State Water Commission 2019-21 biennium budget - Section 27 requires the format of the State Water Commission's 2019-21 biennium agency budget request to include a salaries and wages line item, operating expenses line item, capital assets line item, project carryover line item, and new projects line item. The section provides that the commission may include additional lines as it determines necessary. The section also requires the commission to present funding for projects in a manner consistent with the funding designations identified in the bill. **The Governor vetoed this section.**

Emergency - Section 30 provides that Sections 9, 10, 11, 12, 22, 23, and 29 are declared to be emergency measures.

Related Legislation

House Bill No. 1055 - Amends Section 61-16.1-16 to increase the maximum allowed outstanding revenue bonds for water resources districts from \$10 million to \$50 million.

House Bill No. 1374 - Creates new sections to Chapters 61-02 and 61-03 relating to contracts and financial assistance for water projects and duties of the State Engineer and amends various sections in Chapter 61-02 relating to definitions of types of financial assistance for water projects and the composition and operation of the State Water Commission.

Senate Bill No. 2047 - Amends Section 61-16.1-09(2) to change the process by which water resource boards exercise the power of quick take eminent domain.

Senate Bill No. 2269 - Creates Section 61-39-04.1 relating to authorization of a state Red River Valley Water Supply Project and amends various sections of Chapters 61-24, 61-24.7, and 61-39, relating to the powers of the Lake Agassiz Water Authority and funding for the Red River Valley Water Supply Project. The bill authorizes the Garrison Diversion Conservancy District to continue studying, planning, developing, and constructing a nonfederal project to meet the water supply needs of eastern and central North Dakota separate and apart from the federal Red River Valley Water Supply Project.

Senate Bill No. 2270 - Amends various sections of Chapters 61-09.4, 61-24, and 61-24.8 relating to financing options for the Garrison Diversion Conservancy District and notice of assessments. The bill identifies the Garrison Diversion Conservancy District and the Lake Agassiz Water Authority as political subdivisions, authorizing the conservancy district and water authority to bond in accordance with bonding requirements of the state.

**Department of Transportation
Budget No. 801
Senate Bill Nos. 2012 and 2021; House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	1,047.00	\$0	\$1,270,504,868	\$1,270,504,868
2017-19 base budget	1,080.50	0	1,266,540,461	1,266,540,461
Legislative increase (decrease) to base budget	(33.50)	\$0	\$3,964,407	\$3,964,407

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$0	\$0	\$0
2015-17 adjusted legislative appropriations	0	613,382,959	613,382,959
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	\$0	(\$613,382,959)	(\$613,382,959)
Percentage increase (decrease) to 2015-17 adjusted appropriations	0.0%	(100.0%)	(100.0%)

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			(\$2,584,831)	(\$2,584,831)
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			2,702,395	2,702,395
Removed 26.5 vacant FTE positions.	(26.50)		(5,363,021)	(5,363,021)
Removed 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of 8 highway maintenance sections.	(5.00)		(1,286,619)	(1,286,619)
Removed 2 FTE administrator positions and transferred \$396,261 from the salaries and wages line item to the capital assets line item.	(2.00)		0	0
Adjusted funding for operating expenses, capital assets, and grants.			14,067,380	14,067,380

Added funding for capital assets.			588,122	588,122
Reduced funding for operating expenses.			(5,013,726)	(5,013,726)
Reduced funding for driver's license field sites.			(160,293)	(160,293)
Added one-time funding of other funds received from Adjutant General loan proceeds for law enforcement costs relating to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).			709,000	709,000
Added one-time funding for an electronic payment processing system to be implemented by the Information Technology Department, of which \$147,000 is from a Bank of North Dakota loan and \$159,000 is for repayment of the loan. (Senate Bill No. 2021)			306,000	306,000
Total	<u>(33.50)</u>	<u>\$0</u>	<u>\$3,964,407</u>	<u>\$3,964,407</u>

FTE Changes

The Legislative Assembly approved 1,047 FTE positions for the Department of Transportation for the 2017-19 biennium, a decrease of 33.50 FTE positions from the 2015-17 biennium authorized level of 1,080.50 FTE positions.

Other Sections in House Bill No. 2012

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Line item transfers - Section 4 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.

Additional funding for federal highway matching funds - Section 5 authorizes the use of \$16.3 million in enhanced state highway investment funding transferred from the general fund to the highway fund by the 2015 Legislative Assembly for matching federal highway construction funds during the 2017-19 biennium.

Exemption - Enhanced state highway investments - Section 6 provides funding appropriated to the Department of Transportation for enhanced state highway investments for the 2015-17 biennium is not subject to North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.

Exemption - Special roads fund projects - Section 7 provides that \$2 million of funds appropriated to the Department of Transportation for special roads projects in the 2015-17 biennium is not subject to Section 54-44.1-11 and may be continued into the 2017-19 biennium.

Disposition of maintenance section sites - Section 8 directs the Department of Transportation to consult with political subdivisions in the areas where highway maintenance section sites may be closed.

Payback and reallocation of federal aid - Section 9 amends Section 24-02-37 relating to the state highway fund to authorize the Department of Transportation to repay the United States Department of Transportation for previous related expenditures from current biennium appropriations.

Department of Transportation study - Snow and ice control services - Section 10 requires the department to study the manner in which it provides snow and ice control services on the state highway system, including the existing costs for the services and any potential savings. The department is to report to the Legislative Management prior to July 1, 2018, regarding the results of the study.

Department of Transportation study - Consolidation of services - Section 11 requires the department to study options to consolidate transportation facilities within Williams County and the Williston district headquarters. The department is to report to the Legislative Management prior to July 1, 2018, and the 66th Legislative Assembly regarding the results of the study. The section also restricts the department from constructing any new buildings at the Williston district headquarters location until the study is complete.

Legislative Management study - Transportation funding - Section 12 provides for a Legislative Management study of transportation funding.

Department of Transportation fees - Section 13 requires the department to report annually to the Budget Section during the 2017-18 interim regarding all fees charged by the department in comparison to the actual cost incurred for the services provided.

Department of Transportation and Information Technology Department Study - Telecommunications infrastructure on highway rights of way - Section 14 requires the Department of Transportation along with the Information Technology Department to study the benefits of allowing wireless telecommunication infrastructure within state highway rights of way before issuing permits to build such infrastructure.

Related Legislation

House Bill No. 1024 - Section 2 provides an appropriation of \$709,000 to the Department of Transportation from special funds received from the Adjutant General for law enforcement support, which were incurred after June 30, 2015, related to unlawful activity associated with the construction of the Dakota Access Pipeline project.

House Bill No. 1110 - Creates a new section to Chapter 24-02 to authorize the Department of Transportation to contract with private entities for the construction of certain items on the state highway system which will benefit the private entity and the traveling public.

House Bill No. 1111 - Creates a new section to Chapter 24-02 to authorize the Director of the Department of Transportation to enter an agreement with the metro flood diversion authority regarding the portion of the Fargo-Moorhead diversion construction project which will impact the state highway system.

House Bill No. 1128 - Creates new sections to Title 39 related to operator's license and nondriver identification cards and the requirement of documentation and retention of that documentation for substitute operator's licenses.

House Bill No. 1255 - Creates a new chapter to Title 24 to create a limited transportation network which allows trucks to be permitted for loads up to 129,000 pounds with the proper axle configuration.

House Bill No. 1369 - Creates a new subsection to Section 39-06-14 relating to licenses issued to operators. The new subsection requires the Director of the Department of Transportation to issue a unique operator's license to any resident who at the time of application is not a citizen of the United States and who fulfills the proper requirements.

Senate Bill No. 2045 - Amends Section 39-12-14.1 relating to the deposit of voluntary settlement of extraordinary road use fee charges and Section 39-12-20 relating to the deposit of proceeds of sale to allow the fees collected to continue to be retained by the jurisdiction with the road on which the violation occurred rather than be deposited in the state highway fund.

Senate Bill No. 2021 - Authorizes the Department of Transportation to obtain a loan of \$147,000 from the Bank of North Dakota, which will be used by the Information Technology Department to implement an electronic processing system for credit card fees. An appropriation of \$159,000 is also provided for the repayment of the loan, resulting in a total appropriation of \$306,000 to the Department of Transportation in Senate Bill No. 2021.

Senate Bill No. 2109 - Amends Section 24-02-02.3 relating to agreements with tribal governments and removes a requirement that the agreements must be limited to those necessary to meet federal highway program spending requirements.

SECTION I - CAPITAL CONSTRUCTION

SUMMARY OF KEY RECOMMENDATIONS	I-1
MAJOR NEW CAPITAL CONSTRUCTION PROJECTS	I-2
EXTRAORDINARY REPAIRS	I-3
CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING BALANCES	I-7
SALES TAX LIMITATION - BOND PAYMENTS	I-15

CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The Legislative Assembly provided a total of \$1,319,645,060 for capital projects as reflected on the following schedule:

	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page I-2	\$0	\$261,189,000	\$261,189,000
Extraordinary repairs - See the extraordinary repairs schedule on page I-3	16,893,689	6,237,341	23,131,030
Department of Transportation - Bond payments	0	900,000	900,000
Department of Transportation - Contractor payments	0	713,600,000	713,600,000
Water projects	0	305,375,000	305,375,000
Institutions of higher education special assessments	88,074	461,404	549,478
State agency special assessments	174,046	30,000	204,046
Payments in lieu of taxes	50,000	1,363,000	1,413,000 ¹
Game and Fish Department land acquisitions	0	800,000	800,000
Other bond payments	11,655,818	827,688	12,483,506
Total	\$28,861,627	\$1,290,783,433	\$1,319,645,060

¹This amount includes payments in lieu of taxes of approximately \$1,363,000 for the Game and Fish Department from special funds and \$50,000 for the Adjutant General from the general fund. This amount does not include payments in lieu of taxes of approximately \$408,000 estimated to be paid by Workforce Safety and Insurance in the 2017-19 biennium under the agency's continuing appropriation for building maintenance.

LEASE PAYMENTS

The Legislative Assembly provided a total of \$11,655,818 from the general fund for 2017-19 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 2017-19 biennium is estimated to be \$42,097,487, based on projected sales, use, and motor vehicle excise tax collections included in the legislative forecast for the 2017-19 biennium.

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 2017-19 BIENNIUM
COMPARED TO THE 2015-17 BIENNIUM**

Bill No.	Agency or Institution	Project	2017-19 Legislative Appropriations			2015-17 Original Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
HB 1015	Office of Management and Budget (110)	Surplus property building		\$800,000				
SB 2003	University of North Dakota (230)	Chester Fritz Library renovation		21,000,000				
		College of Business renovation and addition		70,000,000				
SB 2003	North Dakota State University (235)	New residence hall (revenue bonds)			\$39,505,000			
		University Village replacement - Phase I (revenue bonds)			10,000,000			
		Sudro Hall renovation and addition project		28,000,000				
SB 2242	Minot State University (241)	Gordon B. Olson Library art center project		1,400,000				
		Herb Parker Stadium air-supported seasonal		634,000				
		Facilities building parking lot and project		250,000				
SB 2196	Valley City State University (242)	Integrated carbon plant project (revenue			22,500,000			
SB 2006	Aeronautics Commission (412)	Shelter building and security at the International Peace Garden Airport		100,000				
HB 1016	Adjutant General (540)	Federal construction estimate		30,000,000				
		ND National Guard Readiness Center		33,000,000				
HB 1012	Department of Transportation (801)	Land and buildings		4,000,000				
Total 2017-19 legislative appropriations			<u>\$0</u>	<u>\$189,184,000</u>	<u>\$72,005,000</u>			
Total 2015-17 legislative appropriations						<u>\$119,460,886</u> ¹	<u>\$115,405,216</u> ¹	<u>\$22,500,000</u> ¹

¹ Represents the total original appropriation for major new capital construction provided by the 2015 Legislative Assembly and does not reflect any project funding reductions made as a result of the August 2016 budget reductions. Please refer to the Legislative Council's *State Budget Actions for the 2015-17 Biennium* report for details regarding the 2015-17 appropriations. The 2015 Legislative Assembly authorized the State Board of Higher Education to issue \$22.5 million of revenue bonds.

**EXTRAORDINARY REPAIRS FOR THE 2017-19 BIENNIUM
COMPARED TO 2015-17 BIENNIUM**

Bill No.	Agency or Institution	2017-19 Legislative Appropriations			2015-17 Original Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
HB 1015	Office of Management and Budget (110) Electrical improvements and small projects ¹ Total - Office of Management and Budget	\$108,066		\$108,066	\$1,947,928	\$1,710,000	\$3,657,928
HB 1004	State Auditor (117) Total - State Auditor				\$80,000		\$80,000
SB 2002	Judicial branch (180) Total - Judicial branch				\$786,577		\$786,577
SB 2003	North Dakota University System office (215) Total - North Dakota University System office				\$8,700,000		\$8,700,000
SB 2003	Bismarck State College (227) Campus extraordinary repairs Total - Bismarck State College	\$417,673		\$417,673	\$417,673		\$417,673
SB 2003	Lake Region State College (228) Campus extraordinary repairs Total - Lake Region State College	\$155,367		\$155,367	\$155,367		\$155,367
SB 2003	Williston State College (229) Campus extraordinary repairs Total - Williston State College	\$197,801		\$197,801	\$197,801		\$197,801
SB 2003	University of North Dakota (230) Campus extraordinary repairs Total - University of North Dakota	\$4,411,566		\$4,411,566	\$5,171,566		\$5,171,566
SB 2003	North Dakota State University (235) Campus extraordinary repairs Total - North Dakota State University	\$2,732,244		\$2,732,244	\$2,732,244		\$2,732,244
SB 2003	North Dakota State College of Science (238) Campus extraordinary repairs Total - North Dakota State College of Science	\$1,012,379		\$1,012,379	\$1,012,379		\$1,012,379
SB 2003	Dickinson State University (239) Campus extraordinary repairs Total - Dickinson State University	\$409,078		\$409,078	\$409,078		\$409,078
SB 2003	Mayville State University (240) Campus extraordinary repairs Total - Mayville State University	\$358,992		\$358,992	\$358,992		\$358,992
SB 2003	Minot State University (241) Campus extraordinary repairs Total - Minot State University	\$899,620		\$899,620	\$899,620		\$899,620
SB 2003	Valley City State University (242) Campus extraordinary repairs Total - Valley City State University	\$408,319		\$408,319	\$408,319		\$408,319

Bill No.	Agency or Institution	2017-19 Legislative Appropriations			2015-17 Original Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
SB 2003	Dakota College at Bottineau (243)						
	Campus extraordinary repairs	\$114,007		\$114,007			
	Total - Dakota College at Bottineau	\$114,007		\$114,007	\$114,007		\$114,007
SB 2003	Forest Service (244)						
	Interior finishes - Lisbon office	\$62,480		\$62,480			
	Total - Forest Service	\$62,480		\$62,480	\$44,962		\$44,962
HB 1013	School for the Deaf (252)						
	Extraordinary repair allocation		\$158,678	\$158,678			
	Smith building renovations and master facility plan improvements		675,000	675,000			
	Total - School for the Deaf		\$833,678	\$833,678	\$192,174	\$600,000	\$792,174
HB 1013	North Dakota Vision Services - School for the Blind (253)						
	Base budget extraordinary repairs		\$39,192	\$39,192			
	Carpet replacement and reception upgrade		30,000	30,000			
	HVAC unit upgrade		27,000	27,000			
	Replace rooftop air unit on east wing		8,500	8,500			
	Replace water line from the buildings to the street		60,000	60,000			
	Total - North Dakota Vision Services - School for the Blind		\$164,692	\$164,692	\$49,454		\$49,454
SB 2004	State Department of Health (301)						
	Add north laboratory to the generator		\$32,000	\$32,000			
	Carpet laboratory office and vestibule		15,000	15,000			
	Connect annex air conditioning	\$25,000		25,000			
	Flush, repair control valves, refill hot water heat system	1,000		1,000			
	Gutter covers for cold storage		4,000	4,000			
	Install HVAC ductwork east mechanical room		2,000	2,000			
	Install fix to prevent freeze up of HVAC in winter		5,500	5,500			
	Install fix to prevent overheat of condenser coils		1,550	1,550			
	Install knee holes at benches per ergo consult		17,500	17,500			
	Install unified RO systems		25,000	25,000			
	Landscape: replace shelter belt die off, sidewalks		4,800	4,800			
	Pallet racking for storage		5,000	5,000			
	Repair Laboratory 310 to accommodate instrumentation		12,500	12,500			
	Reweatherstrip exterior doors		1,000	1,000			
	Recarpet office areas		10,000	10,000			
	Repair driveway and park lot - Including restriping		26,500	26,500			
	Repair and paint annex walls - Centers for Disease Control and Prevention review		10,000	10,000			
	Repair and enhance air conditioning in annex instrument rooms		10,000	10,000			
	Repair and reinstall front wooden ETC sign		1,000	1,000			
	Repair and strip wax tile flooring		5,000	5,000			
	Replace boiler in north laboratory		25,000	25,000			
	Replace humidifier in north laboratory	10,650	14,350	25,000			
	Replace laboratory window	2,866	134	3,000			
	Replace northwest atrium window		3,000	3,000			
	Replace south air conditioning condenser	3,000		3,000			
	Replace and update signage in front of building		5,500	5,500			
	Upgrade burglar alarm system		1,500	1,500			
	Upgrade data system for HVAC controls	20,000		20,000			
	Total - State Department of Health	\$62,516	\$237,834	\$300,350	\$80,243	\$255,927	\$336,170
SB 2007	Veterans' Home (313)						
	Upgrade nurse call system		\$82,500	\$82,500			
	Total - Veterans' Home		\$82,500	\$82,500		\$83,000	\$83,000

Bill No.	Agency or Institution	2017-19 Legislative Appropriations			2015-17 Original Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
HB 1012	Department of Human Services (325)						
	Building repairs - Human service centers	\$39,600		\$39,600			
	Various projects - State Hospital	1,094,498		1,094,498			
	Various projects - Life Skills and Transition Center	676,367		676,367			
	Total - Department of Human Services	\$1,810,465		\$1,810,465	\$2,250,000		\$2,250,000
SB 2016	Job Service North Dakota (380)						
	Bismarck regional office renovations - Dependent on relocation from Bismarck central office	\$100,000		\$100,000			
	Total - Job Service North Dakota	\$100,000		\$100,000	\$0		\$0
HB 1007	Department of Labor and Human Rights (406)						
	Total - Department of Labor and Human Rights				\$10,000		\$10,000
SB 2006	Aeronautics Commission (412)						
	Total - Aeronautics Commission					\$330,000	\$330,000
SB 2015	Department of Corrections and Rehabilitation (530)						
	James River Correctional Center extraordinary repairs	\$406,000		\$406,000			
	North Dakota State Penitentiary extraordinary repairs	460,000		460,000			
	Roughrider Industries extraordinary repairs		\$80,000	80,000			
	Total - Department of Corrections and Rehabilitation	\$866,000	\$80,000	\$946,000	\$2,962,000	\$250,000	\$3,212,000
SB 2020	North Dakota State University Main Research Center (640)						
	Building exterior repair	\$268,093		\$268,093			
	Interior repair	268,093		268,093			
	Mechanical and electrical repair	268,093		268,093			
	Paving and area lighting	134,046		134,046			
	Structural repair	134,047		134,047			
	Utilities and infrastructure	268,093		268,093			
	Total - North Dakota State University Main Research Center	\$1,340,465		\$1,340,465	\$1,340,465		\$1,340,465
SB 2009	State Fair Association (665)						
	Total - State Fair Association				\$500,000		\$500,000
HB 1018	State Historical Society (701)						
	Double Ditch historic site repairs and stabilization	\$0	\$1,000,000	\$1,000,000			
	Miscellaneous repairs and maintenance	478,857	0	478,857			
	Total - State Historical Society	\$478,857	\$1,000,000	\$1,478,857	\$1,510,959	\$3,425,000	\$4,935,959
HB 1017	Game and Fish Department (720)						
	Department facility repairs		\$1,190,786	\$1,190,786			
	Fishing area projects		1,257,000	1,257,000			
	Grant-gift-donation projects		25,004	25,004			
	Lonetree improvements		50,000	50,000			
	Outdoor skills area - State Fair		30,000	30,000			
	Salmon building lighting		130,000	130,000			
	Save our lakes (PLI improvement)		308,551	308,551			
	Wildlife management area improvements		653,170	653,170			
	Total - Game and Fish Department		\$3,644,511	\$3,644,511		\$2,660,000	\$2,660,000

Bill No.	Agency or Institution	2017-19 Legislative Appropriations			2015-17 Original Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
HB 1019	Parks and Recreation Department (750)						
	Beaver Lake State Park repairs and maintenance	\$70,000	\$35,000	\$105,000			
	Cross Ranch State Park repairs and maintenance	95,000		95,000			
	Departmentwide projects	232,794	90,000	322,794			
	Fort Abraham Lincoln State Park repairs and maintenance	65,000	64,126	129,126			
	Fort Ransom State Park repairs and maintenance	10,000		10,000			
	Fort Stevenson State Park repairs and maintenance	115,000		115,000			
	Grahams Island State Park repairs and maintenance	20,000	5,000	25,000			
	Icelandic State Park repairs and maintenance	110,000		110,000			
	Lake Metigoshe State Park repairs and maintenance	80,000		80,000			
	Lake Sakakawea State Park repairs and maintenance	45,000		45,000			
	Lewis and Clark State Park repairs and maintenance	70,000		70,000			
	Little Missouri Bay State Park repairs and maintenance	10,000		10,000			
	Turtle River State Park repairs and maintenance	25,000		25,000			
	Total - Parks and Recreation Department	\$947,794	\$194,126	\$1,141,920	\$1,220,615	\$250,005	\$1,470,620
	Total 2017-19 extraordinary repairs	\$16,893,689	\$6,237,341	\$23,131,030			
	Total 2015-17 extraordinary repairs				\$33,552,423 ²	\$9,563,932 ²	\$43,116,355

¹ In Section 17 of House Bill No. 1015, the 2017 Legislative Assembly provided an exemption allowing up to \$1.4 million of unexpended 2015-17 biennium appropriation authority from the Capitol building fund to continue in the 2017-19 biennium, including up to \$1 million for extraordinary repairs.

² Represents the total appropriation for extraordinary repairs provided by the 2015 Legislative Assembly. Please refer to the Legislative Council's *State Budget Actions for the 2015-17 Biennium* report for details regarding the 2015-17 appropriations.

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, 2015	Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019
				2013-15 Actual Payments	2015-17 Estimated Payments	2017-19 Estimated Payments			
1993 Legislative Assembly approved:									
North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments (\$8,423,061)	2012 Series A facilities improvement refunding bonds used to refund the 2002 Series C lease revenue refunding bonds used to refund	\$13,333,061 ¹	\$10,665,000	\$969,000	\$0	\$0	\$0	\$0	\$0
Minot State University - Memorial Library renovation (\$2,550,000)	1993 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2013)								
Job Service North Dakota - Grand Forks office building (\$1,735,000)									
Adjutant General - Grand Forks Armory (\$375,000)									
Youth Correctional Center - Building demolition and asbestos removal (\$250,000)									
1995 Legislative Assembly approved:									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019
				2013-15 Actual Payments	2015-17 Estimated Payments	2017-19 Estimated Payments			
Bismarck State College - Science and mathematics center (\$8,060,000)	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	2,566,273	1,283,975	0	1,265,000	0	0
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)									
1997 Legislative Assembly approved:									
North Dakota State College of Science - Bute Gym remodeling (\$1,700,000)	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	1,962,276	1,974,750	1,377,801	4,140,000	2,340,000	370,000
Minot State University - Moore Hall renovation (\$4,000,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019
				2013-15 Actual Payments	2015-17 Estimated Payments	2017-19 Estimated Payments			
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000) 1999 Legislative Assembly approved: NDSU - Animal facility (\$2,207,500) Youth Correctional Center - Pine Cottage (\$1,475,000) 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	2,084,799	2,111,612	2,126,367	6,870,000	5,260,000	3,495,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019
				2013-15 Actual Payments	2015-17 Estimated Payments	2017-19 Estimated Payments			
2001 Legislative Assembly approved: Minot State University - Old Main renovation (\$7,850,000) 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	924,757	919,814	917,144	3,190,000	2,470,000	1,710,000
2003 Legislative Assembly approved: State Department of Health - Morgue and storage annex (\$960,000) Department of Correc- tions and Rehabilitation - James River Correctional Center food service/laundry renovations - Phase II (\$2,662,890) Dickinson State University - Murphy Hall - Phase I addition (\$5,882,047)	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	1,765,536	1,786,849	1,793,177	5,825,000	4,250,000	2,610,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019
				2013-15 Actual Payments	2015-17 Estimated Payments	2017-19 Estimated Payments			
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) 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)	2005 Series A State Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000 ⁹	6,076,689	6,079,476	6,083,706	26,645,000	22,190,000	17,335,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019
				2013-15 Actual Payments	2015-17 Estimated Payments	2017-19 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, 2015	Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019
				2013-15 Actual Payments	2015-17 Estimated Payments	2017-19 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	151,437	281,178	404,503 ¹⁰	2,355,000 ¹¹	2,225,000	1,960,000
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	266,403	73,680	0	135,000	0	0
Total		\$98,772,815	\$106,665,000	\$16,767,170	\$14,511,334	\$12,702,698	\$50,425,000	\$38,735,000	\$27,480,000
Breakdown of payments									
General fund				\$15,587,668 ¹²	\$13,513,176 ¹²	\$11,655,816 ¹²			
Agency contributions				1,179,502	998,158	1,046,882			
Total				\$16,767,170	\$14,511,334	\$12,702,698			

¹House Bill No. 1020 (1993) included a section stating up to a total of \$1,990,000 from nongeneral 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
Minot State University	Library renovation	\$255,000
Job Service North Dakota	Grand Forks office building	1,735,000
Total		\$1,990,000

In addition to the \$2.55 million appropriated from bond proceeds for the Minot State University Memorial Library renovation, House Bill No. 1020 also appropriated \$4.8 million from federal or other funds. The total amount appropriated for the library renovation was \$7.35 million.

Job Service North Dakota makes the entire bond payment, principal and interest, on the \$1,735,000 for the Grand Forks office building.

²Senate Bill No. 2030 (1995) included a section stating up to a total of \$2,206,769 from nongeneral 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
Bismarck State College	Science and mathematics center	\$1,060,000
UND	Abbott Hall renovation	871,769
Dickinson State University	Klinefelter Hall renovation	275,000
Total		\$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 nongeneral 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 \$1,975,500.

⁵House Bill No. 1022 (1999) included a section stating up to a total of \$3 million from nongeneral fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the \$3 million, \$1.5 million is to be provided for the project before construction may begin, and the remaining \$1.5 million is to be paid in 10 annual payments of \$150,000. Because \$1.5 million was available prior to construction, the State Building Authority only bonded for \$3 million of the \$4.5 million project. Williston State College paid \$1.5 million by the end of the 2009-11 biennium.

Senate Bill No. 2023 (2001) included a section stating \$2,299,000 must be available from nongeneral 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 by 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 nongeneral 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 North Dakota 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 2003 Senate Bill No. 2416 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 nongeneral 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.

¹⁰2017-19 estimated bond payments for Veterans' Home Series A bond payments total \$404,503 and that number is reflected in 2017 Senate Bill No. 2014. In addition a federal bond subsidy of \$100,028 is paid to the trustee, which is the Bank of North Dakota.

¹¹Interest only payments are made on the Veterans' Home Series A bonds until the Veterans' Home Series B bonds are paid off. The first principal payment on the Series A bonds will be made on December 1, 2016.

¹²Section 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 the equivalent 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 2015-17 through 2023-25 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 May 2015 legislative forecast for the 2015-17 biennium, using the legislative revenue forecast for the 2017-19 biennium, and using the legislative revenue forecast for the 2017-19 biennium with a 0 percent growth in sales tax revenues for future bienniums and no prepayments of nongeneral fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2015-17	\$14,640,795*	\$1,102,614	\$13,538,181	\$69,711,951	\$56,173,770
2017-19	\$12,802,727*	\$1,146,911	\$11,655,816	\$42,097,487	\$30,441,671
2019-21	\$11,148,742*	\$1,140,293	\$10,008,449	\$42,097,487	\$32,089,038
2021-23	\$8,769,401*	\$840,392	\$7,929,009	\$42,097,487	\$34,168,478
2023-25	\$3,506,027*	\$499,317	\$3,006,710	\$42,097,487	\$39,090,777

*The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. 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

OVERVIEW	J-1
ANALYSIS OF FTE CHANGES	J-3
NUMBER OF STATE EMPLOYEES - HISTORY	J-10
ANALYSIS OF STATE EMPLOYEE SALARY INCREASES	J-12
ANALYSIS OF ELECTED OFFICIALS' SALARIES	J-16
COST OF SALARY AND HEALTH INSURANCE INCREASES HISTORY	J-17

STATE EMPLOYEES - OVERVIEW

SALARY INCREASES

The 2017 Legislative Assembly did not provide funding for state employee salary increases for the 2017-19 biennium.

SALARY UNDERFUNDING

The 2017 Legislative Assembly reduced general fund salary budgets for 15 agencies totaling \$8.55 million in anticipation of savings from vacant positions and employee turnover. Agencies with underfunded salary budgets include:

Agency	Amount
Office of Management and Budget	\$187,000
State Auditor	21,768
Attorney General	929,297
Tax Commissioner	300,000
State Library	100,000
North Dakota University System office	578,097
Department of Human Services	5,278,396
Public Service Commission	250,000
Department of Financial Institutions	185,196
Adjutant General	100,000
Branch Research Centers	28,620
North Dakota State University Extension Service	37,206
North Dakota State University Main Research Center	71,550
State Historical Society	243,714
Parks and Recreation Department	239,959
Total	\$8,550,803

UNFUNDED POSITIONS

The 2017 Legislative Assembly provided for a total of 11.50 full-time equivalent (FTE) positions to be unfunded in 3 agencies. The total amount of funding related to the unfunded FTE positions is \$1.6 million, all of which is from the general fund. Agencies with positions unfunded include the Tax Commissioner (6 FTE positions), Legislative Council (2 FTE positions), and the Parks and Recreation Department (3.50 FTE positions).

ACCRUED LEAVE PAYOUTS

The 2017 Legislative Assembly provided funding for accrued leave payouts totaling \$2.3 million, of which \$1 million is from the general fund and \$1.3 million is from other funds. This funding is available for accrued leave payouts to eligible employees upon retirement or termination of employment. Agencies with accrued leave payouts include:

Agency	General Fund	Other Funds	Total Funds
Office of Management and Budget	\$44,567		\$44,567
Department of Human Services	968,825	\$834,814	1,803,639
Insurance Commissioner		26,000	26,000
Aeronautics Commission		20,000	20,000
Workforce Safety and Insurance		30,000	30,000
Department of Commerce	26,625		26,625
Game and Fish Department		340,000	340,000
Total	\$1,040,017	\$1,250,814	\$2,290,831

HIGHER EDUCATION

Prior to the 2017-19 biennium, higher education FTE positions supported from special funds were not reflected in the budget, as the State Board of Higher Education and institutions under its control have continuing appropriation authority for special funds. The 2015 Legislative Assembly amended North Dakota Century Code Section 54-44.1-04 to require higher education entities to enter all budget data in the state's budget system in the same manner as other agencies. This increased the total FTE position count by 4,337.41. The 2017 Legislative Assembly approved a reduction of general fund supported FTE positions of 313.27 for the 2017-19 biennium, to provide a total of 2,117.08 higher education FTE positions supported by the general fund. Higher education FTE positions supported from all funds is 6,767.76 for the 2017-19 biennium.

EXECUTIVE BRANCH ELECTED OFFICIALS

The 2017 Legislative Assembly did not provide funding for state employee salary increases for the 2017-19 biennium. Salaries for executive branch elected officials will remain at the amounts approved by the 2015 Legislative Assembly.

JUDICIAL BRANCH

The 2017 Legislative Assembly did not provide funding for state employee salary increases for the 2017-19 biennium. Salaries for district court judges and Supreme Court justices will remain at the amounts approved by the 2015 Legislative Assembly.

HEALTH INSURANCE

The Legislative Assembly continued to provide funding for the cost of health insurance premiums for state employees. The appropriations provide \$1,240.83 per month for employee health insurance, an increase of \$110.61, or 9.8 percent, compared to the 2015-17 biennium premium rate of \$1,130.22 per month. A recent history of monthly health insurance premiums provided for each employee is listed below.

Biennium	Monthly Premium	Percentage Change from Previous Biennium
2001-03	\$409	16.9%
2003-05	\$489	19.6%
2005-07	\$554	13.3%
2007-09	\$658	18.8%
2009-11	\$826	25.5%
2011-13	\$887	7.4%
2013-15	\$982	10.7%
2015-17	\$1,130	15.1%
2017-19	\$1,241	9.8%

The percentage increase to maintain the existing health insurance plan benefits is 17.4 percent for the 2017-19 biennium. To reduce this percentage increase, the Legislative Assembly approved the Governor's recommendation to increase member out-of-pocket expenses to reduce plan costs by \$58.25 per contract, per month, which would reduce the overall increase by 5.2 percent.

The Legislative Assembly also approved using Public Employees Retirement System (PERS) health insurance reserves to pay an additional \$27.31 of premiums per contract, per month, which would reduce the overall increase by 2.4 percent, resulting in a total increase of 9.8 percent for the 2017-19 biennium. The Legislative Assembly approved using approximately \$15.1 million of the estimated \$35.0 million in health insurance reserve funds to reduce the premium rate increase. Of the \$15.1 million utilized, \$10.5 million relates to state employee health insurance plans, \$3.7 million relates to political subdivisions, and \$700,000 relates to retiree health plans.

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program remains at \$1.54 per month, or \$18.48 annually.

LIFE INSURANCE

The monthly rate for life insurance provided to state employees remains at \$0.28 per month, or \$3.36 annually.

UNEMPLOYMENT INSURANCE

Funding is included for unemployment insurance for state employees at a rate of 1 percent of the first \$6,000 of an employee's annual salary (\$60 per year or \$120 per biennium maximum). No unemployment insurance was collected on state employee salaries during the 2013-15 and 2015-17 bienniums.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes approved by the 2017 Legislative Assembly.

	General Fund	Special Funds	Total
Salary increases	\$0	\$0	\$0
Health insurance premium increases	19,741,923	23,074,031	42,815,954
Total	\$19,741,923	\$23,074,031	\$42,815,954

FULL-TIME EQUIVALENT POSITIONS

The 2017 Legislative Assembly provided a total of 15,847.38 FTE positions, an increase of 4,009.81 FTE positions from the 2015-17 authorized level of 11,837.57 FTE positions. The total number of FTE positions for the 2017-19 biennium now reflects certain higher education positions that were previously not reflected in the budget.

The 2017-19 FTE position level of 15,847.38 is an overall decrease of 620.18 FTE positions compared to the adjusted 2015-17 biennium total, including a decrease of 313.27 FTE positions in higher education and a decrease of 306.91 FTE positions in all other state agencies.

The reduction of 306.91 FTE positions resulted in a decrease of \$39.7 million, of which \$16.9 million is from the general fund.

Major changes in FTE positions, excluding higher education, are as follows:

Agency Increases	2015-17 Authorized FTE Positions	2017-19 Authorized FTE Positions	Increase
530 - Department of Corrections and Rehabilitation	836.29	845.29	9.00
475 - Mill and Elevator Association	147.00	153.00	6.00

Agency Decreases	2015-17 Authorized FTE Positions	2017-19 Authorized FTE Positions	(Decrease)
380 - Job Service North Dakota	237.76	181.61	(56.15)
325 - Department of Human Services	2,211.08	2,162.23	(48.85)
180 - Judicial branch	391.00	355.50	(35.50)
801 - Department of Transportation	1,080.50	1,047.00	(33.50)
640 - Main Research Center	361.12	336.12	(25.00)
125 - Attorney General	250.00	237.00	(13.00)
630 - North Dakota State University Extension Service	265.98	252.98	(13.00)
405 - Industrial Commission	121.75	110.25	(11.50)
627 - Upper Great Plains Transportation Institute	54.98	43.88	(11.10)
504 - Highway Patrol	215.00	204.00	(11.00)
628 - Branch research centers	120.29	110.29	(10.00)

ANALYSIS OF FTE POSITIONS AUTHORIZED BY THE LEGISLATIVE ASSEMBLY IN 2017 FOR THE 2017-19 BIENNIUM

Agency/FTE Position Increase (Decrease)	Comparison to 2015-17 Biennium		
	2015-17 FTE Positions	2017-19 FTE Positions	Increase (Decrease)
GENERAL GOVERNMENT			
101 - Governor's office	18.00	18.00	0.00
108 - Secretary of State	34.00	32.00	(2.00)
110 - Office of Management and Budget	122.50	117.00	(5.50)
112 - Information Technology Department	350.30	344.30	(6.00)
117 - State Auditor	59.80	56.00	(3.80)
120 - State Treasurer	8.00	7.00	(1.00)
125 - Attorney General	250.00	237.00	(13.00)
127 - Tax Department	136.00	133.00	(3.00)
140 - Office of Administrative Hearings	5.00	5.00	0.00
160 - Legislative Council	37.00	36.00	(1.00)
180 - Judicial branch	391.00	355.50	(35.50)
188 - Commission on Legal Counsel for Indigents	40.00	40.00	0.00
190 - Retirement and Investment Office	19.00	19.00	0.00
192 - Public Employees Retirement System	34.50	34.50	0.00
TOTAL GENERAL GOVERNMENT	<u>1,505.10</u>	<u>1,434.30</u>	<u>(70.80)</u>

Comparison to 2015-17 Biennium

Agency/FTE Position Increase (Decrease)	2015-17 FTE Positions	2017-19 FTE Positions	Increase (Decrease)
HIGHER EDUCATION - see page J-7			
OTHER EDUCATION			
201 - Department of Public Instruction	99.75	91.75	(8.00)
226 - Department of Trust Lands	33.00	31.00	(2.00)
250 - State Library	29.75	28.75	(1.00)
252 - School for the Deaf	45.61	45.61	0.00
253 - North Dakota Vision Services - School for the Blind	30.00	28.50	(1.50)
270 - State Board for Career and Technical Education	26.50	24.50	(2.00)
TOTAL OTHER EDUCATION	264.61	250.11	(14.50)
HEALTH AND WELFARE			
301 - State Department of Health	365.00	364.00	(1.00)
305 - Tobacco Prevention and Control Executive Committee	8.00	0.00	(8.00)
313 - Veterans' Home	120.72	120.72	0.00
316 - Indian Affairs Commission	5.00	4.00	(1.00)
321 - Department of Veterans' Affairs	9.00	7.00	(2.00)
325 - Department of Human Services	2,211.08	2,162.23 ¹	(48.85)
360 - Protection and Advocacy Project	27.50	27.50	0.00
380 - Job Service North Dakota	237.76	181.61	(56.15)
TOTAL HEALTH AND WELFARE	2,984.06	2,867.06	(117.00)

Comparison to 2015-17 Biennium

Agency/FTE Position Increase (Decrease)	<u>2015-17 FTE Positions</u>	<u>2017-19 FTE Positions</u>	<u>Increase (Decrease)</u>
REGULATORY			
401 - Insurance Department	49.50	46.00	(3.50)
405 - Industrial Commission	116.75 ²	110.25 ³	(6.50)
406 - Labor Commissioner	15.00	14.00	(1.00)
408 - Public Service Commission	46.00	45.00	(1.00)
412 - Aeronautics Commission	7.00	7.00	0.00
413 - Department of Financial Institutions	30.00	30.00	0.00
414 - Securities Department	9.00	9.00	0.00
471 - Bank of North Dakota	181.50	181.50	0.00
473 - Housing Finance Agency	46.00	44.00	(2.00)
475 - Mill and Elevator Association	147.00	153.00	6.00
485 - Workforce Safety and Insurance	260.14	260.14	0.00
TOTAL REGULATORY	<u>907.89</u>	<u>899.89</u>	<u>(8.00)</u>
PUBLIC SAFETY			
504 - Highway Patrol	215.00	204.00	(11.00)
530 - Department of Corrections and Rehabilitation	836.29	845.29	9.00
540 - Adjutant General	234.00	234.00	0.00
TOTAL PUBLIC SAFETY	<u>1,285.29</u>	<u>1,283.29</u>	<u>(2.00)</u>

Comparison to 2015-17 Biennium

Agency/FTE Position Increase (Decrease)	<u>2015-17 FTE Positions</u>	<u>2017-19 FTE Positions</u>	<u>Increase (Decrease)</u>
AGRICULTURE AND ECONOMIC DEVELOPMENT			
601 - Department of Commerce	69.40	66.40	(3.00)
602 - Department of Agriculture	77.00	73.00	(4.00)
627 - Upper Great Plains Transportation Institute	54.98 ⁴	43.88	(11.10)
628 - Branch research centers	113.94 ⁴	110.29	(3.65)
630 - North Dakota State University Extension Service	263.91 ⁴	252.98	(10.93)
638 - Northern Crops Institute	12.00	11.80	(0.20)
640 - Main Research Center	353.85 ⁴	336.12	(17.73)
649 - Agronomy Seed Farm	3.00	3.00	0.00
670 - Racing Commission	2.00	2.00	0.00
TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>950.08</u>	<u>899.47</u>	<u>(50.61)</u>
NATURAL RESOURCES AND HIGHWAYS			
701 - State Historical Society	78.00	75.00	(3.00)
709 - Council on the Arts	5.00	5.00	0.00
720 - Game and Fish Department	163.00	163.00	0.00
750 - Parks and Recreation Department	66.00	62.50	(3.50)
770 - State Water Commission	97.00	93.00	(4.00)
801 - Department of Transportation	1,080.50	1,047.00	(33.50)

Comparison to 2015-17 Biennium

Agency/FTE Position Increase (Decrease)
TOTAL NATURAL RESOURCES AND HIGHWAYS

2015-17 FTE Positions	2017-19 FTE Positions	Increase (Decrease)
1,489.50	1,445.50	(44.00)
SUMMARY TOTALS		
General Government	1,505.10	1,434.30 (70.80)
Other Education	264.61	250.11 (14.50)
Health and Welfare	2,984.06	2,867.06 (117.00)
Regulatory	907.89	899.89 (8.00)
Public Safety	1,285.29	1,283.29 (2.00)
Agriculture and Economic Development	950.08	899.47 (50.61)
Natural Resources and Highways	1,489.50	1,445.50 (44.00)
TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	9,386.53	9,079.62 (306.91)

HIGHER EDUCATION

215 - North Dakota University System office	104.39 ⁵	149.40	45.01
227 - Bismarck State College	133.53 ⁵	358.35	224.82
228 - Lake Region State College	50.19 ⁵	129.61	79.42
229 - Williston State College	49.96 ⁵	100.75	50.79
230 - University of North Dakota	630.20 ⁵	2,218.07	1,587.87
232 - University of North Dakota School of Medicine and Health Sciences	184.58 ⁵	435.75	251.17
235 - North Dakota State University	537.10 ⁵	1,895.66	1358.56
238 - North Dakota State College of Science	168.30 ⁵	345.04	176.74
239 - Dickinson State University	120.26 ⁵	168.90	48.64
240 - Mayville State University	66.23 ⁵	210.53	144.30
241 - Minot State University	204.10 ⁵	441.65	237.55
242 - Valley City State University	105.59 ⁵	202.75	97.16

Agency/FTE Position Increase (Decrease)	Comparison to 2015-17 Biennium		
	2015-17 FTE Positions	2017-19 FTE Positions	Increase (Decrease)
243 - Dakota College at Bottineau	46.96 ⁵	84.30	37.34
244 - Forest Service	28.96 ⁵	27.00	(1.96)
TOTAL HIGHER EDUCATION	<u>2,430.35</u>	<u>6,767.76</u>	<u>4,337.41</u>
TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)	<u><u>11,816.88</u></u>	<u><u>15,847.38</u></u>	<u><u>4,030.50</u></u>

Comparison to 2015-17 Biennium Adjusted for Higher Education Reporting Change	2015-17	2017-19	Increase
	FTE Positions	FTE Positions	(Decrease)
Total all departments excluding higher education	<u>9,386.53</u>	<u>9,079.62</u>	<u>(306.91)</u>
Total higher education	2,430.35	6,767.76 ^a	4,337.41
Adjustment for special funds reporting change	<u>4,650.68 ^a</u>		<u>(4,650.68)</u>
Adjusted higher education total	<u>7,081.03</u>	<u>6,767.76</u>	<u>(313.27)</u>
Adjusted total - all departments	16,467.56	15,847.38	620.18

^a For the 2017-19 biennium, in addition to general fund appropriations, the Legislative Assembly is appropriating higher education special funds and authorizing FTE positions supported by general fund and special fund appropriations. Previously, the Legislative Assembly only appropriated general fund amounts and selected special funds and authorized FTE positions supported from the general fund. Special funds were spent pursuant to continuing appropriations.

¹ The 2017-19 biennium authorization for the Department of Human Services includes 6 FTE positions for the purpose of implementing the community behavioral health program, as approved in 2017 Senate Bill No. 2015.

² The 2015-17 biennium authorization for the Industrial Commission included 5 contingent FTE positions. The contingency is not anticipated to be met so the positions were removed from the amount shown.

³ The 2017-19 biennium authorization for the Industrial Commission includes 2 contingent FTE positions that are available to the agency only if the total number of wells capable of production and injection exceeds 18,200.

⁴ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 15 of 2015 House Bill No. 1020:

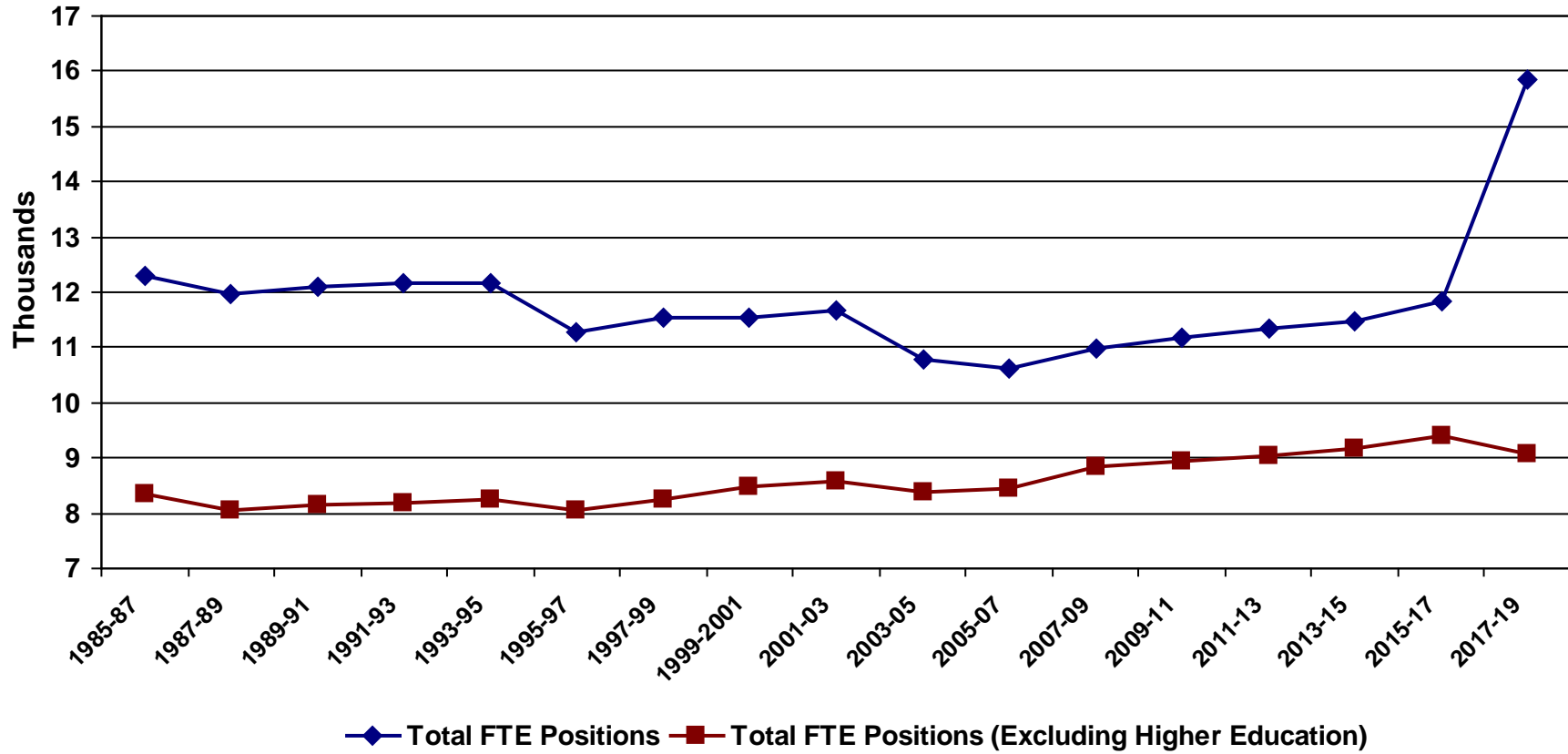
	2015-17 Legislative Authorization	Adjusted FTE Position Level	Variance
Upper Great Plains Transportation Institute	54.98	54.98	0.00
Branch research centers	113.94	120.29	6.35
North Dakota State University Extension Service	263.91	265.98	2.07
Main Research Center	353.85	361.12	7.27
Total	<u>786.68</u>	<u>802.37</u>	<u>15.69</u>

⁵ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 36 of 2015 House Bill No. 1003 to the level supported by the general fund:

	2015-17 Legislative Authorization	Adjusted FTE Position Level	Variance
North Dakota University System office	104.39	104.39	0.00
Bismarck State College	133.53	133.53	0.00
Lake Region State College	50.19	50.19	0.00
Williston State College	49.96	49.96	0.00
University of North Dakota	630.20	630.20	0.00
University of North Dakota School of Medicine and Health Sciences	184.58	184.58	0.00
North Dakota State University	537.10	537.10	0.00
North Dakota State College of Science	168.30	168.30	0.00
Dickinson State University	120.26	120.26	0.00
Mayville State University	66.23	66.23	0.00
Minot State University	204.10	204.10	0.00
Valley City State University	105.59	105.59	0.00
Dakota College at Bottineau	46.96	46.96	0.00
Forest Service	28.96	28.96	0.00
Total	<u>2,430.35</u>	<u>2,430.35</u>	<u>0.00</u>

NUMBER OF STATE EMPLOYEES - HISTORY

The following is a summary of the number of authorized state employee FTE positions for the 1985-87 through 2017-19 bienniums:



Biennium	General Government	Education (Other Than Higher Education)	Health and Welfare	Regulatory	Public Safety	Agriculture and Economic Development	Natural Resources and Highways	Total FTE Positions Excluding Higher Education	Higher Education	Total FTE Positions
1985-87	915.50	396.39	3,393.11	996.43	552.80	802.28	1,294.50	8,351.01	3,956.84	12,307.85
1987-89	975.55	296.10	3,079.89 ¹	1,021.93	648.77	770.58	1,273.00	8,065.82	3,909.16	11,974.98
1989-91	916.25	309.36	3,028.11	1,047.94	699.27	785.57	1,357.50	8,144.00	3,963.02	12,107.02
1991-93	949.85	327.91	2,876.26	1,078.92	727.69	826.57	1,406.50	8,193.70	3,965.80	12,159.50
1993-95	1,016.10	322.44	2,794.66	1,138.81	774.04	787.02 ²	1,404.00	8,237.07	3,912.91	12,149.98
1995-97	1,004.42	313.38	3,103.11 ⁴	665.50 ⁴	774.52	777.97	1,402.50	8,041.40	3,249.13 ³	11,290.53
1997-99	1,039.90	312.54	3,124.00	696.00	894.64	817.12	1,359.50	8,243.70	3,297.30	11,541.00
1999-2001	1,164.00 ⁵	308.19	3,099.06	723.00	954.68	856.35	1,363.00	8,468.28	3,068.64 ⁶	11,536.92
2001-03	1,236.20	271.07	3,069.86	762.50	967.18	914.03	1,369.75	8,590.59	3,070.58	11,661.17
2003-05	1,266.70 ⁷	245.60	2,852.80	767.37	995.18 ⁷	878.65	1,379.75	8,386.05	2,400.38 ⁸	10,786.43 ⁹
2005-07	1,246.00	243.89	2,840.20	763.51	1,056.28	898.80	1,389.00	8,437.68	2,194.42	10,632.10
2007-09	1,325.00	242.69	2,993.75	783.51	1,136.29	939.93	1,407.00	8,828.17	2,136.59	10,964.76
2009-11	1,362.00	253.19	3,008.65	806.20	1,161.29	921.30	1,417.50	8,930.13	2,245.51	11,175.64
2011-13	1,373.60	255.19	2,968.33	823.20	1,234.29	952.31	1,429.50	9,036.42	2,303.74	11,340.16
2013-15	1,419.10	262.11	2,975.06	859.89	1,273.29	933.79	1,456.50	9,179.74	2,304.74	11,484.48
2015-17	1,505.10	264.61	2,984.06	912.89	1,285.29	950.08	1,489.50	9,391.53	2,430.35	11,821.88
2017-19	1,434.30	250.11	2,867.06	899.89	1,283.29	899.47	1,445.50	9,079.62	6,767.76 ¹⁰	15,847.38

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 teacher FTE 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.

¹⁰Prior to the 2017-19 biennium, higher education FTE positions supported from special funds were not reflected in the budget, as the State Board of Higher Education and institutions under its control have continuing appropriation authority for special funds. The 2015 Legislative Assembly amended North Dakota Century Code Section 54-44.1-04 to require higher education entities to enter all budget data in the state's budget system in the same manner as other agencies. This increased the total FTE position count by 4,337.41. The 2017 Legislative Assembly reduced the number of general fund supported FTE positions in higher education by 313.27 to 2,117.08 for the 2017-19 biennium. Higher education FTE positions supported from all funds is 6,767.76 in the 2017-19 biennium.

HISTORY OF STATE EMPLOYEE SALARY INCREASES

Year	General Salary Increase Provided or Proposed	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 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 the Governor's 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 4-year universities; 7.3 percent higher education faculty at 2-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 4-year universities, 5 percent higher education faculty at 2-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 were based on merit and equity	2.2%
2000	2 percent with a minimum of \$35 per month - Increases over \$35 were based on merit and equity. An additional 1 percent was provided to the extent the increase could be paid with existing agency resources.	3.4%
2001 ¹	3 percent with a minimum of \$35 per month - Increases over \$35 were based on merit and equity	2.8%
2002 ¹	2 percent with a minimum of \$35 per month - Increases over \$35 were 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 could 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 was required to 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 could 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 was required to 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 were to be based on merit and equity and were not to be given across the board)	2.9%
2008 ²	4 percent with a minimum of \$75 per month (salary increases were to be based on merit and equity and were not to be given across the board)	3.8%
2009 ³	5 percent with a minimum of \$100 per month (salary increases were to be based on merit and equity and were not to be given across the board)	(0.3%)
2010 ³	5 percent with a minimum of \$100 per month (salary increases were to be based on merit and equity and were not to be given across the board)	1.6%
2011 ⁴	3 percent (salary increases for nonclassified employees were to be based on merit and equity and were not to be given across the board. Salary increases for classified employees were 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 were to be based on merit and equity and were not to be given across the board. Salary increases for classified employees were to be based on guidelines developed by OMB.)	2.1%
2013 ⁵	From 3 to 5 percent based on 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 for market equity	1.5%
2014 ⁵	From 2 to 4 percent based on 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 for market equity	1.6%
2015 ⁶	From 2 to 4 percent based on performance	0.1%
2016 ⁶	From 2 to 4 percent based on performance	1.2%
2017	0 percent	1.9% (projected)
2018	0 percent	2.2% (projected)

*Percentage change, consumer price index annual rate, Moody's.

¹In addition the 2001 Legislative Assembly provided:

- \$5 million, \$2.7 million of which was 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 was used for salary increases to address equity issues.
- \$178,233, \$142,697 of which was from the general fund, for salary equity adjustments for elected and appointed officials.

²In addition the 2007 Legislative Assembly provided \$10 million, \$5 million of which was 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 were to receive the largest increase (2007 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 2009 Legislative Assembly provided an appropriation of \$15,984,000, of which \$9 million is from the general fund, to OMB to address salary equity issues. House Bill No. 1015 (2009) provided the statewide equity pool 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 were 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 needed to give priority to employees who were employed by the state for the greatest length of time and were furthest below their salary range midpoint. The Office of Management and Budget, in developing the plan, was 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 2011 Legislative Assembly provided additional salary equity-related funding for the following agencies:

- Attorney General's office - \$125,000 from the general fund - Salary increases available upon certification completion for personnel advancement.
- Industrial Commission - \$502,832 from the general fund - Salary equity increases primarily for geologists and petroleum engineers.
- State Treasurer - \$24,000 from the general fund - Salary increases for employee reclassifications.
- Department of Transportation - \$600,000 from special funds - Optional market salary adjustments primarily for heavy equipment operators and highway maintenance personnel.

The 2011-13 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 3 percent per year salary increases and health insurance premium increases.

The 2011 Legislative Assembly provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, employees would pay 1 percent of the increased contribution and the state would pay the remaining 1 percent.

⁵The 2013 Legislative Assembly provided salary increases for eligible classified employees of up to 2 percent per year based on an employee's position in the assigned pay range and increases of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance. The Legislative Assembly provided salary increases to eligible nonclassified employees of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance. The Legislative Assembly also provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2014. For the increase, employees paid 1 percent of the increased contribution and the state paid the remaining 1 percent.

⁶The 2015 Legislative Assembly provided salary increases for all eligible classified and nonclassified employees of 2 to 4 percent per year, based on performance. The 2015 Legislative Assembly also provided targeted market equity funds of \$4.49 million, which includes \$3.75 million from the general fund to address occupational market disparities, economic growth areas, recruitment and retention challenges, and external pay inequities for employees who are critical to the mission of the agency. Agencies eligible to receive a targeted market equity salary adjustment include the Adjutant General, Veterans' Home, State Department of Health, Department of Human Services, and the Protection and Advocacy Project.

The 2015 Legislative Assembly also provided additional salary market equity-related funding for the following agencies:

- Attorney General's office - \$1,546,301, which includes \$1,012,301 from the general fund.
- Office of Administrative Hearings - \$38,110 from special funds.
- Retirement and Investment Office - \$50,000 from special funds.
- Department of Public Instruction - \$100,000 from the general fund.
- Department of Corrections and Rehabilitation - \$2,126,442 from the general fund.
- Adjutant General - \$192,621 from the general fund.

ELECTED OFFICIALS' SALARIES

The Legislative Assembly did not authorize salary increases for state employees, including elected officials, for the 2017-19 biennium. The schedule below shows for each elected official the salary authorized by the 2015 Legislative Assembly and by the 2017 Legislative Assembly.

State Official	Statutory Annual Salary Authorized by the 2015 Legislative Assembly		Statutory Annual Salary Authorized by the 2017 Legislative Assembly	
	Effective July 1, 2015	Effective July 1, 2016	Effective July 1, 2017	Effective July 1, 2018
Governor	\$129,091	\$132,964	\$132,964 ¹	\$132,964 ¹
Lieutenant Governor	\$100,215	\$103,221	\$103,221	\$103,221
Secretary of State	\$102,689	\$105,770	\$105,770	\$105,770
Attorney General	\$152,436	\$157,009	\$157,009	\$157,009
Superintendent of Public Instruction	\$116,903	\$120,410	\$120,410	\$120,410
Tax Commissioner	\$111,448	\$114,791	\$114,791	\$114,791
Insurance Commissioner	\$102,689	\$105,770	\$105,770	\$105,770
Public Service Commissioners (3)	\$105,491	\$108,656	\$108,656	\$108,656
Agriculture Commissioner	\$105,491	\$108,656	\$108,656	\$108,656
State Auditor	\$102,689	\$105,770	\$105,770	\$105,770
State Treasurer	\$96,972	\$99,881	\$99,881	\$99,881

¹Section 5 of 2017 House Bill No. 1001 includes legislative intent that the Governor accept the Governor's salary, but allows the Governor, if the Governor chooses, to decline the salary. If the Governor declines the salary, the funding included in the Governor's office budget related to the salary may not be spent for any other purpose and must be canceled at the end of the 2017-19 biennium.

For each judge or justice, the following schedule shows the current salary and the salary approved by the 2015 Legislative Assembly and by the 2017 Legislative Assembly:

	Statutory Annual Salary Authorized by the 2015 Legislative Assembly		Statutory Annual Salary Authorized by the 2017 Legislative Assembly	
	Effective July 1, 2015	Effective July 1, 2016	Effective July 1, 2017	Effective July 1, 2018
Supreme Court Chief Justice	\$156,813	\$161,517	\$161,517	\$161,517
Other Supreme Court justices	\$152,436	\$157,009	\$157,009	\$157,009
District court presiding judges	\$143,714	\$148,025	\$148,025	\$148,025
Other district court judges	\$139,679	\$143,869	\$143,869	\$143,869

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 2017-19 bienniums:

State Employee Salary Increases				
Biennium	Percentage Increase	General Fund	Other 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
2015-17	From 2 to 4 percent based on performance on July 1, 2015, and from 2 to 4 percent based on performance on July 1, 2016	\$31,461,697	\$24,353,454	\$55,815,151
2017-19	The 2017 Legislative Assembly did not approve state employee salary increases for the 2017-19 biennium	\$0	\$0	\$0

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
2015-17	\$1,130	\$148	15.1%	\$19,877,362	\$14,316,411	\$34,193,773
2017-19	\$1,241	\$111	9.8%	\$19,741,923	\$23,074,031	\$42,815,954

LARGE INFORMATION TECHNOLOGY PROJECTS FOR THE 2017-19 BIENNIUM¹

Agency or Institution	Project	2017-19 Legislative Appropriations		
		General Fund	Other Funds	Total
112 - Information Technology Department	Continuation of a North Dakota Health Information Network project	\$0	\$43,555,133 ²	\$43,555,133 ²
	Implementation of a statewide interoperable radio network (SIRN)		28,700,000	28,700,000
	Implementation of an electronic payment processing system		375,000	375,000
226 - Department of Trust Lands	Replacement of the current information technology system		3,600,000	3,600,000
301 - State Department of Health	Implementation of the contractor component to the electronic benefits transfer (EBT) system for women, infants, and children (WIC)		1,739,220	1,739,220
325 - Department of Human Services	Development of a certification and licensing system for child care		3,000,000	3,000,000
	Improvements to the health information technology (HIT) - care coordination project to increase data sharing and interoperability for North Dakota health care providers and citizens		40,800,000	40,800,000
380 - Job Service North Dakota	Improvements to unemployment insurance (UI) system and replacement of mainframe		11,209,557	11,209,557
485 - Workforce Safety and Insurance	Continuation of a claims and policy system (CAPS) database project		8,120,097	8,120,097
	Development of a secure extranet portal for injured workers, employers, and medical providers		538,500	538,500
	Replacement of existing Oracle transactional reporting system		275,000	275,000
530 - Department of Corrections and Rehabilitation	Replacement of electronic health records system		935,907	935,907
801 - Department of Transportation	Implementation of document scanning to comply with Real-ID regulations		1,300,500	1,300,500
Total		\$0	\$144,148,914	\$144,148,914

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 27, 2016, and prioritized information technology projects for the 2017-19 biennium with a total cost over \$500,000 by funding source. The following is a summary of the prioritization, including information on the funding provided by the 2017 Legislative Assembly for the project:

General Fund Projects			
	Project	Agency	Funding Provided by 2017 Legislative Assembly
1	Electronic health records ^a	Department of Corrections and Rehabilitation	Yes
2	Statewide interoperable radio network ^b	Information Technology Department	Yes
3	E-voting tabulators	Secretary of State's office	No
4	Child care licensing system ^c	Department of Human Services	Yes
5	E-poll books	Secretary of State's office	No

^aThe 2017 Legislative Assembly approved funding from the strategic investment and improvements fund for the electronic health records project.

^bOf the \$28.7 million appropriated to the Information Technology Department for the statewide interoperable radio network project, \$15 million is from a loan from the Bank of North Dakota. Additional funding received by the department for the SIRN project is the result of an amendment to North Dakota Century Code Section 57-40.6-02, which mandates political subdivisions to add an additional \$0.50 to the fee imposed on assessed communications services, as approved by the 2017 Legislative Assembly in House Bill No. 1178.

^cThe 2017 Legislative Assembly approved the child care licensing system project with funding from federal funds.

Federal Fund Projects			
	Project	Agency	Funding Provided by 2017 Legislative Assembly
1	HIT - care coordination ^a	Department of Human Services	Yes
2	WIC EBT	State Department of Health	Yes
3	NDFoods 2.0	Department of Public Instruction	No

^aThe HIT - care coordination project total estimated cost is \$48,000,000, which includes \$40,800,000 from federal funds and \$7,200,000 from special funds.

Special Fund Projects			
	Project	Agency	Funding Provided by 2017 Legislative Assembly
1	Real-ID	Department of Transportation	Yes
2	CAPS phase 3	Workforce Safety and Insurance	Yes
3	UI modernization ^a	Job Service North Dakota	Yes
4	Driver's license rewrite	Department of Transportation	No
5	Trust Lands replacement system	Department of Trust Lands	Yes
6	Extranet	Workforce Safety and Insurance	Yes
7	Traffic data editing and analysis	Department of Transportation	No
8	Oracle reports replacement	Workforce Safety and Insurance	Yes

^aThe unemployment insurance modernization project is a federal funds project that was mistakenly submitted as a special fund project by Job Service North Dakota.

²Includes \$40.8 million of federal funds provided by the Department of Human Services. The federal funding is also reflected under the Department of Human Services section of this schedule.

SECTION L - TRUST FUND ANALYSES

Abandoned Oil and Gas Well Plugging and Site Reclamation Fund	L-1
Beginning Farmer Revolving Loan Fund	L-3
Bonding Fund	L-4
Budget Stabilization Fund	L-5
Capitol Building Fund.....	L-7
Centers of Excellence Fund.....	L-8
Centers of Research Excellence Fund	L-9
Coal Development Trust Fund.....	L-11
Common Schools Trust Fund	L-13
Community Health Trust Fund.....	L-17
Disaster Relief Fund	L-20
Electronic Health Information Exchange Fund.....	L-25
Energy Impact Fund	L-27
Environment and Rangeland Protection Fund	L-28
Fire and Tornado Fund.....	L-31
Foundation Aid Stabilization Fund	L-32
Health Care Trust Fund	L-35
Health Information Technology Planning Loan Fund.....	L-37
Legacy Fund.....	L-39
Lignite Research Fund.....	L-41
Outdoor Heritage Fund.....	L-43
Research North Dakota Fund	L-45
Resources Trust Fund	L-47
Risk Management Fund.....	L-50
Senior Citizen Services and Programs Fund	L-51
State Aid Distribution Fund	L-53
Strategic Investment and Improvements Fund	L-55
Student Loan Trust Fund	L-58
Tax Relief Fund	L-61
Tobacco Prevention and Control Trust Fund	L-63
Tobacco Settlement Trust Fund	L-66
Tuition Fund.....	L-69
Veterans' Postwar Trust Fund	L-71
Water Development Trust Fund.....	L-73

ANALYSIS OF THE ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
		\$11,538,380		\$15,163,380
Beginning balance				
Add estimated revenues				
Fees, forfeitures, transfers, and recoveries penalties	\$1,250,000 ¹		\$1,250,000 ¹	
Oil and gas tax collections	10,200,000 ^{2,3}		8,430,000 ^{2,3}	
Total estimated revenues		11,450,000		9,680,000
Total available		\$22,988,380		\$24,843,380
Less estimated expenditures and transfers				
Reclamation of well sites placed into service after July 31, 1983	\$3,500,000		\$3,500,000	
Reclamation of well sites placed into service on or before July 31, 1983 (2015 HB 1358; 2017 HB 1347)	1,500,000		3,250,000	
Transfer to the oil and gas research fund for an oil and produced water pipeline study (2015 HB 1358)	1,500,000			
Transfer to the oil and gas research fund for a contaminated site remediation pilot project (2015 HB 1358)	500,000			
Transfer to the environmental quality restoration fund (2015 SB 2190)	400,000 ⁴		400,000	
Brine pond and soil remediation studies (2017 HB 1347)			1,750,000	
Pipeline restoration and reclamation oversight program - Agriculture Commissioner (2015 SB 2271; 2017 HB 1009)	400,000 ⁵		200,000	
Miscellaneous ⁶	25,000		25,000	
Total estimated expenditures and transfers		7,825,000		9,125,000
Estimated ending balance		<u>\$15,163,380</u>		<u>\$15,718,380</u>

¹Revenues to the fund include:

- Fees collected by the Oil and Gas Division of the Industrial Commission for permits or other services;
- Funds received from the forfeiture of drilling and reclamation bonds;
- Funds received from any federal agency or from donations related to well plugging and site reclamation;
- Transfers or grant awards from the oil and gas impact fund; and
- Funds recovered from the sale of confiscated equipment and oil and from certain civil penalties.

²Estimated revenues - These amounts reflect actual oil and gas tax revenue collections through March 2017. The estimated allocations for the remainder of the 2015-17 biennium and the estimated allocations for the 2017-19 biennium are based on the 2017 legislative revenue forecast.

³In House Bill No. 1032, the 2015 Legislative Assembly increased the oil and gas tax allocation to the fund by \$2.5 million per fiscal year, from \$5 million to \$7.5 million, and increased the allocation limit from an amount that would bring the balance of the fund over \$75 million to an amount that would bring the balance of the fund over \$100 million. These changes are contingent upon the "large" trigger not being in effect at any time during the first 6 months of the 2015-17 biennium. The contingency was met, which allows the allocation limit and the fund balance limit to increase.

⁴As of April 30, 2017, the State Department of Health has not requested any transfers for the environmental quality restoration fund. North Dakota Century Code Section 38-08-04.5 allows for transfers from the abandoned oil and gas well plugging and site reclamation fund with the requirement that any transfers into the environmental quality restoration fund will be returned by the State Department of Health to the abandoned oil and gas well plugging and site reclamation fund.

⁵As of April 30, 2017, the Department of Agriculture has requested and received \$157,652 of the \$400,000 authorized in 2015 Senate Bill No. 2271.

⁶Miscellaneous expenditures include credit card merchant fees and audit fees.

FUND HISTORY

The fund was established in 1983 under Section 38-08-04.5. The purpose of the fund is to defray the costs of plugging or replugging oil wells, the reclamation of well sites, and all other related activities for wells or pipelines. The money in the fund may be spent, pursuant to a continuing appropriation, for contracting for the plugging of abandoned wells; contracting for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and access roads; paying mineral owners their royalty share of confiscated oil; and paying any contract-related expenses. The Industrial Commission is to report to the Budget Section each biennium on the expenditures of the fund and the fund balance.

**ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND
FOR THE 2015-17 AND 2017-19 BIENNIUMS**

	2015-17 Biennium ¹		2017-19 Biennium ¹	
Beginning cash balance		\$3,578,992		\$4,902,914
Add estimated revenues				
Transfers of Bank of North Dakota profits (2015 HB 1014; 2017 SB 2014)	\$7,000,000		\$6,000,000	
Transfers from partnership in assisting community expansion (PACE) funds ²	0		0	
Recoveries from loans previously written-off	65,226		0	
Investment interest	3,991		4,000	
Total estimated revenues		7,069,217		6,004,000
Total available		\$10,648,209		\$10,906,914
Less estimated expenditures and transfers				
Interest rate buydowns	\$4,026,264		\$6,500,000	
Transfers to PACE funds ²	1,707,884		0	
Transfers to the value-added agriculture equity loan program ³	0		0	
Public Service Commission rail rate complaint case ⁴ (2015 SB 2008; 2017 HB 1008)	0		0	
Administrative expenses including audit fees	11,147		12,000	
Total estimated expenditures and transfers		5,745,295		6,512,000
Estimated ending cash balance		\$4,902,914		\$4,394,914

¹The beginning and ending cash balances do not include the value of the outstanding loans as the loans are reflected on the Bank of North Dakota's balance sheet.

²North Dakota Century Code Sections 6-09-13.04 and 6-09-15.5 authorize the Bank of North Dakota to transfer any unobligated funds that have been appropriated for interest rate buydowns between the beginning farmer revolving loan fund, the Ag PACE fund and other PACE funds. No transfers are anticipated in the 2017-19 biennium.

³Section 6-09-15.5 authorizes the Bank of North Dakota to transfer up to \$1 million per biennium of unobligated funds from the beginning farmer revolving loan fund to the value-added agriculture equity loan program. No transfers are anticipated for the 2015-17 and 2017-19 bienniums.

⁴The 2015 and 2017 Legislative Assemblies authorized the transfer of up to \$900,000 from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. Any amounts spent by the Public Service Commission must be reimbursed to the beginning farmer revolving loan fund using the amounts available from damages or proceeds received, net of legal fees, from a successful outcome of a rail rate complaint case. No transfers are anticipated during the 2015-17 and 2017-19 bienniums.

FUND HISTORY

The beginning farmer revolving loan fund was established in 1983 (Senate Bill No. 2220) and is maintained to provide interest rate buydowns on loans to beginning farmers for the first purchase of farm real estate or chattels. The beginning farmer revolving loan fund is administered by the Bank of North Dakota pursuant to Section 6-09-15.5.

ANALYSIS OF THE BONDING FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$3,419,583		\$3,470,583
Add revenues				
Investment income	\$160,000		\$165,000	
State bonding fund claims collections	65,000		55,000	
Game and fish bonds	3,000		3,000	
Total revenues		228,000		223,000
Total available		\$3,647,583		\$3,693,583
Less expenditures and transfers				
Claim liabilities/payments/write-offs	\$110,000		\$130,000	
Claims-related expenses	10,000		15,000	
Investment expense	7,000		7,000	
Administration	50,000		52,000	
Total expenditures and transfers		177,000		204,000
Ending balance		\$3,470,583		\$3,489,583

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 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
	Beginning balance		\$572,485,454	
Add estimated revenues				
Investment income	\$0 ¹		\$0 ¹	
Transfer from general fund	0 ²		0	
Oil and gas tax allocations	0		75,000,000 ⁴	
Total estimated revenues		\$0		\$75,000,000
Total available		\$572,485,454		\$75,000,000
Less estimated expenditures and transfers				
Transfer to general fund	\$572,485,454 ³		\$0	
Total estimated expenditures and transfers		\$572,485,454		\$0
Estimated ending balance		\$0		\$75,000,000

¹Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under North Dakota Century Code Section 54-27.2-01. The amounts shown assume no interest will be retained in the fund. However, depending on the timing of proposed transfers during the 2015-17 biennium, and the timing of oil and gas tax collection deposits in the 2017-19 biennium, there may be interest earnings retained in the fund.

²Chapter 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 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The general fund balance is not estimated to exceed \$65 million at the end of the 2015-17 biennium.

³Section 3 of 2015 Senate Bill No. 2379, as approved by the Legislative Assembly during the August 2016 special legislative session, authorizes the Director of the Office of Management and Budget to transfer up to \$572,485,452 from the budget stabilization fund to the general fund to provide for a positive balance in the general fund on June 30, 2017. The entire amount is anticipated to be transferred.

⁴House Bill No. 1152 (2017) provides for the deposit of up to \$75 million of the state share of oil and gas tax collections into the budget stabilization fund each biennium. The entire \$75 million amount is anticipated to be deposited into the fund during the 2017-19 biennium.

FUND HISTORY

The budget stabilization fund was established by the 1987 Legislative Assembly in House Bill No. 1596. Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section originally provided any money in the fund in excess of 10 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly, must be deposited in the general fund. The 2011 Legislative Assembly approved House Bill No. 1451 which decreased 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. The 2017 Legislative Assembly approved House Bill No. 1155 which increased the maximum balance allowed in the fund from 9.5 to 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 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.
- 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 projects a general fund revenue shortfall. The section originally limited the transfer to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. House Bill No. 1155 (2017) revised the section to allow for transfers from the budget stabilization fund to the general fund as follows:

After general fund allotments totaling at least 3 percent have been made under Section 54-44.1-12, the Governor may order a transfer of up to an amount equal to 3 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 2 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 3 percent of general fund appropriations; and

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of any remaining fund in the budget stabilization fund.

The amount of transfers from the budget stabilization fund to the general fund may not exceed the difference between the original and revised general fund revenue forecasts less general fund allotments made under Section 54-44.1-12. For purposes of the transfers, total general fund allotment percentages must be based on allotments made after any allotment exemption granted by the Director of the Budget.

ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS¹

	2015-17 Biennium Estimated		2017-19 Biennium Estimated	
Beginning balance		\$5,903,878		\$3,459,083
Add revenues				
Investment income	\$166,742		\$140,000	
Governor's residence fundraising	500,000		500,000	
Rentals, royalties, and bonuses	2,469,708		1,818,500	
Total revenues		3,136,450		2,458,500
Total available		\$9,040,328		\$5,917,583
Less expenditures and transfers				
Administrative expenses	\$64,343		\$80,000	
Income payments to counties	6,902 ²		7,000 ²	
Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 48-10-02)	175,000 ³		175,000 ³	
Capitol Grounds Planning Commission operating expenses (2017 HB 1015)	25,000		25,000	
Office of Management and Budget Capitol projects (2015 SB 2015; 2017 HB 1015)	310,000 ⁴		1,400,000 ⁴	
Governor's residence (2015 SB 2304)	5,000,000 ⁵			
Total expenditures and transfers		5,581,245		1,687,000
Ending balance		\$3,459,083		\$4,230,583

¹The analysis reflects the legislative appropriations for the 2015-17 biennium and 2017-19 biennium and does not include the land owned by the fund.

²Section 15-04-23 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 48-10-02 provides a continuing appropriation to the Capitol Grounds Planning Commission to spend up to \$175,000 per biennium of income and interest of the Capitol building fund. The amount that may be spent may not exceed 50 percent of the unencumbered balance of the fund on the 1st day of the biennium.

⁴Funding of \$1.71 million was appropriated from the Capitol building fund by the 2015 Legislative Assembly in Senate Bill No. 2015, of which \$1.4 million is for Capitol building entrance and signage projects, and \$310,000 is for electrical and ceiling repairs in the legislative wing. The 2017 Legislative Assembly, in House Bill No. 1015, authorized the \$1.4 million appropriated by the 2015 Legislative Assembly for Capitol building entrance and signage projects to be continued into the 2017-19 biennium to provide up to \$1 million for extraordinary repairs and the remaining amount for Capitol building entrance and signage projects.

⁵Funding of \$4 million was appropriated from the Capitol building fund by the 2015 Legislative Assembly in Senate Bill No. 2304, for the demolition of the existing Governor's residence and the construction of a new residence. The bill also included an appropriation of \$1 million from private donations for a total appropriation of \$5 million for the project.

ANALYSIS OF THE CENTERS OF EXCELLENCE FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance ¹		\$8,226,692		\$573,324
Add estimated revenues				
Investment income	\$3,600		\$500	
Total estimated revenues		3,600		500
Total available		\$8,230,292		\$573,824
Less estimated expenditures and transfers				
Administrative expenses ²	\$6,968		\$7,000	
Centers of excellence grants funding distributions	0		559,915	
Transfer to research North Dakota fund ³	7,650,000			
Total estimated expenditures and transfers		7,656,968		566,915
Estimated ending balance ⁴		\$573,324		\$6,909

¹The 2009 Legislative Assembly provided \$31,070,541 for the centers of excellence fund, including a transfer of \$15 million from the general fund, a contingent transfer of \$5 million from the general fund, a transfer of \$4.45 million from the general fund related to centers of excellence grants awarded but not distributed, and \$6,620,541 from the permanent oil tax trust fund related to unexpended 2007-09 biennium centers of excellence funding.

²North 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.

³House Bill No. 1018 (2015) directs the Office of Management and Budget to transfer unobligated funds from the centers of excellence fund to the Research North Dakota fund. Unobligated funds of \$7.65 million in the centers of excellence fund were transferred to the Research North Dakota fund in January 2017.

⁴The 2015-17 biennium ending balance includes \$559,915 that is obligated for centers of excellence proposals approved in previous bienniums. The 2017-19 biennium ending balance includes no obligations for centers of excellence proposals approved in previous bienniums and \$6,909 that is obligated for future administrative expenses.

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 since 2011 have not appropriated new funding to the centers of excellence fund. Estimated expenditures relate to centers of excellence grants 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 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance ¹		\$3,708,133		\$1,638,869
Add estimated revenues				
Investment income	3,200		1,000	
Total estimated revenues		3,200		1,000
Total available		\$3,711,333		\$1,639,869
Less estimated expenditures and transfers				
Limited deployment-cooperative airspace project grant				
University of North Dakota (UND) ²				
North Dakota State University (NDSU) ²				
Centers of research excellence grants				
UND ^{3,4}	\$192,500			
NDSU ³	667,819		\$1,379,166	
Base realignment grants				
UND ⁴	1,212,145			
Total estimated expenditures and transfers		2,072,464		1,379,166
Estimated ending balance ⁵		<u>\$1,638,869</u>		<u>\$260,703</u>

¹The 2011 Legislative Assembly 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 2011 Legislative Assembly 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.

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 2nd 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.)

The amount of centers of research excellence grants awarded originally in the 2011-13 biennium totaled \$4,813,750. Of this amount, the Center for Life Science Research and Applications at NDSU was awarded \$1.35 million. However, the center has been closed by NDSU, resulting in \$1.1 million of grants becoming uncommitted, leaving a total of \$3,713,750 of centers of research excellence grants committed, as shown in the schedule below. As a result, the Centers of Excellence Commission opened a special base realignment grant round under North Dakota Century Code Section 54-65-04 during the 2015-17 biennium. In February 2017, the Department of Commerce awarded \$1,212,145 of grant funds to UND for base realignment grants.

NDSU	
Center for Life Sciences Research and Applications	\$250,000
Center for Technologically Innovative Processes and Products	320,000
Center for Technologically Innovative Processes and Products 2	1,011,250
Center for Biobased Materials Science and Technology	1,132,500
UND	
Center for Avian Therapeutics for Infectious Diseases	700,000
Center for Gas Utilization	300,000
Total	\$3,713,750

⁴Of the \$4 million available to UND through the centers of research excellence program from funds appropriated for the 2011-13 biennium, \$3 million was designated for Grand Forks 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 2011-13 biennium are available for the centers of research excellence program. The amount of base realignment grants awarded originally totaled \$2,840,400. Due to NDSU closing the Center for Life Science Research and Applications, leaving centers of research excellence grants uncommitted, in February 2017 the Department of Commerce awarded an additional \$1,212,145 of grant funds to UND for base realignment grants during the 2015-17 biennium, resulting in a total amount of base realignment grants awarded of \$4,052,545:

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 - Unmanned Aircraft System National Test Site	500,000
Enhanced Use Lease for Grand Forks Air Force Base	921,050
Enhanced Use Lease Phase IV for Grand Forks Air Force Base	160,000
Beyond Visual Line of Sight Radar - Unmanned Aircraft System National Test Site	1,212,145
Total	\$4,052,545

⁵The 2015-17 biennium estimated ending balance includes \$1,379,166 of anticipated committed funds for centers of research excellence proposals approved in the 2011-13 biennium. There are no anticipated committed funds for centers of research excellence proposals approved in the 2011-13 biennium in the 2017-19 biennium estimated ending balance.

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 has not appropriated new funding to the centers of research excellence fund since the 2011 legislative session. Estimated expenditures relate to centers of research excellence grants awarded in prior bienniums.

**ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND
FOR THE 2015-17 AND 2017-19 BIENNIUMS**

	2015-17 Biennium ¹		2017-19 Biennium ¹	
Beginning balance		\$69,797		\$26,253
Add estimated revenues				
Investment income ²	\$250,153		\$204,500	
School construction loan income ²	1,675,510		1,500,000	
Total estimated revenues		1,925,663		1,704,500
Total available		\$1,995,460		\$1,730,753
Less estimated expenditures and transfers				
Investment expense	\$18,028		\$9,270	
Administrative expenses	6,382		6,400	
Transfer to the general fund ²	1,944,797		1,700,000	
Total estimated expenditures and transfers		1,969,207		1,715,670
Estimated ending balance		\$26,253		\$15,083

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 Section 21 of Article X of the Constitution of North Dakota. As of December 31, 2016, the total value of permanent fund assets was \$68.9 million, of which \$43.9 million was school construction loans receivable, \$13.0 million was coal impact loans receivable, and \$12.0 million was either cash or short-term investments. Of the \$12.0 million held in cash or short-term investments, \$6.4 million was committed to a school construction loan for the Richardton-Taylor School District with the remaining \$5.6 million available for new loans.

Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. The coal severance tax allocations become part of the fund assets which are not reflected in the amounts shown in the table. Senate Bill No. 2272 (2017) amends Section 15.1-36-02 to make available up to \$60 million from the fund for loans of up to \$2 million for unanticipated school construction projects or emergency repairs.

²Section 57-62-02 and Section 21 of Article X 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.

In 2015 Senate Bill No. 2039, the Legislative Assembly created a new school construction assistance loan fund and identified the income from the coal development trust fund as income to the new fund. However, the income from the coal development trust fund will not be transferred to the school construction assistance loan fund because Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota require the income to be transferred to the general fund. The provisions to correct the transfer are included in 2017 Senate Bill Nos. 2101 and 2272.

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, Section 21 of Article X 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 2015-17 AND 2017-19 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 2017-19 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Minerals Values)	Distributions	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	\$400,689,879	\$23,200,000	13.57%
	1999	\$444,823,559	\$23,200,000	7.50%
1999-2001	2000	\$467,059,293	\$23,775,000	11.05%
	2001	\$521,509,978	\$23,775,000	2.03%
2001-03	2002	\$533,360,593	\$28,896,500	(1.34%)
	2003	\$522,905,814	\$28,896,500	4.57%
2003-05	2004	\$547,047,877	\$30,000,000	12.60%
	2005	\$614,738,548	\$30,000,000	8.58%
2005-07	2006	\$686,273,875	\$31,100,000	7.51%
	2007	\$761,901,287	\$31,100,000	12.82%
2007-09	2008	\$887,092,909	\$33,400,000	(4.22%)
	2009	\$908,928,685	\$33,400,000	(13.75%)
2009-11	2010	\$846,314,086	\$38,589,000	14.48%
	2011	\$1,221,501,801	\$38,589,000	17.99%
2011-13	2012	\$1,622,412,984	\$46,257,000	2.42%
	2013	\$1,917,135,220	\$46,257,000	10.65%
2013-15	2014	\$2,417,363,782	\$65,163,000	13.85%
	2015	\$3,128,315,233	\$65,163,000	.50%
2015-17	2016	\$3,437,988,002	\$103,067,000	(0.63%)
	2017	\$3,512,355,582	\$103,067,000	1
2017-19	2018	1	\$144,132,000	1
	2019	1	\$144,132,000	1

¹Section 2 of Article IX 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 are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-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. **The unaudited fund balance of the common schools trust fund was \$3,790,515,993 as of February 28, 2017.**

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). In November 2016 voters approved 2015 Senate Concurrent Resolution No. 4003, which provided for a constitutional amendment to Section 24. The amendment allows the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes and simplifies other language in the section. However, the amendment does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

Select North Dakota Century Code Provisions

Section 47-30.1-23

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. Forty-five percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund must be transferred to the common schools trust fund and become a part of the principal of the fund. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during

the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 percent to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

The Legislative Assembly, in 2015 Senate Bill No. 2003, amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

To date, \$189,745,840 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, estimated based on actual revenues received through April 2017 and legislative estimates, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and pursuant to the temporary change in transfers from the tobacco settlement trust fund approved in House Bill No. 1012 (2017).

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 (actual)
2013-15	\$19,003,716 (actual)
2015-17	\$18,208,436 (estimate)
2017-19	\$0 (estimate)
2019-25	\$70,880,172 (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 5-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 biennium and all subsequent 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, appraisalment, 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 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$429,184		\$318,639
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$4,046,319 ¹		\$0	
Projected remaining transfers from the tobacco settlement trust fund			22,000,000 ²	
Total estimated revenues		4,046,319 ²		22,000,000 ²
Total available		\$4,475,503		\$22,318,639
Less estimated expenditures and transfers				
State Department of Health (2015 HB 1004; 2017 SB 2004)				
Tobacco prevention and control, including the Tobacco Quitline and the tobacco cessation coordinator and operating expenses	\$3,440,864 ³		\$3,200,000 ³	
Women's Way program	400,000		329,500	
Behavioral Risk Factor State Survey	316,000		470,500	
Department of Human Services (2017 HB 1012) - Medical Services Division			18,000,000	
Total estimated expenditures and transfers		4,156,864		22,000,000
Estimated ending balance		\$318,639		\$318,639

¹As of April 2017, \$4,046,319 has been transferred from the tobacco settlement trust fund for the 2015-17 biennium. Total transfers of \$42,165,742 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 general fund. Community health trust fund revenues have been estimated based on actual revenues received through April 2017 and legislative estimates for the 2017-19 biennium, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and related disputes. **In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.**

Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended North Dakota Century Code Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remain at 45 percent. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on the temporary reallocation approved by the 2017 Legislative Assembly:

	Actual and Estimated Total Tobacco Settlement Proceeds, Net of Attorney General Costs	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
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million

Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Estimated 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Estimated 2017-19 biennium	40.2 million ¹	N/A	0	18.0 million	22.0 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	\$528.4 million	\$105.7 million	\$172.0 million	\$190.0 million	\$60.3 million

¹This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

³Section 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 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the Tobacco Quitline to provide nicotine replacement therapy and cessation counseling. The 2007 Legislative Assembly authorized 1 full-time equivalent tobacco prevention coordinator position and related funding for salaries and wages and operating expenses for the position. The 2015 Legislative Assembly did not approve direct funding for the Tobacco Quitline or the tobacco prevention coordinator position, but appropriated \$3,440,864 from the community health trust fund for tobacco prevention and control programs for the 2015-17 biennium. The department anticipates expending \$3,440,864 from the fund for the 2015-17 biennium. The 2017-19 biennium executive budget recommended, and the Legislative Assembly approved, an appropriation of \$3.2 million from the community health trust fund to the department for tobacco prevention and control programs for the 2017-19 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 provided 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 2017-19 biennium, tobacco prevention and control expenditures from the community health trust fund would be required to total approximately \$3.2 million. However, in Senate Bill No. 2004 (2017), the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health trust fund.

FUND HISTORY

Section 54-27-25, created by 1999 House Bill No. 1475, established the community health trust fund. This section created 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. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement 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 after the 2017-19 biennium. 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, began to be deposited in 2009 into the newly created tobacco prevention and control trust fund. The measure also provided 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. However, in Senate Bill No. 2004 (2017) the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health 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.

The Legislative Assembly, in 2015 Senate Bill No. 2003, amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the community health trust fund.

**ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE
2011-13, 2013-15, 2015-17, AND 2017-19 BIENNIUMS**

	2011-13 Biennium Actual		2013-15 Biennium Actual		2015-17 Biennium Estimated		2017-19 Biennium Estimated	
	Beginning balance		\$34,675,167		\$77,651,986		\$75,867,942	
Add revenues								
Transfer from the general fund	\$48,700,000 ¹							
Interest income	70,784		\$81,030		\$70,000		\$70,000	
Federal funds - Volunteer hours adjustment and local share federal-to-federal mission assignments	1,604,101							
Miscellaneous reimbursements	705,950		1,007,480		500,000		500,000	
Oil and gas tax collections	22,000,000 ²		22,000,000 ²		5,411,805 ¹¹		0 ¹²	
Total revenues		73,080,835		23,088,510		5,981,805		570,000
Total available		\$107,756,002		\$100,740,496		\$81,849,747		\$34,193,161
Less estimated expenditures								
Disasters occurring prior to 2009	826,535 ³		1,306,121 ¹⁰					
2009 flooding	2,656,019 ³		2,530,274 ^{10,14}		287,196 ¹⁹		83,895 ²¹	
January 2010 snowstorm	69,717 ¹		310,392 ^{10,14}					
2010 flooding	164,272 ¹		320,896 ^{10,14}		291,631 ¹⁹		1,041,425 ²¹	
April 2010 ice storm	544,138 ¹		565,976 ^{10,14}		102,560 ¹⁹			
2011 flooding	12,261,836 ^{1,4,5}		7,430,968 ^{10,14}		7,080,465 ¹⁹		5,822,122 ²¹	
2011 ice storm			616,217 ¹⁴		925 ¹⁹			
Costs relating to flooding in incorporated cities	1,715,887 ⁵		1,461,014 ¹⁰					
Disaster response coordination contract	400,000 ⁶		400,000 ⁶		200,000 ⁶			
State disasters and flood mitigation efforts (road grade raising projects)	7,240 ⁵		91,986 ¹⁰		2,562 ¹⁹		100,000 ²¹	
Housing rehab and retention	5,458,372 ¹		2,461,071 ¹¹					
Flood-impacted housing assistance grant program			1,500,000 ⁸		1,088,468 ¹⁹			
Road grade raising projects - Department of Transportation	6,000,000 ¹							
Disaster recovery planning and technical services			1,031,218 ⁹		34,810 ⁹			
Fargo interior flood protection					30,000,000 ¹³			

Chronic flooding relief			2,000,000 ¹⁴		
2013 Red River Valley flood		1,591,135 ¹⁵	869,453 ¹⁹	729,659 ²¹	
2013 winter storm		36,116 ¹⁵	156,685 ¹⁹	717,283 ²¹	
2014 rain storms		219,170 ¹⁵	111,831 ¹⁹	128,777 ²¹	
Valley City flood protection		3,000,000 ¹⁶			
Double Ditch site repairs			2,000,000 ¹⁷	500,000 ¹⁷	
Bismarck area flood protection			4,000,000 ¹⁸		
Total estimated expenditures and transfers	30,104,016 ⁷			48,226,586 ²⁰	9,123,161
Estimated ending balance	<u>\$77,651,986</u>	<u>\$75,867,942</u>	<u>\$33,623,161</u>	<u>\$25,070,000</u>	

¹Section 17 of 2011 Senate Bill No. 2371 provided the Office of Management and Budget 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 the bill 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.
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 additional rebuilders loan program funding to the Bank of North Dakota and funding to political subdivisions for flood-impacted housing rehabilitation.
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	

²House Bill No. 1451 (2011) created North Dakota Century Code Section 57-51.1-07.5 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 \$2 million is deposited in the general fund;
- The next \$341.79 million 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.

³Section 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.

⁴Section 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 presidentially declared disasters pursuant to Section 37-17.1-27.

⁵Section 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 presidentially 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.

⁶In 2011 Senate Bill No. 2016, the Legislative Assembly provided 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. House Bill No. 1016 (2013) continued the same level of funding for the 2013-15 biennium. Senate Bill No. 2016 (2015) provides a \$200,000 appropriation from the state disaster relief fund for disaster response coordination for the 2015-17 biennium.

⁷Total 2011-13 state disaster relief fund appropriation authority provided to the Adjutant General consists of:

\$22,000,000	see Footnote 5
3,500,000	see Footnote 4
7,842,304	see Footnote 3
400,000	see Footnote 6
<u>42,700,000</u>	see Footnote 1
\$76,442,304	

⁸Section 4 of 2013 House Bill No. 1016 appropriated \$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 required an entity requesting grant funding to certify to the Housing Finance Agency that housing occupants were eligible to receive housing assistance under federal Department of Housing and Urban Development guidelines, that a land use agreement was in place for temporary housing units, and that a plan had been developed for the disposal of temporary housing units. The Housing Finance Agency was to develop guidelines for the distribution of funds, including the frequency of the distribution of grant funds.

⁹The 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. Senate Bill No. 2016 (2015) provides funding of \$1 million for continuing the disaster recovery planning and technical assistance contracted services for the 2015-17 biennium.

¹⁰Section 1 of 2013 House Bill No. 1016 included spending authority of \$13.9 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2013-15 biennium.

¹¹This amount reflects estimated oil tax revenue allocations for the 2015-17 biennium based on the March 2017 legislative revenue forecast. House Bill No. 1377 (2015) amended Section 57-51.1-07.5 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 \$300 million is deposited in the 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, but not in an amount that would bring the unobligated balance in the fund to more than \$25 million; and
- Any additional revenues:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund.

¹²This amount reflects estimated oil tax revenue allocations for the 2017-19 biennium based on the March 2017 legislative revenue forecast. House Bill No. 1152 (2017) amends Section 57-51.1-07.5 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 \$200 million is deposited in the tax relief fund;
- The next \$75 million is deposited in the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in Section 54-27.2-01;
- The next \$200 million is deposited in the general fund for the 2017-19 biennium and for all subsequent bienniums \$100 million to the general fund;
- The next \$15 million is deposited 80 percent in the strategic investment and improvements fund and 20 percent in the lignite research fund;
- The next \$85 million is deposited in the strategic investment and improvements fund;
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

¹³Section 11 of 2015 Senate Bill No. 2020 appropriates \$30 million from the state disaster relief fund to the State Water Commission for flood protection projects within the city limits of Fargo.

¹⁴Section 3 of 2015 Senate Bill No. 2016 appropriates \$2 million from the state disaster relief fund to the Adjutant General to provide for repair and replacement of infrastructure and for removal of debris and other health hazards in organized service districts that are experiencing chronic flooding. The Adjutant General is required to consult with the Environmental Division of the State Department of Health regarding the process of environmental cleanup.

¹⁵Subdivision 9 of Section 1 of 2015 Senate Bill No. 2023 provides a deficiency appropriation of \$5 million from the state disaster relief fund for four disasters occurring in 2013 and 2014 (\$2.1 million) and for disasters occurring in 2009, 2010, and 2011 (\$2.9 million).

¹⁶Subdivision 6 of Section 1 of 2015 Senate Bill No. 2023 provides a deficiency appropriation of \$3 million from the state disaster relief fund to Valley City State University for flood protection.

¹⁷Section 5 of 2015 Senate Bill No. 2018 appropriates \$2 million from the state disaster relief fund for Double Ditch Historic Site repairs. Section 6 of 2017 House Bill No. 1018 appropriates \$500,000 from the state disaster relief fund for Double Ditch Historic Site repairs.

¹⁸Section 15 of 2015 Senate Bill No. 2020 appropriates \$4 million from the state disaster relief fund to the State Water Commission for levee projects for the Missouri River Correctional Center (\$1.2 million) and for Lincoln township's Fox Island area (\$2.8 million).

¹⁹Section 1 of 2015 Senate Bill No. 2016 included spending authority of \$17.8 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2015-17 biennium.

²⁰This amount is an estimate based on actual expenditures through January 31, 2017, and agency estimated expenditures through June 30, 2017.

²¹Section 1 of 2017 House Bill No. 1016 includes spending authority of \$8.5 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2017-19 biennium. Section 13 of 2017 House Bill No. 1016 includes carryover authority for amounts related to disaster costs for road grade raising projects. The amount of carryover is estimated to be approximately \$100,000.

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 presidentially declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. Senate Bill No. 2292 (2013) further amended the section to allow money in the fund to be used for wide area search and rescue activities. Any interest or other fund earnings must be deposited in the fund.

Section 3 of 2015 House Bill No. 1377 amended Section 57-51.1-07.5 relating to the allocation of oil and gas taxes to the state disaster relief fund. The section provides that no oil and gas taxes may be deposited in the state disaster relief fund if the unobligated balance in the fund exceeds \$25 million. Section 2 of 2017 House Bill No. 1152 amends Section 57-51.1-07.5 relating to the allocation of oil and gas taxes to the state disaster relief fund. The section provides that no oil and gas taxes may be deposited in the state disaster relief fund if the unobligated balance in the fund exceeds \$20 million.

ANALYSIS OF THE ELECTRONIC HEALTH INFORMATION EXCHANGE FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance ¹		\$4,632,499		\$2,626,153
Add estimated revenues				
Funds from health information network participants	\$700,000		\$1,940,000	
Funds from the Department of Human Services ²	135,000		16,490,000	
eHealth Summit	4,727			
Total estimated revenues		839,727		18,430,000
Total available		\$5,472,226		\$21,056,153
Less estimated expenditures and transfers				
Implementing a statewide health information technology and exchange network ²	\$2,794,405		\$19,400,000	
Department of Human Services Health Information Technology Grant Match	51,668		60,000	
Total expenditures and transfers		2,846,073		19,460,000
Estimated ending balance		<u>\$2,626,153</u>		<u>\$1,596,153</u>

¹Section 8 of 2009 Senate Bill No. 2332 provided the Industrial Commission transfer, during the 2009-11 biennium, as requested by the Director of the Health Information Technology Office, up to \$8 million from the Bank of North Dakota's profits 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.

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 Bank's profits to the 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 to the electronic health information exchange fund, and during the 2011-13 biennium, \$7.5 million was transferred to the electronic health information exchange fund.

²Section 2 of 2017 Senate Bill No. 2021 provides a special funds appropriation of \$43,555,133 for a project to expand the North Dakota health information network. The purpose of the funding is to enhance the overall functionality of the North Dakota health information network by providing comprehensive interoperability between all Medicaid providers throughout the state. The project will allow for statewide repositories for analytics, care coordination, credentialing, and advanced directives.

The Department of Human Services anticipates receiving federal Medicaid funding of \$40.8 million for the project, which is included in 2017 House Bill No. 1012. The balance will be provided by the payers, providers, and existing state health information network. Funds are expected to be used through the 2019-21 biennium.

The Information Technology Department anticipates receiving \$135,000 in the 2015-17 biennium from the Department of Human Services for advanced planning documents, a state Medicaid plan, and to conduct a care coordination study for the North Dakota health information network. The Information Technology Department anticipates receiving \$16.49 million in the 2017-19 biennium from the Department of Human Services for the North Dakota health information network. The Information Technology Department anticipates total expenditures for the North Dakota health information network of \$2.8 million during the 2015-17 biennium, \$19.4 million during the 2017-19 biennium, and the remainder during the 2019-21 biennium.

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 director of the health information technology office, in collaboration with the health information technology advisory committee.

ANALYSIS OF THE ENERGY IMPACT FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Oil and gas tax allocations	\$0		\$4,000,000	
Transfer from political subdivision allocation fund (2017 SB 2013)	0		8,000,000 ¹	
Transfer from strategic investment and improvements fund (2017 SB 2013)	0		3,000,000	
Total estimated revenues		0		15,000,000
Total available		\$0		\$15,000,000
Less estimated expenditures and transfers				
Grant to Williston airport (2017 SB 2013)	\$0		\$15,000,000 ²	
Total estimated expenditures and transfers		0		15,000,000
Estimated ending cash balance		\$0		\$0

¹The Legislative Assembly created the political subdivision allocation fund (2015 House Bill No. 1377) to provide additional allocations from oil and gas tax collections to political subdivisions. In 2017 Senate Bill No. 2013, the Legislative Assembly provided that the State Treasurer transfer \$8 million from the political subdivision allocation fund to the energy impact fund in August 2017.

²The 2017 Legislative Assembly appropriated \$15 million from the energy impact fund to the Department of Trust Lands for a grant to the Williston airport. A grant may be awarded only when any related federal funding is committed and available to be spent on the new airport construction project.

FUND HISTORY

The energy impact fund was established by the 2017 Legislative Assembly (Senate Bill No. 2013), and the funds may be spent pursuant to legislative appropriations. The fund receives oil and gas gross production tax allocations pursuant to North Dakota Century Code Section 57-51-15. The section provides that from the first \$5 million allocated to counties that received \$5 million or more of oil and gas gross production tax allocations in the most recently completed even-numbered fiscal year, a total of \$2 million per fiscal year is allocated to the energy impact fund with the remainder allocated to the counties. This allocation change is only for the 2017-19 biennium.

**ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND
FOR THE 2015-17 AND 2017-19 BIENNIUMS**

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$3,535,678		\$2,714,236
Add estimated revenues				
Pesticide registration fees (North Dakota Century Code Section 19-18-04) ¹	\$4,300,000		\$4,200,000	
Weed seed-free forage (Section 4.1-14-04) ²	48,922		78,922	
Fertilizer registration, inspection, and tonnage fees (Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06) ^{3,4}	1,080,850		1,080,850	
Commercial feed registration, inspection, and tonnage fees (Section 19-13.1-16) ⁵	727,500		727,500	
Total estimated revenues		6,157,272		6,087,272
Total available		\$9,692,950		\$8,801,508
Less estimated expenditures and transfers				
Agriculture Commissioner (2015 SB 2009; 2017 HB 1009)				
Plant Industries Division ⁶	\$1,737,727		\$1,863,504	
Pesticide and Fertilizer Division	3,093,473		3,049,578	
Marketing and Information Division	372,285		370,653	
Livestock Development Division ⁷	533,365		491,496	
Animal Health Division ⁸	107,464		110,872	
Wildlife Services program ⁸	384,400		384,400	
Administrative Services Division	100,000		101,000	
Crop Protection Product Harmonization and Registration Board (2015 SB 2009; 2017 HB 1009) ⁹				
Crop protection product registration, labeling, and grants	75,000		75,000	
Minor use pesticide registration	325,000		325,000	
State Department of Health (2015 HB 1004; 2017 SB 2004)				
Ground water testing, including a \$50,000 grant for the North Dakota Stockmen's Association environmental services program	250,000		250,000	
Total estimated expenditures and transfers		6,978,714		7,021,503
Ending balance		\$2,714,236		\$1,780,005

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. 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.

⁵Section 19-13.1-16 provides for the deposit of 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 (2017) includes a one-time appropriation of \$120,000 from the environment and rangeland protection fund to the Agriculture Commissioner for the national genomics center.

⁷House Bill No. 1009 (2013) provides for the Agriculture Commissioner to assume livestock development duties from the Dairy Coalition.

⁸Senate Bill No. 2009 (2015) provides for a portion of funding for the Wildlife Services program (\$384,400) and the State Board of Animal Health (\$107,464) to be paid from the environment and rangeland protection fund. House Bill No. 1009 (2017) provides for a portion of funding for the Wildlife Services program (\$384,400) and the State Board of Animal Health (\$110,872) to be paid from the environment and rangeland protection fund rather than the game and fish fund.

⁹Section 4-35-30, as created by 2001 House Bill Nos. 1009 and 1328, created the Crop Protection Product Harmonization and Registration Board. This section was repealed by the 2017 Legislative Assembly and rewritten as Section 4.1-39-01 in Senate Bill No. 2027. 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 Section 19-18-04, as amended by 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 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$23,475,028		\$17,285,028
Add estimated revenues				
Premium collections	\$9,500,000		\$9,500,000	
Investment income (loss)	2,100,000		3,000,000	
Boiler inspection fees	880,000		790,000	
Loss claims and insurance recoveries	970,000		720,000	
Total estimated revenues		13,450,000		14,010,000
Total available		\$36,925,028		\$31,295,028
Less estimated expenditures and transfers				
Loss claims payments	\$9,590,000		\$6,310,000	
Claims-related payments, including reinsurance costs	8,440,000		7,530,000	
Insurance Department administration	1,380,000		1,800,000	
Investment expense	100,000		100,000	
State Fire Marshal program (2015 SB 2003; 2017 HB 1003)	130,000		130,000	
Total estimated expenditures and transfers		19,640,000		15,870,000
Estimated ending balance		<u>\$17,285,028</u>		<u>\$15,425,028</u>

FUND HISTORY

The fire and tornado fund originated in 1919. The fund is maintained to insure the various political subdivisions and state industries against loss to public buildings and permanent fixtures. North Dakota Century Code Section 26.1-22-14 requires that if the fire and tornado fund balance is less than \$12 million, the Insurance Commissioner must increase assessments on policies.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
		\$		\$
Beginning balance		\$617,625,443		\$623,322,150
Add estimated revenues				
Oil extraction tax allocations	\$121,750,000 ¹		\$133,550,000 ¹	
Total estimated revenues		121,750,000		133,550,000
Total available		\$739,375,443		\$756,872,150
Less estimated expenditures and transfers				
Transfer to state school aid program due to allotment	\$116,053,293 ²			
Department of Public Instruction - State school aid (2017 HB 1013)			\$110,000,000 ²	
Department of Public Instruction - One-time funding for state school aid (2017 HB 1013)			185,000,000 ²	
Department of Public Instruction - One-time funding for regional education association merger grants (2017 HB 1013)			100,000 ²	
Department of Public Instruction - One-time funding for rapid enrollment grants (2017 SB 2272)			6,000,000 ³	
Department of Public Instruction - One-time funding for English language learner grants (2017 SB 2272)			500,000 ³	
Career and Technical Education - One-time funding for grants to school districts and area centers, including \$50,000 for the Marketplace for Kids Program (2017 SB 2019)			2,477,000 ³	
Transfer to the school construction assistance revolving loan fund (2017 SB 2272)			75,000,000 ³	
Transfer to the school construction assistance loan fund (2015 SB 2039; 2017 SB 2272)	0 ³			
Transfer to the scholarship endowment fund (2015 SB 2039; 2017 SB 2272)	0 ³			
Total estimated expenditures and transfers		116,053,293		379,077,000
Estimated ending balance		\$623,322,150		\$377,795,150
Less required reserve of 15 percent of the general fund appropriation for state school aid and, beginning with the 2017-19 biennium, career and technical education grants to school districts and area centers during the prior biennium		252,266,100 ⁴		269,181,400 ⁵
Estimated ending balance available		\$371,056,050		\$108,613,750

¹Estimated revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through March 2017. The estimated allocations for the remainder of the 2015-17 biennium and the estimated allocations for the 2017-19 biennium are based on the 2017 legislative revenue forecast.

²Estimated expenditures - Prior to December 8, 2016, Section 24 of Article X of the Constitution of North Dakota provided the principal of the foundation aid stabilization fund could only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. In February 2016 the Governor issued a 4.05 percent budget allotment and in March 2016, \$71,758,143 was transferred from the foundation aid stabilization fund to the Department of Public Instruction to offset state school aid, transportation, and special education reductions as a result of the general fund budget allotment. In August 2016 the Governor issued another 2.5 percent budget allotment and an additional transfer of \$44,295,150 was made from the foundation aid stabilization fund to the department later that month. Senate Concurrent Resolution No. 4003 (2015), approved by voters in November 2016, amended Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes. House Bill No. 1013 (2017) provides \$295 million from the foundation aid stabilization fund for state school aid during the 2017-19 biennium, of which \$185 million is considered one-time funding. In addition, House Bill No. 1013 provides one-time funding of \$100,000 from the foundation aid stabilization fund for regional education association merger grants.

³The Legislative Assembly approved 2015 Senate Bill No. 2039, which established, contingent on the approval of 2015 Senate Concurrent Resolution No. 4003 by voters, a scholarship endowment fund and a school construction assistance loan fund. The bill provided for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016) and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016). In 2017, the Legislative Assembly approved Senate Bill No. 2272 which repeals Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund. In addition, Senate Bill No. 2272 provides for a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund and for appropriations from the foundation aid stabilization fund to the Department of Public Instruction for rapid enrollment grants (\$6 million) and English language learner grants (\$500,000). The Legislative Assembly also provided, in 2017 Senate Bill No. 2019, one-time funding of \$2,477,000 from the foundation aid stabilization fund for grants to school districts and area centers, including \$50,000 for the Marketplace for Kids Program.

⁴Amendments to the Constitution approved by the voters, as provided in 2015 Senate Concurrent Resolution No. 4003, require the balance in the foundation aid stabilization fund be at least 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium as determined by the Office of Management and Budget. Any excess balance in the fund is available for education-related purposes. Integrated formula payments, transportation aid, and special education grants totaled \$1,822,100,000 during the 2013-15 biennium, of which \$140,326,000 is provided from the state tuition fund and \$1,681,774,000 is provided from the general fund. Based on this level of funding from the general fund during the 2013-15 biennium, the required balance in the foundation aid stabilization fund during the 2015-17 biennium is \$252,266,100.

⁵The Legislative Assembly, in 2017 Senate Bill No. 2272 and 2017 House Bill No. 1155, amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also creates a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education. Based on general fund appropriations to the Department of Career and Technical Education for career and technical education grants to school districts and area centers during the 2015-17 biennium, this change increases the required reserve during the 2017-19 biennium by \$3,410,500. The adjusted appropriation for integrated formula payments, transportation aid, and special education grants totals \$1,990,940,000 during the 2015-17 biennium, of which \$219,134,000 is provided from the state tuition fund, \$116,053,293 is from the foundation aid stabilization fund, and \$1,655,752,707 is provided from the general fund. Based on this level of funding from the general fund during the 2015-17 biennium, the required balance in the foundation aid stabilization fund during the 2017-19 biennium would be \$251,773,406. However, the Office of Management and Budget reported in its 2017-19 executive budget documents a required reserve balance of \$265,770,900, which is the reserve balance required based on the original 2015-17 biennium state school aid appropriations. Therefore, based on original 2015-17 biennium appropriations for state school aid appropriations and for career and technical education grants to school districts and area centers, the required reserve totals \$269,181,400 for the 2017-19 biennium.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Section 24 of Article X 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; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

In November 2016 voters approved 2015 Senate Concurrent Resolution No. 4003, which amended the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for education-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039 (2015), which included certain provisions effective December 1, 2016, based on the approval of Senate Concurrent Resolution No. 4003 by voters. Those provisions of Senate Bill No. 2039 established a scholarship endowment fund and a school construction assistance loan fund and provided for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016) and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016). Other provisions of Senate Bill No. 2039 provide any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for education-related purposes, including state aid

to school districts and education-related property tax relief to school district patrons. In 2017 the Legislative Assembly approved Senate Bill No. 2272 which provided for uses of the foundation aid stabilization fund and repealed Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund.

Prior to December 8, 2016, the principal of the foundation aid stabilization fund was only available upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. 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 provided that an allotment must be made by a 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. In 2017 the Legislative Assembly approved Senate Bill No. 2272 and House Bill No. 1155 which amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction, as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

Section 24 of Article X 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, 2015, through February 28, 2017, \$494,313 of interest from the foundation aid stabilization fund has been allocated to the general fund.

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium Estimated		2017-19 Biennium Estimated	
Beginning balance		\$604,808		\$834,024
Add revenues				
Investment earnings	\$1,035		\$1,595	
Loan repayments - Principal and interest	999,499		1,014,012	
Total revenues		1,000,534		1,015,607
Total available		\$1,605,342		\$1,849,631
Less expenditures and transfers				
Department of Human Services increased payments to basic care and long-term care facilities (2015 SB 2012, 2017 HB 1012)	\$546,786 ¹		\$546,786 ¹	
Department of Human Services increased nursing home per-bed property cost limitation for single- and double-occupancy construction (2015 SB 2012, 2015 HB 1234, 2017 HB 1012)	139,405 ²		139,405 ²	
Department of Human Services nursing facility operating margin increases (2017 HB 1012)			1,000,000	
State Department of Health operation and maintenance of the nurse aide registry (2015 HB 1004, 2017 SB 2004)	85,127		93,768	
Total expenditures and transfers		771,318		1,779,959
Ending balance		<u>\$834,024</u>		<u>\$69,672³</u>

¹Senate Bill No. 2012 (2015) provides a special funds appropriation of \$546,786 to the Department of Human Services for increased payments to basic care and long-term care facilities to continue funding for a portion of the bed layaway program from the health care trust fund. House Bill No. 1012 (2017) continues a special funds appropriation of \$546,786 to the Department of Human Services for increased payments to basic care and long-term care facilities to continue funding for a portion of the bed layaway program from the health care trust fund.

²Senate Bill No. 2012 (2015) appropriates funding from the health care trust fund for nursing home rate increases as a result of changes in 2015 House Bill No. 1234 to the property cost limitations of a single- or double-occupancy room. House Bill No. 1012 (2017) continues the same amount of funding from the health care trust fund for the 2015-17 biennium nursing home rate increases for property cost limitations of a single- or double-occupancy room.

³Section 19 of House Bill No. 1012 requires the Department of Human Services to deposit any federal funding received in excess of the state's regular federal medical assistance percentage resulting from the department establishing requisite agreements with tribal health care organizations in the health care trust fund. The department is also required to maintain a separate account within the health care trust fund for this funding. Although an estimate of the amount that may be collected cannot be determined, this change may increase the ending balance.

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 2011 House Bill No. 1196 provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money was generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVille and Dunseith. Payments were made based on the average amount Medicare rates exceeded Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds were available for these payments and required a state match. Payments were made to the two government nursing facilities and were subsequently returned to the state, less a \$50,000 transaction fee retained by each of the two government nursing facilities.

Once returned to the state, the state's matching share was returned to its source, and the federal funds were deposited in the health care trust fund. Money in the fund is invested by the State Investment Board, and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004. The 2009 Legislative Assembly in House Bill No. 1012 amended North Dakota Century Code Section 50-30-02 to preclude the Governor from recommending spending from the health care trust fund in draft appropriations Acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry.

ANALYSIS OF THE HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance ¹		\$1,365,971		\$2,229,412
Add estimated revenues				
Loan repayments - Principal	\$2,469,932		\$1,856,041	
Loan repayments - Interest and miscellaneous income	167,095		185,607	
Total estimated revenues		2,637,027		2,041,648
Total available		\$4,002,998		\$4,271,060
Less estimated expenditures and transfers				
Loans to health care entities ²	\$1,692,223		\$4,178,258	
Bank of North Dakota fees	81,363		92,802	
Total estimated expenditures and transfers		1,773,586		4,271,060
Estimated ending balance		<u>\$2,229,412</u>		<u>\$0</u>

¹Section 9 of 2009 House Bill No. 2332 provided for a transfer of up to \$5 million of Bank of North Dakota profits to the health information technology planning loan fund, which was transferred during the 2009-11 biennium. Section 4 of 2011 House Bill No. 1021 provided for a transfer of up to \$5 million of Bank profits to the health information technology planning loan fund in the 2011-13 biennium. During the 2011-13 biennium, approximately \$4.3 million of Bank profits were transferred to the fund.

²The Health Information Technology Advisory Committee has approved \$13,725,672 of loans since the program's inception in the 2009-11 biennium through December 31, 2016:

St. Andrew's Health Center (Bottineau)	\$625,000	Nelson County Health System	\$305,000
Cooperstown Medical Center	\$396,996	Southwest Healthcare System	605,000
Wishek Hospital	\$761,449	CHI St. Alexius Medical Center	1,250,000
Towner County Medical Center (Cando)	\$924,018	Pediatric Therapy Partners	100,000
Presentation Medical Center (Rolla)	\$625,000	Valley Health	72,155
West River Health Services (Hettinger)	\$1,250,000	Knife River Care Center	125,000
Ashley Medical Center	\$625,000	Golden Acres Manor	98,648
Tioga Medical Center	\$931,320	St. Luke's Home	115,053
St. Luke's Community Hospital and Clinics (Crosby)	\$874,542	Richard P. Stadter Psychiatric Center	702,000
Midgarden Family Clinic (Park River)	\$101,590	Elm Crest Manor	74,500
7-Day Clinic Walk-In Express Care (Fargo)	\$50,000	Northwood Deaconess	370,125
Linton Hospital	\$1,073,012	Pharmacists Association	120,070
McKenzie County Health Care System	\$600,000	St. Gerard's Community of Care	150,194
Garrison Memorial Hospital	\$800,000	Total	<u>\$13,725,672</u>

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.

Section 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 Director of the Health Information Technology Office was 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. During the 2011-13 biennium, \$4,280,219 was transferred by the Bank to the health information technology loan fund.

An application for a loan must be made to the Health Information Technology Office. The Director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee, may approve the application of a qualified applicant that meets the criteria established by the Director of the Health Information Technology Office. 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 loan fund.

ANALYSIS OF THE LEGACY FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Estimated beginning balance		\$3,289,089,229		\$4,262,719,229
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections)	\$813,630,000 ¹		\$869,060,000 ¹	
Investment earnings (losses)	160,000,000 ^{2,3}		200,000,000 ^{2,3}	
Total estimated revenues		973,630,000		1,069,060,000
Total estimated available		\$4,262,719,229		\$5,331,779,229
Less estimated expenditures and transfers				
Transfer of realized earnings accruing after June 30, 2017, to the general fund	\$0		\$200,000,000 ^{3,4}	
Expenditure of principal	0		0 ⁴	
Total estimated expenditures and transfers		0		200,000,000
Estimated ending balance		<u>\$4,262,719,229</u>		<u>\$5,131,779,229</u>

¹Estimated revenues - These amounts reflect actual oil and gas tax revenue collections through March 2017. The estimated allocations for the remainder of the 2015-17 biennium and the estimated allocations for the 2017-19 biennium are based on the 2017 legislative revenue forecast.

²The amount shown for the 2015-17 biennium reflect projections by the Retirement and Investment Office. House Bill No. 1015 (2017) identifies the estimated investment earnings for the 2017-19 biennium.

³Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, will be transferred to the general fund at the end of each biennium. North Dakota Century Code Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. The schedule below provides more detail on the investment earnings since the fund was established on July 1, 2011.

	2011-13 Biennium Actual	2013-15 Biennium Actual	2015-17 Biennium Estimated	2017-19 Biennium Estimated	Total
Realized earnings (losses)	\$18,520,564	\$145,255,008	\$160,000,000	\$200,000,000	\$523,775,572
Unrealized earnings (losses)	(12,004,313)	67,871,752	0	0	55,867,439
Total investment earnings (losses)	\$6,516,251	\$213,126,760	\$160,000,000	\$200,000,000	\$579,643,011

The investment earnings (losses) for the legacy fund for the 2015-17 biennium through March 31, 2017, were approximately \$328.4 million, including realized earnings (losses) of \$161.8 million and unrealized earnings (losses) of \$166.6 million.

⁴The principal and earnings of the legacy fund may not be spent until after June 30, 2017, pursuant to Section 26 of Article X of the Constitution of North Dakota. After June 30, 2017, the principal and earnings may be spent as follows:

- Up to 15 percent of the principal of the legacy fund may be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly.
- The realized earnings accruing after June 30, 2017, are transferred by the State Treasurer to the general fund at the end of the biennium and may be spent from the general fund pursuant to legislative appropriation.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Section 26 of Article X 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. Investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In 2015 House Bill Nos. 1176 and 1377, the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund.

ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
		\$		\$
Beginning balance ¹		\$18,605,993		\$19,218,193
Add estimated revenues				
Separate two-cent coal severance tax	\$1,100,000		\$1,200,000	
50 percent of coal severance taxes deposited in the coal development trust fund ² (result of passage of Initiated Measure No. 3 in June 1990) (2017 SB 2014)	3,119,000		1,687,500	
20 percent of coal severance taxes deposited in the coal development trust fund for clean coal projects ² (result of constitutional amendment approved by voters in June 1994) (2017 SB 2014)	1,250,000		675,000	
15 percent of coal severance taxes ² (2017 SB 2014)	0		3,375,000	
Investment income on Dakota Gasification Company ammonia plant and Red Trail Energy ethanol plant	250,000		250,000	
5 percent of the general fund share of coal conversion tax (2007 HB 1093)	2,456,000		2,500,000	
Oil and gas tax allocation ² (2017 HB 1152)			3,000,000	
Revenue bonds/short-term loan ³	0		0	
Grant funding from the general fund ⁴ (2015 HB 1014)	4,672,500		0	
Transfer from the strategic investment and improvements fund (2017 SB 2014)	0		3,000,000	
Interest income and return of funds	137,200		150,000	
Total estimated revenues		12,984,700		15,837,500
Total available		\$31,590,693		\$35,055,693
Less estimated expenditures and transfers ^{5,6}				
Administration	\$750,000		\$950,000	
Lignite feasibility studies (nonmatching grants)	1,500,000		1,500,000	
Small research grants	1,500,000		1,500,000	
Lignite marketing	1,200,000		1,200,000	
Lignite litigation ⁷	1,500,000		1,500,000	
Demonstration projects	1,250,000		2,618,000	
Allam Cycle grants ⁴ (2015 HB 1014)	4,672,500		0	
Advanced energy technology development	0		16,500,000	
Total estimated expenditures and transfers⁸		12,372,500		25,768,000
Estimated ending balance		\$19,218,193		\$9,287,693

¹The beginning balance shown for the 2015-17 biennium is \$623,423 more than the \$17,982,570 reported in June 2016 due to an adjustment to 2013-15 biennium expenditures.

²Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. House Bill No. 1152 (2017) changes the allocation of the state's share of oil and gas tax revenue to increase the allocation to the general fund and provide allocations to the budget stabilization fund and the lignite research fund, providing up to \$3 million of allocations to the lignite research fund.

³Pursuant 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.

⁴The 2015 Legislative Assembly provided \$5 million from the general fund; however, the appropriation was reduced by \$327,500 as the result of the August 2016 budget reductions.

⁵The 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.

⁶The Industrial Commission has waived the fund allocation policy. The commission has committed \$22 million through the 2011-13 biennium to three projects. In January 2015 the commission learned one of the projects is not proceeding and released the project's commitment of \$8,732,503. Expenditures for Lignite Vision 21 Project have been \$1,360,750 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, \$678,851 during the 2011-13 biennium, \$110,000 during the 2013-15 biennium, and anticipated expenditures of \$3,455,361 in subsequent bienniums. 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.)

⁷Lignite litigation - 2007 House Bill No. 1093 provides that \$500,000 of the amount appropriated to the lignite research fund for the 2007-09 biennium 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, \$652,519 spent during the 2011-13 biennium, \$983,288 during the 2013-15 biennium with \$451,555 of that amount paid by industry, and \$1,500,000 anticipated to be spent during the 2015-17 biennium and during the 2017-19 biennium. The original \$500,000 was spent by the end of the 2011-13 biennium with additional funding being provided from nonmatching program funds in subsequent bienniums. In addition, the lignite industry has agreed to pay a portion of the litigation costs.

⁸The 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 Section 21 of Article X of the Constitution of North Dakota provide for up to 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 NORTH DAKOTA OUTDOOR HERITAGE TRUST FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium Estimated		2017-19 Biennium Estimated	
	Beginning balance		(\$5,217,411)	
Add revenues				
Oil and gas gross production tax collections	\$19,750,000 ¹		\$10,870,000 ²	
Interest income	19,000		8,800	
Total revenues		19,769,000		10,878,800
Total available		\$14,551,589		\$17,771,828
Less expenditures and transfers				
Grant award commitments	8,451,665 ³		\$17,621,828 ⁴	
Grant awards withdrawn	(893,104) ⁵		0 ⁵	
Administrative expenses	100,000		150,000	
Total expenditures and transfers		7,658,561		17,771,828
Ending balance		<u>\$6,893,028⁶</u>		<u>\$0</u>

¹House Bill No. 1176 (2015) amended North Dakota Century Code Section 57-51-15 to increase the amount deposited in the North Dakota outdoor heritage fund from 4 percent of the 1 percent of oil and gas gross production tax collections to 8 percent, and to increase the maximum oil and gas gross production tax collection deposits from \$15 million to \$20 million per year and from \$30 million to \$40 million per biennium. The 2017 legislative revenue forecast for oil and gas taxes estimates oil and gas gross production tax collections of \$19.75 million will be deposited in the fund during the 2015-17 biennium.

²Senate Bill No. 2013 (2017) includes provisions amending Section 57-51-15 to adjust the maximum oil and gas gross production tax collection deposits from \$40 million to \$10 million for the period September 1, 2017, through August 31, 2019, only. The 2017 legislative revenue forecast for oil and gas taxes estimates oil and gas gross production tax collections of \$10.87 million will be deposited in the fund during the 2017-19 biennium.

³The Industrial Commission established 3 rounds of grant awards and approved contract awards of \$5,751,665 during the 2015-17 biennium. The commission awarded grants of \$3,593,093 on December 16, 2015, \$1,126,750 on May 3, 2016, and \$1,031,822 on January 17, 2017. The next grant application deadline was May 1, 2017. The commission anticipates the next round of grants to be awarded on June 30, 2017, and to total approximately \$2.7 million. Many of the grants are for multiyear projects; therefore, not all of the grant funds awarded will be expended during the 2015-17 biennium. The commission anticipates approximately \$10,477,549 will be expended from the fund during the 2015-17 biennium for grants.

⁴The amount shown reflects estimated funds that will be available for grants in the 2017-19 biennium based on the 2017 legislative revenue forecast for oil and gas taxes estimates for oil and gas gross production tax collections. Many of the grants are for multiyear projects; therefore, not all of the grant funds awarded will be expended during the 2017-19 biennium. The commission anticipates approximately \$8 million will be expended from the fund during the 2017-19 biennium for grants.

⁵Grants awarded and later withdrawn totaled \$211,683 during the 2013-15 biennium and \$681,421 during the 2015-17 biennium through February 2017. There is no estimate for the amount of grants awarded that may be withdrawn during the remainder of the 2015-17 biennium or during the 2017-19 biennium.

⁶The 2015-17 biennium estimated ending balance of \$6,893,028 is based on grants anticipated to be awarded by June 30, 2017, not amounts anticipated to be spent. Because some grant awards are paid over multiple years, the Industrial Commission anticipates spending approximately \$10,577,549 relating to the grants awarded to date and for administrative costs during the 2015-17 biennium, leaving an estimated cash balance of \$25,365,323.

FUND HISTORY

The North Dakota outdoor heritage fund was established in 2013 House Bill No. 1278 (Chapter 54-17.8) to provide, pursuant to a continuing appropriation, grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to enhancing conservation practices in this state by:

- Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improving, maintaining, and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching;
- Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and
- Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

For the 2013-15 biennium, pursuant to Section 57-51-15, 4 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund, up to \$15 million per year. For the 2015-17 biennium, 8 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund. For the period September 1, 2017, through August 31, 2019, a maximum of \$10 million of oil and gas gross production tax collections may be deposited in the fund. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

ANALYSIS OF THE RESEARCH NORTH DAKOTA FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$8,949,234		\$11,322,089
Add estimated revenues				
Transfer from the general fund	\$4,353,542 ¹			
Transfer from the centers of excellence fund	7,650,000 ²			
Investment income	14,000		\$5,000	
Total estimated revenues		12,017,542		5,000
Total available		\$20,966,776		\$11,327,089
Less estimated expenditures and transfers				
Technical review expenses	\$150,000		\$50,000	
Research North Dakota grants ³	4,578,423		1,693,135	
Research North Dakota grants designated for biotechnology ⁴	1,812,579		850,000	
Research North Dakota venture grants ⁵	3,103,685		829,307	
Department of Commerce tourism operating			500,000 ⁶	
Department of Commerce grants - Energy and Environmental Research Center (EERC)			500,000 ⁶	
Department of Commerce discretionary grants			1,000,000 ⁶	
Department of Commerce entrepreneurship grants and vouchers			1,500,000 ⁶	
Transfer to the general fund			4,000,000 ⁶	
Total estimated expenditures and transfers		9,644,687		10,922,442
Estimated ending balance ⁷		<u>\$11,322,089</u>		<u>\$404,647</u>

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. House Bill No. 1018 (2015) includes a transfer of \$4.5 million from the general fund to the Research North Dakota fund. However, the transfer in the 2015-17 biennium was reduced by \$146,458 to \$4,353,542 due to the general fund budget reductions made during the August 2016 special legislative session.

²House Bill No. 1018 (2015) directs the Office of Management and Budget to transfer unobligated funds from the centers of excellence fund to the Research North Dakota fund. Unobligated funds of \$7.65 million in the centers of excellence fund were transferred to the Research North Dakota fund in January 2017.

³Of the \$12 million appropriated for Research North Dakota for the 2013-15 biennium, \$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.

⁴The 2013 Legislative Assembly 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. The Department of Commerce did not receive sufficient applications to award the full \$4 million of funding for biotechnology grants; therefore, the department is reallocating unawarded funds for other Research North Dakota grants. The 2015 Legislative Assembly designated \$1 million of the \$4.5 million general fund transfer to the Research North Dakota fund for biotechnology grants. The Legislative Assembly provided if the entire \$1 million allocation was not awarded by December 31, 2016, any remaining funds must be reallocated for other Research North Dakota purposes. The funds were not reallocated, as the department awarded the entire \$1 million prior to December 31, 2016.

⁵The 2013 Legislative Assembly 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. The 2015 Legislative Assembly did not designate any funding for venture grants. However, the Department of Commerce anticipates \$3.1 million of unallocated Research North Dakota funding will be reallocated for venture grants.

⁶The 2017 Legislative Assembly approved a transfer of \$4 million from the Research North Dakota fund to the general fund in Section 15 of Senate Bill No. 2018 to be transferred by the Office of Management and Budget during the 2017-19 biennium. Section 14 of the bill also requires \$3.5 million of available funding to be used for Department of Commerce programs during the 2017-19 biennium. Of this amount, \$500,000 is for the North Dakota tourism program, \$1 million is for discretionary funds, \$1.5 million is for entrepreneurship grants and vouchers, and \$500,000 is appropriated to the department for the purpose of providing a grant to EERC at the University of North Dakota. The grant provided to EERC, as described in Section 13, must be utilized for economic development and diversification of the North Dakota economy and may be spent only to the extent EERC provides \$1 of matching funds from private or other public sources for each \$1 provided by the department for the 2017-19 biennium.

⁷Of the \$12 million appropriated for the Research North Dakota fund for the 2013-15 biennium, the department awarded \$6,562,112 during the 2013-15 biennium. The 2013-15 biennium ending balance included \$3,586,662 of the funds awarded but not distributed, as well as \$5,362,572 of available funds not yet awarded. Of the estimated \$12 million of revenue available during the 2015-17 biennium, the department anticipates awarding \$9 million, with actual expenditures of \$9.5 million. As a result, the 2015-17 biennium estimated ending balance includes \$2,947,441 of funds anticipated to be awarded but not distributed, and \$8,374,648 of available funds not yet awarded, totaling \$11,322,089 on June 30, 2017. After the transfer of \$4 million to the general fund and \$3.5 million appropriated to the department for various programs (see footnote 7 below), the department anticipates awarding the remaining \$874,648 of available funding during the 2017-19 biennium, including the 2017-19 biennium estimated ending balance of \$404,647. The department does not anticipate distributing the remaining \$404,647 until the 2019-21 biennium.

FUND HISTORY

Section 17 of 2013 Senate Bill No. 2018 established 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 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance, excluding infrastructure revolving loan fund		\$576,346,704		\$266,301,344
Add estimated revenues				
Oil extraction tax collections	\$243,510,000 ¹		\$267,100,000 ¹	
Repayments and reimbursements	14,576,000		12,400,000	
Investment earnings/Miscellaneous income	3,500,000		2,700,000	
Total estimated revenues		261,586,000		282,200,000
Total available		\$837,932,704		\$548,501,344
Less funds designated for the infrastructure revolving loan fund (North Dakota Century Code Section 61-02-78)	\$14,592,136 ²		\$0 ²	
Less estimated expenditures and transfers				
State Water Commission - Grants, projects, and project administration, including expenditures approved by the Budget Section pursuant to 2015 SB 2020 and 2017 HB 1020	552,850,000 ³		542,515,358 ^{3,4}	
Total estimated State Water Commission expenditures and loans		\$567,442,136		\$542,515,358
Transfer to renewable energy development fund (Section 57-51.1-07)	3,000,000 ⁵		\$3,000,000 ⁵	
Transfer to energy conservation grant fund (Section 57-51.1-07)	1,189,224 ⁵		200,000 ⁵	
Total estimated transfers		4,189,224		3,200,000
Estimated ending balance, excluding funds designated for infrastructure revolving loan fund		\$266,301,344		\$2,785,986

¹Estimated revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through March 2017. The estimated allocations for the remainder of the 2015-17 biennium and the estimated allocations for the 2017-19 biennium are based on the 2017 legislative revenue forecast.

²This amount represents 10 percent of actual oil extraction tax collections through March 2017, and estimated oil extraction tax collections for the remainder of the 2015-17 biennium based on the 2017 legislative revenue forecast, designated for the infrastructure revolving loan fund. House Bill No. 1020 (2017) amended Section 61-02-78 to provide no more than \$26 million of total resources trust fund revenue may be allocated to the infrastructure revolving loan fund.

Infrastructure Revolving Loan Fund Share of Oil Extraction Tax Collections	
	Actual and Estimated Total Infrastructure Revolving Loan Fund Collections
2013-15 biennium - actual	\$11,407,864
2015-17 biennium - estimated	14,592,136
2017-19 biennium - estimated	0
Total	\$26,000,000

³Sections 1 and 5 of 2015 Senate Bill No. 2020 appropriated \$755,817,897, or any additional funding that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2015-17 biennium. The Legislative Assembly, in 2015 Senate Bill No. 2020, directed the State Water Commission to refinance all remaining bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of \$45,840,221 at a variable interest rate of 1.75 percent. The Bank loan will mature on June 30, 2030. The State Water Commission anticipates the Bank loan payments will be made from the water development trust fund during the 2017-19 biennium.

⁴Sections 1 and 3 of 2017 House Bill No. 1020 appropriate \$542,515,358 or any additional funding that becomes available from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2017-19 biennium.

⁵The Legislative Assembly in 2013 Senate Bill No. 2014 authorized 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 .5 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. House Bill No. 1020 (2017) reduces the resources trust fund allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium and restores the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019.

INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the 2013 Legislative Assembly in Senate Bill No. 2233, which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 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 with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually, the Bank receives .5 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund. House Bill No. 1020 (2017) provided the maximum to be allocated to the infrastructure revolving loan fund is **\$26 million**.

RESOURCES TRUST FUND HISTORY

The resources trust fund was created pursuant to the passage of Initiated Measure No. 6 in the November 1980 general election. Initiated 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; and
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Section 24 of Article X 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; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

The 1995 Legislative Assembly amended Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 to 20 percent. The general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Section 24 of Article X of the Constitution of North Dakota.

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 Section 24 of Article X of the Constitution of North Dakota;
- 30 percent to the legacy fund; and
- 30 percent to be allocated under the state's share of oil and gas tax collections.

The 2013 Legislative Assembly in Senate Bill No. 2014 authorized 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 .5 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 2013 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. House Bill No. 1020 (2017) reduced the allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium, restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019, and provided for a \$26 million maximum allocation of resources trust fund revenues to the infrastructure revolving loan fund.

ANALYSIS OF THE RISK MANAGEMENT FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Estimated beginning balance		\$7,208,708		\$4,822,572
Add estimated revenues				
Premiums	\$1,707,445 ¹		\$1,730,444 ²	
Interest and other revenue	240,000 ³		240,000 ³	
Total estimated revenues		1,947,445		1,970,444
Total available		\$9,156,153		\$6,793,016
Less estimated expenditures and transfers				
Administration	\$1,628,525		\$1,692,133	
Claims-related expenses	0 ⁴		0 ⁴	
Claims, litigation, and excess insurance	2,705,056		3,000,000	
Total estimated expenditures and transfers		4,333,581		4,692,133
Estimated ending balance		\$4,822,572		\$2,100,883

¹In response to an actuarial review completed in 2014 by Aon plc, the Office of Management and Budget's Risk Management Division assessed a total of \$1,853,932 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2015-17 biennium. Assessments were 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 2016 discounts of \$71,848 and fiscal year 2017 discounts of \$74,639.

²In response to an actuarial review completed in 2016 by Aon plc, the Office of Management and Budget's Risk Management Division is assessing a total of \$1,874,944 in risk management premiums to state agencies, boards, and commissions and the University System for the 2017-19 biennium. Contributions reflect \$72,250 in discounts for fiscal year 2018 and estimated \$72,250 in discounts for fiscal year 2019.

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 1995 Legislative Assembly passed the Tort Claims Act (1995 Senate Bill No. 2080), which created a risk management fund and assigned the responsibility of administering a risk management program to the Office of Management and Budget.

House Bill No. 1088 (2017) allows the Office of Management and Budget to pay notification and remediation costs or insurance costs from the risk management fund in the event of an information technology security breach at a state agency.

ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium Estimated		2017-19 Biennium Estimated	
Beginning balance		\$0		\$0
Add revenues				
Allocation from sales, use, and motor vehicle excise tax collections	\$6,823,740 ^{1,2}		\$8,035,000 ^{1,2}	
Total revenues		6,823,740		8,035,000
Total available		\$6,823,740		\$8,035,000
Less expenditures and transfers				
State Treasurer - County senior citizen matching grants	\$6,797,665 ³		\$8,008,925 ³	
Transfer to the general fund	26,075 ⁴		26,075 ⁴	
Total expenditures and transfers		\$6,823,740		\$8,035,000
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
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	\$2,311,346 (actual)	26.9%
2015	\$2,696,752 (actual)	16.7%
2016	\$3,169,878 (actual)	17.5%
2017	\$3,653,862 (actual)	15.3%
2018	\$4,017,500 (estimate)	10.0%
2019	\$4,017,500 (estimate)	0.0%

²Senate Bill No. 2242 (2011) increased the amount of 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) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from three-fourths of one mill levied statewide to 85 percent of one mill levied statewide effective for taxable years beginning after December 31, 2012. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from three-fourths of the amount levied in the county for senior citizen programs to 85 percent of the amount levied up to one mill.

Senate Bill No. 2143 (2015) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from 85 percent of one mill levied statewide to 87.5 percent of the amount appropriated up to one mill levied statewide effective for taxable years beginning after December 31, 2014. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from 85 percent of the amount levied in the county for senior citizen programs to 87.5 percent of the amount appropriated up to one mill.

³The county senior citizen matching grants are shown below:

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
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	\$2,290,963 (actual)	28.0%
2015	\$2,696,752 (actual)	17.7%
2016	\$3,169,878 (actual)	17.5%
2017	\$3,627,787 (actual)	14.4%
2018	\$4,004,462 (estimate)	10.4%
2019	\$4,004,463 (estimate)	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 that each year during July through December, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from 87.5 percent of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer, by March 1 of the following year, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. Current statutory provisions provide that the amount of each county's annual grant is equal to 87.5 percent of the amount appropriated in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of each biennium is transferred to the general fund, except 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. The Legislative Assembly in 2011 Senate Bill No. 2242 amended statutory provisions to increase the amount of collections to be allocated to the fund and 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. In 2013 Senate Bill No. 2162, the Legislative Assembly increased these amounts to 85 percent of the amounts levied for senior citizen programs, limited to one mill. In 2015 Senate Bill No. 2143, the Legislative Assembly increased these amounts to 87.5 percent of the amounts appropriated for senior citizen programs, limited to one mill.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	\$181,312,894 ¹		\$183,168,991 ¹	
Total estimated revenues		181,312,894		183,168,991
Total available		\$181,312,894		\$183,168,991
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$97,365,024		\$98,361,749	
City share (46.3 percent)	83,947,870		84,807,242	
Total estimated expenditures and transfers		181,312,894		183,168,991
Estimated ending balance		\$0		\$0

¹The amounts shown reflect actual revenue collections deposited in the fund through February 2017. The estimated revenues for the remainder of the 2015-17 biennium and the estimated revenues for the 2017-19 biennium are based on the 2017 legislative revenue forecast.

FUND HISTORY

North Dakota Century Code Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions. 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 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

Population Category 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 did not change the total distribution percentages to cities and counties, which remains 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), which became effective July 1, 2014, increased 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.

House Bill No. 1067 (2015), which became effective July 1, 2015, and expires on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census data.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND
FOR THE 2015-17 AND 2017-19 BIENNIUMS**

	2015-17 Biennium		2017-19 Biennium	
		\$557,226,995		\$366,193,043
Estimated beginning balance				
Add estimated revenues				
Production royalties (2017 SB 2134) ^{1,2}	\$126,830,021		\$167,525,625	
Mineral leases ¹	1,127,348		400,000	
Oil and gas bonuses ¹	12,352,014		8,000,000	
Investment earnings ¹	8,067,205		8,577,380	
Oil and gas tax collections (2017 HB 1152; 2017 SB 2013) ^{3,4}	133,530,000		256,700,000	
Transfer from political subdivision allocation fund (2017 SB 2013)			6,360,000	
Total estimated revenues		281,906,588		447,563,005
Total estimated available		\$839,133,583		\$813,756,048
Less estimated expenditures and transfers				
State Treasurer				
Deficiency - Property tax relief credit payments (2017 HB 1024)	\$8,100,000			
Transfer to energy impact fund (2017 SB 2013)			\$3,000,000	
Attorney General				
Contingent court-ordered payments to a bankruptcy estate (2017 HB 1024)			15,872,000	
Domestic violence and sexual assault examiner grants (2017 SB 2191)			150,000	
Commission on Legal Counsel for Indigents				
Contract service fees (2015 HB 1022)	200,000			
Deficiency - Marsy's law costs (2017 HB 1024)	189,000			
North Dakota State University				
Deficiency - Minard Hall reimbursement (2017 HB 1015)	1,634,854			
State Department of Health				
Deficiency - Federal litigation costs (2017 HB 1024)	250,000			
Federal litigation costs (2017 SB 2004)			500,000	
Department of Human Services				
Deficiency - Medicaid program costs (2017 HB 1024)	9,000,000			
Industrial Commission				
Core library expansion project (2015 HB 1014) ⁶	13,425,322			
Federal litigation costs (2017 SB 2014)			1,000,000	
Transfer to the lignite research fund (2017 SB 2014)			3,000,000	
Limited survey review contract related to mineral revenue disputes (2017 SB 2134)			800,000	
Public Service Commission				
Litigation costs (2017 HB 1008)			100,000	
Bank of North Dakota				
Transfer to infrastructure revolving loan fund (2015 HB 1443)	50,000,000			
Transfer to medical facility infrastructure loan fund (2015 SB 2012)	49,891,582			

Transfer to school construction assistance loan fund (2015 SB 2039; 2017 SB 2272)	150,000,000		
Highway Patrol			
Equipment (2017 SB 2011)			358,000
Department of Emergency Services			
Mobile radios and programming radios (2017 HB 1016)			300,000
Department of Corrections and Rehabilitation			
Electronic medical records information technology project (2017 SB 2015)			935,907
Adjutant General			
Deficiency - Loan repayment (2017 HB 1024)	79,500		
Department of Commerce			
Enhanced use lease grant (2015 HB 1018; 2017 SB 2018)	7,500,000		2,000,000
Grants for domestic violence shelters (2015 HB 1285)	650,000		
Grant for unmanned aerial systems (2017 SB 2018)			2,000,000
Base retention grants (2017 SB 2018)			600,000
Department of Agriculture			
Transfer to environmental law impact review fund (2017 HB 1009)			1,000,000
Main Research Center			
Veterinary diagnostics laboratory (2015 HB 1020)	18,000,000		
State Historical Society			
Deficiency - Litigation expenses (2017 HB 1024)	50,000		
Department of Transportation			
Short line railroad revolving loan fund (2015 HB 1012)	7,000,000		
Contingent transfer to highway fund (2015 SB 2015) ⁷	0		
Transfer to the general fund (2017 HB 1015; 2017 HB 1024)	155,000,000		248,000,000
Mineral revenue repayments from reserves (2017 SB 2134) ²			100,000,000
Administrative costs/other fees	1,970,282		2,040,000
Total estimated expenditures and transfers		472,940,540	381,655,907
Estimated ending balance		\$366,193,043	\$432,100,141
Restricted fund income			
Reserve relating to potential title disputes (2017 SB 2134) ^{2,8}		142,325,049	42,325,049
Loan guarantees (2011 SB 2306; 2013 SB 2287) ⁹		17,214,843	17,214,843
Estimated ending balance - Unobligated		\$206,653,151	\$372,560,249

¹The amounts shown reflect projections by the Department of Trust Lands for the 2015-17 and 2017-19 bienniums based on actual revenues through April 2017.

²Senate Bill No. 2134 changes the definition of sovereign minerals, reducing the mineral revenue to the strategic investment and improvements fund and requiring repayments for previously received mineral revenues. The bill appropriates \$100 million from the strategic investment and improvements fund and authorizes \$87 million from a line of credit through the Bank of North Dakota for the mineral revenue repayments. The amount shown for the production royalties for the 2017-19 biennium includes an estimated \$30 million related to mineral revenue disputes, which may be deposited in the strategic investment and improvements fund prior to the implementation of the repayment process. The \$30 million is included in the \$187 million authorized for mineral revenue repayments.

³Estimated revenues - These amounts reflect actual oil and gas tax revenue collections through March 2017. The estimated allocations for the remainder of the 2015-17 biennium and the estimated allocations for the 2017-19 biennium are based on the 2017 legislative revenue forecast.

⁴House Bill No. 1176 (2015) increased the allocation of oil and gas gross production tax collections to counties decreasing the state's share, including the allocation to the strategic investment and improvements fund. House Bill No. 1377 (2015) amended North Dakota Century Code Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue so that during the 2015-17 biennium, the oil and gas tax revenue remaining after allocations to other state funds, are deposited 70 percent in the strategic investment and improvements fund and 30 percent in the political subdivision allocation fund.

House Bill No. 1152 (2017) changes the allocation of the state's share of oil and gas tax revenue to increase the allocation to the general fund and provide allocations to the budget stabilization fund and the lignite research fund, resulting in a decrease in the allocations to the strategic investment and improvements fund. Senate Bill No. 2013 (2017) changes the allocations to hub cities, hub city school districts, the North Dakota outdoor heritage fund, the abandoned oil and gas well plugging and site reclamation fund, and the oil and gas impact grant fund resulting in an increase to the allocations under the state's share.

⁵The Legislative Assembly created the political subdivision allocation fund (2015 House Bill No. 1377) to provide additional allocations from oil and gas tax collections to political subdivisions. In 2017 Senate Bill No. 2013, the Legislative Assembly provided that instead of allocating the funds to political subdivisions, the funds be transferred to the newly created energy impact fund and to the strategic investment and improvements fund.

⁶The amount shown reflects the estimated expenditures for the project. The appropriation was \$13,625,322, resulting in an estimated \$200,000 of unspent 2015-17 biennium appropriation authority being returned to the fund.

⁷Senate Bill No. 2015 (2015) provided a contingent transfer of \$25.85 million from the strategic investment and improvements fund to the highway fund and a contingent appropriation of \$25.85 million from the highway fund to the Department of Transportation for state highway investments. The \$25.85 million is available only if actual general fund revenues for the period beginning July 1, 2015, and ending December 31, 2015, exceed the legislative estimates for the same period by at least \$126 million, or if actual general fund revenues for the period beginning July 1, 2015, and ending June 30, 2016, exceed the legislative estimates for the same period by at least \$126 million. General fund revenues did not exceed the legislative estimates.

⁸These amounts represent mineral revenues received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve.

⁹Senate Bill No. 2287 (2013) increased the guarantee reserve fund balance from 25 to 100 percent, not to exceed a total of \$25 million, through July 31, 2015. After July 31, 2015, the amount of reserves for all guaranteed loans must be determined by a formula that will provide an adequate amount of reserves as determined by the Bank. Money may be transferred from the strategic investment and improvements fund 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.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In 2015 House Bill Nos. 1176 and 1377, the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund. The 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 2015-17 AND 2017-19 BIENNIUMS
(REFLECTING BOTH THE 1979 AND 1996 BOND RESOLUTIONS)**

	2015-17 Biennium ¹		2017-19 Biennium ¹	
		\$34,671,256		\$17,431,512
Beginning balance				
Add estimated revenues				
Fund earnings (net)	\$325,000 ²		\$275,000 ²	
Total revenues		325,000		275,000
Total available		\$34,996,256		\$17,706,512
Less estimated expenditures and transfers				
Funding for veterinary medical education program (2015 HB 1003; 2017 SB 2003)	\$465,307 ³		\$465,307 ³	
Funding for North Dakota University System information technology services (2015 HB 1003; 2017 SB 2003)	539,437 ⁴		539,437 ⁴	
Transfer to the North Dakota Guarantee Agency	10,000,000 ⁵			
Funding for addiction counseling internship loans (2015 HB 1049)	200,000 ⁶			
Funding for Dickinson State University transition (2015 HB 1003)	2,000,000 ⁷			
Funding for tribal college assistance grants (2015 HB 1003; 2017 SB 2003)	500,000 ⁸		500,000 ⁸	
Funding for tribal college workforce development grants (2015 HB 1018; 2017 SB 2144)	1,000,000 ⁹		500,000 ⁹	
Funding for higher education challenge grants (2015 HB 1151; 2017 SB 2036)	2,500,000 ¹⁰			
Funding for dental loan repayment program (2015 HB 1004 and SB 2015; 2017 SB 2004)	360,000 ¹¹		360,000 ¹¹	
Funding for dual-credit courses pilot program (2017 SB 2244)			200,000 ¹²	
Funding for medical residency positions (2017 SB 2003)			13,806,856 ¹³	
Funding for the Governor's school program (2017 HB 1013)			220,000 ¹⁴	
Total estimated expenditures and transfers		17,564,744		\$16,591,600
Estimated ending balance		\$17,431,512		\$1,114,912
Restricted fund balance relating to outstanding bonds		1,000,000 ¹		1,000,000 ¹
Estimated ending balance - Unobligated		\$16,431,512		\$114,912

¹This analysis reflects the estimated revenues, expenditures, and ending balance for **both the 1979 and 1996 bond resolutions**. Prior to fiscal year 2012, permission was needed from the Ambac Assurance Corporation to use any assets from the 1996 bond resolution. There are no longer any bonds insured by the Ambac Assurance Corporation; however, there are outstanding bonds of \$1 million as of December 31, 2016. Debt service to bondholders has priority over all other transfers.

²The projected income for the 2015-17 and 2017-19 bienniums is based on interest rates as of December 31, 2016, and is net of the Industrial Commission and trustee expenses.

³The 2015 Legislative Assembly provided \$465,307 of funding from the student loan trust fund for the Kansas State University veterinary medical education program. The 2017 Legislative Assembly approved Senate Bill No. 2003, which includes \$465,307 of funding from the student loan trust fund for the Kansas State University veterinary medical education program.

⁴The 2015 Legislative Assembly provided \$539,437 of funding from the student loan trust fund for the University System information technology services pool for ConnectND positions within the University System. The 2017 Legislative Assembly approved Senate Bill No. 2003, which includes \$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.

⁵Pursuant to the provisions of the 1996 bond resolution, the Industrial Commission authorized the transfer of \$10 million to the North Dakota Student Loan Guarantee Agency in September 2016 to maintain the reserve requirements and eliminate loan fees for alternative student loan guarantees relating primarily to DEAL One loans.

⁶The 2015 Legislative Assembly approved House Bill No. 1049, which includes \$200,000 of funding from the student loan trust fund for addiction counselor internship loans.

⁷The 2015 Legislative Assembly approved House Bill No. 1003, which includes \$2 million of one-time funding from the student loan trust fund for campus leadership transition needs at Dickinson State University.

⁸The 2015 Legislative Assembly approved House Bill No. 1003, which includes \$500,000 of funding from the student loan trust fund for grants to tribal colleges to assist in costs associated with the enrollment of nonbeneficiary students. The 2017 Legislative Assembly approved Senate Bill No. 2003, which includes \$500,000 of funding from the student loan trust fund for grants to tribal colleges to assist in costs associated with the enrollment of nonbeneficiary students.

⁹The 2015 Legislative Assembly approved House Bill No. 1018, which includes \$1 million of one-time funding from the student loan trust fund for tribal college workforce development grants. The 2017 Legislative Assembly approved Senate Bill No. 2144, which includes \$500,000 of one-time funding from the student loan trust fund for tribal college workforce development grants.

¹⁰The 2015 Legislative Assembly approved House Bill No. 1151, which includes \$2.5 million of funding from the student loan trust fund for higher education challenge grants.

¹¹The 2015 Legislative Assembly approved House Bill No. 1004 and Senate Bill No. 2015, which include \$360,000 of funding from the student loan trust fund for the dental loan repayment program. The 2017 Legislative Assembly approved Senate Bill No. 2004, which includes \$360,000 of funding from the student loan trust fund for the dental loan repayment program.

¹²The 2017 Legislative Assembly approved Senate Bill No. 2244, which includes \$200,000 of funding from the student loan trust fund for a dual-credit courses pilot program.

¹³The 2017 Legislative Assembly approved Senate Bill No. 2003, which includes \$13,806,856 of funding from the student loan trust fund for residency positions at the University of North Dakota School of Medicine and Health Sciences.

¹⁴The 2017 Legislative Assembly approved House Bill No. 1013, which includes \$220,000 of funding from the student loan trust fund for science, technology, engineering, and mathematics programs in the Governor's school program.

FUND HISTORY

The 1971 Legislative Assembly authorized the Industrial Commission to acquire and hold all unpaid government-guaranteed or reinsured student loans and North Dakota student loans belonging to the state or any of its agencies. As a result, the student loan trust fund was created which enabled the state to sell tax-exempt bonds and use the proceeds for purchasing student loans made or acquired by the Bank of North Dakota.

The student loan trust fund does not make loans to students or service loans which it acquires. The Bank of North Dakota continues to service those loans which the student loan trust fund holds.

The student loan trust 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 December 31, 2016, \$1 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 (the 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 TAX RELIEF FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$657,000,000		\$300,000,000
Add estimated revenues				
Allocation of oil and gas tax revenues	\$300,000,000 ^{1,2}		\$200,000,000 ³	
Total estimated revenues		300,000,000		200,000,000
Total available		\$957,000,000		\$500,000,000
Less estimated expenditures and transfers				
Transfer to general fund (Section 3 of 2015 SB 2015 and Section 10 of 2017 HB 1015)	\$657,000,000		\$183,000,000	
Transfer to social services finance fund (Section 20 of 2017 SB 2206)			134,700,000	
Total estimated expenditures and transfers		657,000,000		317,700,000
Estimated ending balance		\$300,000,000		\$182,300,000

¹Estimated revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through March 2017. The estimated allocations for the remainder of the 2015-17 biennium and the estimated allocations for the 2017-19 biennium are based on the March 2017 legislative revenue forecast, House Bill Nos. 1020 and 1152, and Senate Bill No. 2013.

²House Bill No. 1377 (2015) repealed North Dakota Century Code Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and changed the allocation of the state's share of oil and gas tax revenue to provide the following:

- The first \$200 million to the general fund;
- The next \$300 million to the tax relief fund;
- The next \$100 million to the general fund;
- The next \$100 million to the strategic investment and improvements fund;
- The next \$22 million to the state disaster relief fund if the amounts do not bring the unobligated balance of the fund to more than \$25 million;
- For the 2015-17 biennium, any remaining revenues are deposited:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund; and
- After the 2015-17 biennium, any remaining revenues are deposited into the strategic investment and improvements fund.

³House Bill No. 1152 (2017) amends Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to provide the following:

- The first \$200 million to the general fund;
- The next \$200 million to the tax relief fund;
- The next \$75 million to the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in Section 54-27.2-01;
- The next \$200 million to the general fund for the 2017-19 biennium and for all subsequent bienniums \$100 million to the general fund;

- The next \$100 million, 80 percent to the strategic investment and improvements fund and 20 percent up to \$3 million deposited to the lignite research fund, and 100 percent to the strategic investment and improvements fund after the \$3 million cap for the lignite research fund has been met;
- The next \$20 million to the state disaster relief fund if the amounts do not bring the unobligated balance of the fund to more than \$20 million; and
- Any additional revenues into the strategic investment and improvements fund.

FUND HISTORY

Section 57-64-05, as created by 2009 Senate Bill No. 2199, created 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. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of 2013 House Bill No. 1013, changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from \$341.79 million per biennium to \$300 million per biennium. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to decrease the amount of the state's share of oil and gas tax revenue deposited in the fund from \$300 million to \$200 million.

ANALYSIS OF THE TOBACCO PREVENTION AND CONTROL TRUST FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$49,341,421		\$57,417,844
Add estimated revenues				
Tobacco settlement revenues collected to date	\$22,907,729 ^{1,2}			
Projected tobacco settlement revenues			\$0 ²	
Investment and miscellaneous revenue	730,000 ³		365,000 ³	
Total estimated revenues		23,637,729 ⁴		365,000 ⁴
Total available		\$72,979,150		\$57,782,844
Less estimated expenditures and transfers				
Tobacco Prevention and Control Executive Committee:				
Expenditures pursuant to 2015 HB 1024	\$15,561,306 ⁵		\$0 ⁵	
State Department of Health (2017 SB 2004):				
Local public health unit grants			2,000,000	
Cancer programs			644,804	
Stroke and cardiac care programs			756,418	
Physician loan repayment program			480,000	
Behavioral health loan repayment program			243,640	
Tobacco prevention and control program, including cessation and grants to local public health units for tobacco prevention and control			8,453,333	
Domestic violence offender treatment grants			300,000	
Department of Human Services (2017 HB 1012):				
Medical services grants			22,175,000	
Medicaid Expansion - Commercial rates			13,300,000	
Youth access to tobacco prevention services			75,000	
Substance use disorder voucher program			1,779,159	
Basic care services			450,000	
Total estimated expenditures and transfers		15,561,306		50,657,354
Estimated ending balance		<u>\$57,417,844</u>		<u>\$7,125,490</u>

¹As of April 2017 the state has received tobacco settlement payments totaling \$63,570,920 for the 2015-17 biennium, of which \$40,663,191 was deposited in the tobacco settlement trust fund and \$22,907,729 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of \$527,547,155, including \$408,059,694 under subsection IX(c)(1) of the Master Settlement Agreement and \$119,487,461 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$527,547,155, \$421,857,423 has been deposited into the tobacco settlement trust fund and \$105,689,732 has been deposited into the tobacco prevention and control trust fund.

²Tobacco prevention and control trust fund revenues have been estimated based on actual revenues received through April 2017. The 2017-19 biennium revenues do not include a deposit in the tobacco prevention and control trust fund because it is anticipated the payment under subsection IX(c)(2) of the Master Settlement Agreement received in April 2017 will be the final payment.

³In August 2015 the Tobacco Prevention and Control Executive Committee entered into an agreement with the State Investment Board to provide investment management services for the tobacco prevention and control trust fund. On September 30, 2015, the Tobacco Prevention and Control Executive Committee transferred \$47.3 million to the State Investment Board for management. The investment policy statement adopted by the executive committee includes an asset

mix of 75 percent global fixed income, 10 percent global equity, and 15 percent cash. Estimated investment income reflects earnings and realized gains, but does not include changes in the market value of the investments. The Legislative Assembly repealed North Dakota Century Code Chapter 23-42 in Senate Bill No. 2024 (2017) to dissolve the Tobacco Prevention and Control Executive Committee and provided funds in the tobacco prevention and control trust fund are to be used as appropriated by the Legislative Assembly. In Section 15 of House Bill No. 1015 (2017) the Legislative Assembly directed the Office of Management and Budget to administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium.

⁴Initiated Measure No. 3, approved in the November 2008 general election, provided 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 appropriations. In Senate Bill No. 2024 (2017) the Legislative Assembly repealed the Tobacco Prevention and Control Executive Committee and authority to use funding from the water development trust fund for the comprehensive plan.

Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on the temporary reallocation approved by the 2017 Legislative Assembly:

	Actual and Estimated Total Tobacco Settlement Proceeds, Net of Attorney General Costs	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
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Estimated 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Estimated 2017-19 biennium	40.2 million ¹	N/A	0	18.0 million	22.0 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	\$528.4 million	\$105.7 million	\$172.0 million	\$190.0 million	\$60.3 million

¹This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

⁵The 2015 Legislative Assembly appropriated \$16,548,039 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 federal Centers for Disease Control and Prevention for North Dakota as published in its *Best Practices for Comprehensive Tobacco Control Programs* for the 2015-17 biennium. The 2017 Legislative Assembly approved Senate Bill No. 2024 to repeal Chapter 23-42 related to the tobacco prevention and control program; therefore, did not provide funding for the Tobacco Prevention and Control Executive Committee for the 2017-19 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 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 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. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 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 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 continues to be deposited in the tobacco settlement trust fund and will continue to 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 after the 2017-19 biennium. 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 until the last payment is received in 2017. 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. However, the 2017 Legislative Assembly approved Senate Bill No. 2024 to repeal Chapter 23-42 related to the tobacco prevention and control program and to amend Section 54-27-25 to provide funds in the tobacco prevention and control trust fund are to be used as appropriated by the Legislative Assembly. The Legislative Assembly did not provide funding for the Tobacco Prevention and Control Executive Committee for the 2017-19 biennium. In addition Section 15 of House Bill No. 1015 (2017) requires the Office of Management and Budget administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium.

The measure also provided, 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 any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation. Senate Bill No. 2024 (2017) repeals the Tobacco Prevention and Control Executive Committee and authority to use funding from the water development trust fund for the comprehensive plan.

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 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Tobacco settlement revenues collected to date	\$40,663,191 ¹		\$40,200,000	
Projected tobacco settlement revenues				
Total estimated revenues		40,663,191 ²		40,200,000 ²
Total available		\$40,663,191 ^{3,4}		\$40,200,000 ^{3,4}
Less estimated expenditures and transfers				
Attorney General - Tobacco settlement agreement costs (2015 SB 2003; 2017 HB 1003)	\$200,000 ⁵		\$200,000 ⁵	
Transfers to the community health trust fund	4,046,319		22,000,000	
Transfers to the common schools trust fund	18,208,436		0	
Transfers to the water development trust fund	18,208,436		18,000,000	
Total estimated expenditures and transfers		40,663,191 ⁴		40,200,000 ⁴
Estimated ending balance		\$0		\$0

¹As of April 2017 the state has received tobacco settlement payments totaling \$63,570,920 for the 2015-17 biennium, of which \$40,663,191 was deposited in the tobacco settlement trust fund and \$22,907,729 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of \$527,547,155, including \$408,059,694 under subsection IX(c)(1) of the Master Settlement Agreement and \$119,487,461 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$527,547,155, \$421,857,423 has been deposited into the tobacco settlement trust fund and \$105,689,732 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. **In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement 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 amended 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 continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and, except for the 2017-19 biennium, 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, began to be deposited in 2009 into 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.

Tobacco settlement trust fund revenues have been estimated based on actual revenues received through April 2017 and legislative estimates for the 2017-19 biennium and do not include anticipated strategic contribution payments, which expire after 2017.

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	64,618,711
2015-17	82,231,080	63,570,920
2017-19	58,591,490	40,200,000
2019-21	58,591,490	52,503,832
2021-23	58,591,490	52,503,832
2023-25	58,591,490	52,503,832
Total	\$866,801,136	\$725,258,652

⁴Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remain at 45 percent. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on the temporary reallocation approved by the 2017 Legislative Assembly:

	Actual and Estimated Total Tobacco Settlement Proceeds, Net of Attorney General Costs	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
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Estimated 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Estimated 2017-19 biennium	40.2 million ¹	N/A	0	18.0 million	22.0 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	\$528.4 million	\$105.7 million	\$172.0 million	\$190.0 million	\$60.3 million

¹This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

⁵The 2015 Legislative Assembly in Senate Bill No. 2003 amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

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. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement 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 after the 2017-19 biennium. 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, 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.

The Legislative Assembly, in 2015 Senate Bill No. 2003, amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement.

ANALYSIS OF THE STATE TUITION FUND FOR THE 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$2,070,163 ¹		\$1,350,197 ¹
Add estimated revenues				
Fines for violation of state laws	\$12,280,034 ²		\$12,000,000 ²	
Transfer from the public instruction fund (2017 HB 1013)			4,282,905 ³	
Transfers from the common schools trust fund	206,134,000		288,264,000	
Total estimated revenues		218,414,034		304,546,905
Total available		\$220,484,197		\$305,897,102
Less estimated expenditures and transfers				
State aid to schools (2015 SB 2013; 2017 HB 1013)	\$219,134,000		\$305,546,905 ³	
Total estimated expenditures and transfers		219,134,000		305,546,905
Estimated ending balance		\$1,350,197 ¹		\$350,197 ¹

¹Beginning/ending balance - North Dakota Century Code Section 15.1-28-03 provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, and April of each fiscal year. Fine proceeds deposited in the state 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 2015-17 biennium are based on actual fines deposited into the fund through March 2017 and legislative estimates for the remainder of the biennium. Fine proceeds estimated to be deposited in the state tuition fund during the 2017-19 biennium are revised estimates based on actual collections through March 2017. The amount of state tuition fund distributions from fine proceeds is shown below.

Fiscal Year	Revenue From Fines	Percentage Increase (Decrease) From Previous Year
1998	\$3,384,890 (actual)	N/A
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%
2012	\$5,769,861 (actual)	16.2%
2013	\$6,158,750 (actual)	6.7%
2014	\$6,844,632 (actual)	11.1%
2015	\$7,655,890 (actual)	11.9%
2016	\$6,945,206 (actual)	(9.3%)
2017	\$5,334,828 (estimate)	(23.2%)
2018	\$5,750,000 (estimate)	7.8%
2019	\$6,250,000 (estimate)	8.7%

³Section 15.1-28-01 provides distributions received from the common schools trust fund must be paid into the state treasury and, with the net proceeds of fines for the violation of state laws, constitute the state tuition fund. In 2013 the Legislative Assembly appropriated \$140,326,000 from the state tuition fund for state school aid payments during the 2013-15 biennium. In addition, Section 4 of 2013 House Bill No. 1013 provided that any money available in the state tuition fund in excess of the \$140,326,000 is appropriated to the Department of Public Instruction for distribution to school districts. However, the 2013 Legislative Assembly suspended Section 15.1-27-22.1 relating to the payment of excess funds appropriated for state school aid and, in 2015, Section 15.1-27-22.1 was repealed. During the 2013-15 biennium, common schools trust fund distributions deposited into the department's operating fund of \$130,326,000 and transfers from the state tuition fund to the department's operating fund of \$14,282,905 totaled \$144,608,905, \$4,282,905 more than appropriated from the state tuition fund for state school aid during the 2013-15 biennium. The funding in excess of the \$140,326,000 appropriated for state school aid of \$4,282,905 remained in the department's operating account at the end of the 2013-15 biennium instead of the state tuition fund. House Bill No. 1013 (2017) provides for a transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund and includes the funding in the total appropriated from the state tuition fund for state school aid during the 2017-19 biennium.

FUND HISTORY

The state tuition fund originated in 1889 with the enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Section 2 of Article IX 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; and
- All other amounts provided by law.

Section 15.1-28-01 provides 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 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 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
Beginning balance		\$5,557,773 ¹		\$5,663,407
Add estimated revenues and other funds available for benefits				
Investment income and increases in market value	\$425,000 ²		\$425,000 ²	
Total deposits, estimated revenues, and other increases in market value		425,000		425,000
Total available		\$5,982,773		\$6,088,407
Less estimated expenditures and transfers				
Grants and related expenditures	\$277,786			
Veterans' transportation programs	5,023			
Other veterans' programs	3,777			
Remaining funds available for programs that benefit veterans	32,780 ³		\$225,000 ⁴	
Total estimated expenditures and transfers		319,366 ³		225,000 ⁴
Estimated ending balance		\$5,663,407		\$5,863,407

¹Revenue from the sale of vans during the 2013-15 biennium (\$14,000), miscellaneous revenue and short-term interest (\$657) and unspent funding available from the 2009-11 and 2013-15 bienniums (\$29,841) is available for programs during the 2015-17 biennium and is included in this beginning balance.

²The State Treasurer has not provided investment income estimates for the 2015-17 or 2017-19 bienniums. Investment income for the 2015-17 and 2017-19 bienniums are estimated based on the average income and change in the fund value, biennium to date through March 2017. See footnote 4 below regarding income available for benefits.

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 for authorized programs on a continuing basis in the following biennium, and not in the biennium in which it is earned. Therefore, the investment income earned by the fund during the 2015-17 biennium will not be available for programs until the 2017-19 biennium. Funds available for benefits during the 2015-17 biennium totaled \$319,366, of which \$274,576 is from income earned on the fund during the 2013-15 biennium. Remaining funds available consisted of unspent funds available from prior bienniums, proceeds from van sales, miscellaneous revenue, and short-term interest.

⁴Pursuant to provisions of 2011 House Bill No. 1468, investment income earned during the 2015-17 biennium is not available for program expenditures until the 2017-19 biennium. Estimated funds available for benefits during the 2017-19 biennium total approximately \$225,000 based on average monthly payable income earned through March 2017.

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 5 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 2nd 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 2nd 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 2015-17 AND 2017-19 BIENNIUMS

	2015-17 Biennium		2017-19 Biennium	
	Beginning balance		\$26,929,728	
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	\$18,208,436 ¹			
Projected remaining transfers from tobacco settlement trust fund			\$18,000,000 ²	
Total estimated revenues		18,208,436 ²		18,000,000 ²
Total available		\$45,138,164		\$50,538,164
Less estimated expenditures and transfers				
Bank of North Dakota loan repayment			\$7,500,000 ⁴	
Water projects (2015 SB 2020; 2017 HB 1020)	\$12,600,000 ³		34,949,628 ⁵	
Total estimated expenditures and transfers		12,600,000		42,449,628
Estimated ending balance		\$32,538,164		\$8,088,536

¹As of April 2017 the state has received tobacco settlement payments totaling \$63,570,920 for the 2015-17 biennium. Total transfers of \$189,745,840 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 general fund. Water development trust fund revenues have been estimated based on actual revenues received through April 2017 and legislative estimates for the 2017-19 biennium, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and related disputes.

Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended North Dakota Century Code Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remain at 45 percent. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on the temporary reallocation approved by the 2017 Legislative Assembly:

	Actual and Estimated Total Tobacco Settlement Proceeds, Net of Attorney General Costs	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
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Estimated 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Estimated 2017-19 biennium	40.2 million ¹	N/A	0	18.0 million	22.0 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	\$528.4 million	\$105.7 million	\$172.0 million	\$190.0 million	\$60.3 million

¹This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

³Sections 1 and 5 of 2015 Senate Bill No. 2020 appropriate \$34.5 million, 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 2015-17 biennium. The State Water Commission is making the loan payments on a Bank of North Dakota loan from the resources trust fund; therefore, funding in the water development trust fund is available for water projects.

⁴Section 1 of 2017 House Bill No. 1020 appropriates \$7.5 million from the water development trust fund for loan payments on outstanding bonds that were refinanced during the 2015-17 biennium with the Bank of North Dakota.

⁵Sections 1 and 3 of 2017 House Bill No. 1020 appropriate \$34,949,628, 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 2017-19 biennium.

FUND HISTORY

Section 54-27-25, created by 1999 House Bill No. 1475, established a water development trust fund to be used for the long-term water development and management needs of the state. This section created 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. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement 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 after the 2017-19 biennium. 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, began to be deposited in 2009 into the newly created tobacco prevention and control trust fund. 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 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. In Senate Bill No. 2024 (2017) the Legislative Assembly repealed the Tobacco Prevention and Control Executive Committee and authority to use funding from the water development trust fund for the comprehensive plan.

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.

The Legislative Assembly, in 2015 Senate Bill No. 2003, amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the water development trust fund.

SECTION M - HISTORICAL DATA

HISTORY OF GENERAL FUND BUDGETS	M-1
COMPARISON OF APPROPRIATIONS TO PERSONAL INCOME	M-2
COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO LEGISLATIVE BUDGETS	M-4
STATE SCHOOL AID FUNDING HISTORY	M-15
AID TO POLITICAL SUBDIVISIONS	M-29

GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers:

	Actual			Estimated	
	2009-11	2011-13	2013-15	2015-17	2017-19
Beginning balance	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389	\$30,890,381
Tax and fee revenues	2,753,012,281	4,530,367,522	4,906,838,448	3,408,797,656	3,490,883,165
Transfers and other sources of revenue to general fund	1,179,682,508	625,487,038	894,959,058	1,512,990,053	838,932,724
Total available	\$4,294,538,303	\$6,152,687,271	\$7,197,856,692	\$5,651,317,098	\$4,360,706,270
Expenditures	(\$3,236,291,030)	(\$4,575,567,500)	(\$6,468,327,303)	(\$5,620,426,717)	(\$4,310,262,641)
Transfers to budget stabilization fund	(61,414,562)	(181,060,585)	0	0	0
Total expenditures and transfers	(\$3,297,705,592)	(\$4,756,628,085)	(\$6,468,327,303)	(\$5,620,426,717)	(\$4,310,262,641)
Ending balance	\$996,832,711	\$1,396,059,186	\$729,529,389	\$30,890,381	\$50,443,629

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2017-19 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2017-19 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 1967-69 biennium. Regarding all funds appropriations, the highest percentage occurred in the 1981-83 biennium and the lowest percentage in the 1967-69 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 2017-19 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 ⁹	4.42%	10.66%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,459,000,000 ⁹	5.31%	12.88%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,137,000,000 ⁹	5.47%	11.94%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$5,770,000,000 ⁹	5.16%	11.33%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,987,000,000 ⁹	5.54%	11.00%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,051,000,000 ⁹	7.14%	14.16%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,102,000,000 ⁹	6.74%	14.38%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$11,206,000,000 ⁹	8.12%	18.88%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$14,757,000,000 ⁹	6.90%	14.68%
1985-87	\$1,134,183,661 ²	\$1,339,411,840	\$2,473,595,501	\$16,544,000,000 ⁹	6.86%	14.95%
1987-89	\$1,058,708,224 ³	\$1,440,445,277	\$2,499,153,501	\$17,508,000,000 ⁹	6.05%	14.27%
1989-91	\$1,061,507,822 ⁴	\$1,760,553,694 ⁵	\$2,822,061,516	\$17,419,000,000 ⁹	6.09%	16.20%
1991-93	\$1,202,891,103 ⁶	\$2,028,208,088	\$3,231,099,191	\$19,905,000,000 ⁹	6.04%	16.23%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$24,188,000,000 ⁹	5.18%	14.12%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$27,212,000,000 ⁹	4.97%	13.21%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$29,705,000,000 ⁹	5.09%	13.45%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$32,990,000,000 ⁹	4.90%	14.79%
2001-03	\$1,728,640,384 ⁷	\$3,049,996,983	\$4,778,637,367	\$35,261,000,000 ⁹	4.90%	13.55%
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$38,876,000,000 ⁹	4.67%	13.14%
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$43,211,000,000 ⁹	4.63%	13.39%
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$52,411,000,000 ⁹	4.91%	12.64%
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$59,127,000,000 ⁹	5.58%	15.12%
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$76,477,000,000 ⁹	5.62%	13.97%
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336	\$84,508,000,000 ⁹	8.14%	16.75%
2015-17	\$5,687,291,911 ⁸	\$8,319,007,773 ⁸	\$14,006,299,684	\$84,113,000,000 ¹⁰	6.76%	16.65%
2017-19	\$4,310,262,641	\$9,243,123,811	\$13,553,386,452	\$89,562,000,000 ¹⁰	4.81%	15.13%

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 biennium 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.

⁸The general fund appropriation amount for the 2015-17 biennium has been restated to reflect the 6.55 percent general fund budget reductions made by the Legislative Assembly in the August 2016 special legislative session. The special fund appropriation amount has also been restated to reflect the \$116,053,293 transfer from the foundation aid stabilization fund to the Department of Public Instruction for state school aid payments, as a result of general fund budget allotments ordered by the Governor of 4.05 percent in February 2016 and 2.50 percent in August 2016.

⁹Source: United States Bureau of Economic Analysis.

¹⁰Source: Economy.com, Inc. - Moody's Analytics.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2017-19 BIENNIUMS¹**

	General Fund Appropriations	Special Funds Appropriations	Total All Appropriations	General Fund Revenues ²
1967-69				
Executive budget	\$132,496,141	\$204,346,811	\$336,842,952	\$148,269,822
Legislative increase (decrease)	13,142,530	1,004,394	14,146,924	16,980,000
Legislative budget	\$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)	17,084,026	45,659,367	62,743,393	22,092,623
Legislative budget	\$183,686,131	\$261,745,459	\$445,431,590	\$203,092,623
1971-73				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	(384,651)	10,528,371	10,143,720	1,769,348
Legislative budget	\$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)	6,733,531	38,835,098	45,568,629	(5,705,492)
Legislative budget	\$274,685,237	\$352,959,590	\$627,644,827	\$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	23,135,698	3,168,074	26,303,772	
Legislative budget as restated	\$297,820,935	\$356,127,664	\$653,948,599	\$301,369,508
1975-77				
Executive budget	\$438,882,752	\$394,903,834	\$833,786,586	\$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				(23,135,698)
Legislative budget	\$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)	35,376,433	87,268,156	122,644,589	371,650
Legislative budget	\$573,817,411	\$564,689,165	\$1,138,506,576	\$648,271,650

Add				
Deficiency appropriations provided by the 1979 Legislative Assembly	1,250,441	407,544	1,657,985	
Legislative budget as restated	<u>\$575,067,852</u>	<u>\$565,096,709</u>	<u>\$1,140,164,561</u>	<u>\$648,271,650</u>
1979-81				
Executive budget	\$646,401,970	\$710,607,537	\$1,357,009,507	\$694,467,657
Legislative increase (decrease)	8,317,480	57,780,260	66,097,740	10,028,475
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				(1,250,441)
Legislative budget	<u>\$654,719,450</u>	<u>\$768,387,797</u>	<u>\$1,423,107,247</u>	<u>\$703,245,691</u>
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	25,697,704	3,953,973	29,651,677	
Legislative budget as restated	<u>\$680,417,154</u>	<u>\$772,341,770</u>	<u>\$1,452,758,924</u>	<u>\$703,245,691</u>
1981-83				
Executive budget	\$1,030,540,733	\$1,043,972,705	\$2,074,513,438	\$1,129,692,934
Legislative increase (decrease)	(126,944,501)	133,544,456	6,599,955	(102,960,239)
Legislative budget	<u>\$903,596,232</u>	<u>\$1,177,517,161</u>	<u>\$2,081,113,393</u>	<u>\$1,026,732,695</u>
Add				
Deficiency appropriations provided by the 1983 Legislative Assembly	6,653,000	27,775,132	34,428,132	
Legislative budget as restated	<u>\$910,249,232</u>	<u>\$1,205,292,293</u>	<u>\$2,115,541,525</u>	<u>\$1,026,732,695</u>
1983-85				
Executive budget	\$924,455,265 ³	\$1,114,112,221	\$2,038,567,486	\$974,408,000
Legislative increase (decrease)	80,655,781	25,386,761	106,042,542	68,097,250
Legislative budget	<u>\$1,005,111,046</u>	<u>\$1,139,498,982</u>	<u>\$2,144,610,028</u>	<u>\$1,042,505,250</u>
Add				
Deficiency appropriations provided by the 1985 Legislative Assembly	12,750,124	8,556,647	21,306,771	
Legislative budget as restated	<u>\$1,017,861,170</u>	<u>\$1,148,055,629</u>	<u>\$2,165,916,799</u>	<u>\$1,042,505,250</u>
1985-87				
Executive budget	\$1,188,601,469 ⁴	\$1,292,110,406	\$2,480,711,875	\$1,219,290,080
Legislative increase (decrease)	(63,055,462)	42,502,011	(20,553,451)	(62,146,218)
Legislative budget	<u>\$1,125,546,007</u>	<u>\$1,334,612,417</u>	<u>\$2,460,158,424</u>	<u>\$1,157,413,862</u>

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				(75,126,740)
Legislative budget as restated	<u>\$1,134,183,661</u> ⁵	<u>\$1,339,411,840</u>	<u>\$2,473,595,501</u>	<u>\$1,082,017,122</u>
1987-89				
Executive budget	\$1,114,031,918	\$1,406,353,403	\$2,520,385,321	\$1,119,465,000
Legislative increase (decrease)	<u>(56,862,745)</u>	<u>32,891,874</u>	<u>(23,970,871)</u>	<u>(56,462,787)</u>
Legislative budget	\$1,057,169,173	\$1,439,245,277	\$2,496,414,450	\$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	<u>\$1,058,708,224</u> ⁶	<u>\$1,440,445,277</u>	<u>\$2,499,153,501</u>	<u>\$1,063,002,213</u>
1989-91				
Executive budget	\$1,115,265,227	\$1,690,091,064	\$2,805,356,291	\$1,126,110,000
Legislative increase (decrease)	<u>4,520,393</u>	<u>86,034,147</u>	<u>90,554,540</u>	<u>(2,152,095)</u>
Legislative budget	\$1,119,785,620	\$1,776,125,211	\$2,895,910,831	\$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and Department of Human Services estimated income adjustments		(1,003,977)	(1,003,977)	
Use of budget stabilization fund	5,967,192		5,967,192	
2 percent unallotment (August 1990)	<u>22,395,712</u>		<u>22,395,712</u>	
Legislative budget as restated	<u>\$1,061,507,822</u>	<u>\$1,760,553,694</u>	<u>\$2,822,061,516</u>	<u>\$1,028,079,292</u>
1991-93				
Executive budget	\$1,166,588,941	\$1,901,143,193	\$3,067,732,134	\$1,185,456,000
Legislative increase (decrease)	<u>32,041,733</u>	<u>125,939,720</u>	<u>157,981,453</u>	<u>36,936,959</u>
Legislative budget	<u>\$1,198,630,674</u> ⁷	<u>\$2,027,082,913</u>	<u>\$3,225,713,587</u> ⁷	<u>\$1,222,392,959</u>

Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	<u>\$1,202,891,103</u>	<u>\$2,028,208,088</u>	<u>\$3,231,099,191</u>	<u>\$1,222,392,959</u>
1993-95				
Executive budget	\$1,228,289,194	\$2,248,975,882	\$3,477,265,076	\$1,253,054,000
Legislative increase (decrease)	<u>22,940,773</u>	<u>(88,551,589)</u>	<u>(65,610,816)</u>	<u>7,099,865</u>
Legislative budget	\$1,251,229,967	\$2,160,424,293	\$3,411,654,260	\$1,260,153,865
Add				
Deficiency appropriations provided by the 1995 Legislative Assembly	696,000	2,081,527	2,777,527	
Legislative budget as restated	<u>\$1,251,925,967</u>	<u>\$2,162,505,820</u>	<u>\$3,414,431,787</u>	<u>\$1,260,153,865</u>
1995-97				
Executive budget	\$1,345,660,131	\$2,207,522,902	\$3,553,183,033	\$1,355,491,421
Legislative increase (decrease)	<u>1,284,129</u>	<u>34,396,992</u>	<u>35,681,121</u>	<u>2,668,581</u>
Legislative budget	\$1,346,944,260	\$2,241,919,894	\$3,588,864,154	\$1,358,160,002
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	<u>\$1,352,467,281</u>	<u>\$2,242,848,894</u>	<u>\$3,595,316,175</u>	<u>\$1,358,160,002</u>
1997-99				
Executive budget	\$1,494,395,064	\$2,507,943,925	\$4,002,338,989	\$1,504,489,758
Legislative increase (decrease)	<u>(5,154,977)</u>	<u>(22,576,608)</u>	<u>(27,731,585)</u>	<u>(4,393,735)</u>
Legislative budget	\$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 2003 HB 1505		<u>(62,241)</u>	<u>(62,241)</u>	
Legislative budget as restated	<u>\$1,816,885,505</u>	<u>\$3,289,715,994</u>	<u>\$5,106,601,499</u>	<u>\$1,813,914,070</u>
2005-07				
Executive budget	\$2,007,001,269	\$3,538,353,475	\$5,545,354,744	\$2,017,154,996
Legislative increase (decrease)	<u>(17,548,646)</u>	<u>224,867,692</u>	<u>207,319,046</u>	<u>(17,406,842)</u>
Legislative budget	\$1,989,452,623	\$3,763,221,167	\$5,752,673,790	\$1,999,748,154
Add				
Deficiency appropriations provided by the 2007 Legislative Assembly	11,084,451	22,000,000	33,084,451	
Legislative budget as restated	<u>\$2,000,537,074</u>	<u>\$3,785,221,167</u>	<u>\$5,785,758,241</u>	<u>\$1,999,748,154</u>

2007-09

Executive budget	\$2,468,326,339	\$3,864,876,095	\$6,333,202,434	\$2,502,682,419
Legislative increase (decrease)	<u>(6,352,383)</u>	<u>155,638,989</u>	<u>149,286,606</u>	<u>(27,052,284)</u>
Legislative budget	\$2,461,973,956	\$4,020,515,084	\$6,482,489,040	\$2,475,630,135
Add				
Deficiency appropriations provided by the 2009 Legislative Assembly	<u>112,339,319</u>	<u>29,152,403</u>	<u>141,491,722</u>	
Legislative budget as restated	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$2,475,630,135

2009-11

Executive budget	\$3,110,921,665	\$4,598,634,482	\$7,709,556,147	\$3,175,713,942
Legislative increase (decrease)	<u>148,443,816</u>	<u>1,000,274,902</u>	<u>1,148,718,718</u>	<u>103,180,918</u>
Legislative budget	\$3,259,365,481	\$5,598,909,384	\$8,858,274,865	\$3,278,894,860
Add				
Deficiency appropriations provided by the 2011 Legislative Assembly	<u>37,230,168</u>	<u>43,433,000</u>	<u>80,663,168</u>	
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)	<u>941,116,919</u>	<u>364,281,588</u>	<u>1,305,398,507</u>	<u>1,092,272,719</u>
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	<u>60,314,701</u>	<u>25,000,000</u>	<u>85,314,701</u>	
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)	<u>2,087,415,373</u>	<u>(1,116,787,817)</u>	<u>970,627,556</u>	<u>2,082,954,407</u>
Legislative budget	\$6,873,587,354	\$6,881,674,956	\$13,755,262,310	\$6,949,631,282
Add				
Deficiency appropriations provided by the 2015 Legislative Assembly	<u>6,084,026</u>	<u>393,380,000</u>	<u>399,464,026</u>	
Legislative budget as restated	<u>\$6,879,671,380</u>	<u>\$7,275,054,956</u>	<u>\$14,154,726,336</u>	<u>\$6,949,631,282</u>

2015-17

Executive budget	\$7,232,580,330	\$8,494,450,631	\$15,727,030,961	\$7,329,943,668
Legislative increase (decrease)	<u>(1,186,417,652)</u>	<u>(320,216,515)</u>	<u>(1,506,634,167)</u>	<u>(1,092,771,398)</u>
Legislative budget	\$6,046,162,678	\$8,174,234,116	\$14,220,396,794	\$6,237,172,270
Add				
Deficiency appropriations provided by the 2017 Legislative Assembly	617,010	28,720,364	29,337,374	
Less				
August 2016 special session adjustments	<u>(359,487,777)</u>	<u>116,053,293</u>	<u>(243,434,484)</u>	<u>(579,572,842)</u>
Legislative budget as restated	\$5,687,291,911 ¹¹	\$8,319,007,773	\$14,006,299,684 ¹¹	\$5,657,599,428

2017-19

Revised executive budget ¹²	\$4,621,320,412	\$8,656,595,503	\$13,277,915,915	\$4,713,426,208
Legislative increase (decrease)	<u>(311,057,771)</u>	<u>586,528,308</u>	<u>275,470,537</u>	<u>(352,719,938)</u>
Legislative budget	\$4,310,262,641	\$9,243,123,811 ¹³	\$13,553,386,452	\$4,360,706,270

¹This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

²The general fund revenues include estimated general fund balances at the beginning of a biennium which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

- The 1967 Legislative Assembly increased the sales tax from 2.25 to 3 percent.
- The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from 3 to 4 percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by \$4.7 million.
- The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by \$3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by \$3.3 million. In addition revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.
- The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by \$14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by \$10 million. In addition a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the general fund.
- The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from 4 to 3 percent.
- The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by \$4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by \$7 million.

- The 1981 Legislative Assembly reduced estimated income tax collections by \$51.7 million as a result of an updating of the definition of federal taxable income and reducing income tax rates, changed the percentage of oil extraction tax going to the general fund from 45 to 30 percent resulting in a reduction of \$39,766,667, transferred a portion of the oil and gas gross production tax to the highway tax distribution fund and townships resulting in a reduction of \$32 million to general fund revenues, and added \$21.5 million due to a March 19, 1981, executive budget office revision of revenue estimates.
- The 1983 Legislative Assembly reduced revenues by \$58,406,000 due to revised revenue estimates of the executive budget office; increased revenues by \$86.03 million to change the percentage of oil extraction tax going to the general fund from 30 to 90 percent; and provided major tax increases of \$102.75 million for personal and corporate income taxes, \$41.59 million in accelerated tax collections, \$8.2 million in coal conversion taxes, \$9.5 million in cigarette taxes, and \$4.2 million in liquor taxes. Also, the executive budget and legislative revenue estimates for the 1983-85 biennium reflect an increase in the sales tax from 3 to 4 percent.
- The 1985 Legislative Assembly reduced general fund revenues by \$56,057,658 due to revised revenue estimates of the executive budget office and increased revenues by \$9,415,651 relating to a transfer from the coal development impact fund to the general fund, by \$5.32 million 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; 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 6 months of the 1985-87 biennium; and a \$3 million increase relating to increasing the individual income tax from 10.5 to 14 percent and implementing mandatory withholding effective January 1, 1987 (this is the fiscal impact after the referral measure relating to the income tax increase, which was defeated in March 1987).
- The 1987 Legislative Assembly increased general fund revenues by \$9.22 million due to revised revenue estimates of the executive budget office by \$46.14 million due to a temporary .5 percent sales, use, and aircraft excise tax increase from 5 to 5.5 percent and to include cable television; by \$8.3 million due to a 1-year 10 percent individual income tax surtax; by \$9,724,000 due to a nine-cent per package cigarette tax increase; and by \$4,255,000 due to removing the royalty owners exemption from the oil extraction tax. Revenues were reduced by \$4,625,000 to provide a 15-month oil extraction tax exemption and to reduce the oil extraction tax rate from 6.5 to 4 percent for new wells.
- The 1989 Legislative Assembly increased general fund revenues by \$32,236,000 due to revised revenue estimates of the executive budget office by \$87,241,000 due to a one-cent sales and use tax increase from 5 to 6 percent (the actual increase was from 5.5 to 6 percent; however, .5 percent was a temporary tax and the rate would have reverted to 5 percent); by \$4,714,200 for a 6 percent sales tax on bingo; by \$42.6 million to increase the individual income tax from 14 to 17 percent of federal tax liability and the equivalent increases in the long-form rates; and by \$4.6 million to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 to 1.75 percent.
- The 1991 Legislative Assembly increased general fund revenues by \$16.3 million due to allowing Sunday opening and by \$23.2 million due to a transfer from Bank of North Dakota earnings.
- The 1993 Legislative Assembly increased general fund revenues by \$11.8 million due to repealing the capital construction fund, which received a portion of the sales, use, and motor vehicle excise tax; by \$15.5 million due to increasing the cigarette tax by 15 cents (from 29 cents to 44 cents) and other tobacco products from 22 to 28 percent of the wholesale price; and by \$8.2 million due to increasing the tax on charitable gaming tickets (pull tabs) from 2 to 4.5 percent.
- The 1995 Legislative Assembly increased general fund revenues by \$2.7 million due to increasing court fees and providing that the fees be deposited in the general fund rather than with the counties, additional revenues being projected in the March revenue forecast, and requiring a sales certificate on used vehicle sales. Revenues were reduced as a result of increasing the oil extraction tax allocation to the resources trust fund and decreasing transfers from the Mill and Elevator and state agency 1993-95 estimated turnback.

- The 1997 Legislative Assembly reduced general fund revenues by \$4.4 million due to decreasing Bank of North Dakota transfers to the general fund, decreasing state aid distribution fund transfers to the general fund, expanding the exemptions from the coal conversion tax, and a reduction resulting from the March revenue forecast. Revenues were increased as a result of estimating additional agency turnback for the 1995-97 biennium and additional oil and gas gross production tax revenues and increasing the percentage of sales and use tax collections that are deposited in the general fund.
- The 1999 Legislative Assembly reduced general fund revenues by \$20.2 million due to a reduction resulting from the March revenue revision, decreasing Bank of North Dakota transfers to the general fund, and a sales tax rate reduction for used farm machinery and repair parts and used irrigation equipment. Revenues were increased as a result of increased departmental collections from governmental nursing facility payment reimbursements, the contingent sale of developmentally disabled facility loans to the Bank of North Dakota, increased special funds transfers, and additional court filing fee revenue.
- The 2001 Legislative Assembly increased general fund revenues by \$38 million due to an increase resulting from the March revenue revision, increasing Bank of North Dakota transfers to the general fund, the providing of a transfer from the student loan trust fund, and increased departmental collections from governmental nursing facility payment reimbursements.
- The 2003 Legislative Assembly increased general fund revenues by \$41.7 million due to an increase resulting from the March revenue revision, a 1 percent lodging tax increase, increasing the transfer from the student loan trust fund, and providing transfers from the water development trust fund and the health care trust fund.
- The 2005 Legislative Assembly decreased general fund revenues by \$17.4 million due to defeating the executive budget proposal to repeal North Dakota Century Code Section 54-27.2-02 providing for the end of the biennium general fund balance in excess of \$65 million to be transferred to the budget stabilization fund resulting in a reduction in revenue of \$65 million, defeating the executive budget proposal to increase the limit for oil revenues to be deposited in the general fund rather than the permanent oil tax trust fund resulting in a reduction in revenue of \$13.3 million, increasing the transfer from the lands and minerals trust fund, and providing transfers from the permanent oil tax trust fund.
- The 2007 Legislative Assembly decreased general fund revenues by \$120.85 million due to reducing the income tax "marriage penalty" and providing property tax relief by an income tax credit, decreased general fund revenues by \$12.62 million to deposit motor vehicle excise tax collections in the highway fund rather than the general fund, decreased general fund revenues by \$4.6 million to provide tax reductions and exemptions for heating fuels, and increased general fund revenues by \$115 million by providing a transfer from the permanent oil tax trust fund.
- The 2009 Legislative Assembly increased general fund revenues by \$103.18 million due to providing a \$435 million transfer from the permanent oil tax trust fund to the general fund, providing individual and corporate income tax rate reductions of \$100 million, removing a \$60 million transfer from the Bank of North Dakota to the general fund, defeating the executive recommendation to increase the limit of oil revenues deposited in the general fund rather than the permanent oil tax trust fund by \$39 million, and depositing \$30.46 million of motor vehicle excise tax collections in the highway fund rather than the general fund.
- The 2011 Legislative Assembly increased general fund revenues by \$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 2013 Legislative Assembly 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.

- The 2015 Legislative Assembly decreased general fund revenues by \$1.1 billion primarily due to removing a \$700 million transfer from the strategic investment and improvements fund and reducing the general fund revenue forecast by \$419 million.
- The 2017 Legislative Assembly decreased general fund revenues by \$352.7 million primarily due to changes to the oil and gas tax allocation formula and various transfers.

³This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

⁴This is the amount of general fund appropriations recommended by Governor Alan Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor George Sinner recommended reductions to general fund appropriations which totaled \$72,995,855. Governor Sinner's revised general fund appropriation level was \$1,115,605,614.

⁵In addition to adjustments for deficiency appropriations, Governor Sinner mandated a 4 percent general fund allotment reduction totaling \$44,125,917 as of May 1987, the 50th Legislative Assembly made general fund reductions totaling \$12,965,250, and \$4,388,862 was added for Emergency Commission action and 1983-85 carryover which resulted in a 1985-87 general fund spending level of \$1,081,481,356.

⁶Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by Governor Sinner because of an anticipated reduction in general fund revenues.

⁷In addition the 1991 Legislative Assembly in House Bill No. 1046 appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than the 1991-93 biennium revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by Governor Sinner during the 1991-93 biennium of \$4,305,000.

⁸The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.

⁹The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

¹⁰In addition to an adjustment for deficiency appropriations, Governor John Hoeven mandated a 1.05 percent general fund allotment reduction totaling \$18,343,329 in July 2002.

¹¹In addition to an adjustment for deficiency appropriations, the Legislative Assembly made additional general fund reductions totaling \$359,487,777 in a special session in August 2016.

¹²The amounts shown reflect the revised executive budget recommended by Governor Doug Burgum for the 2017-19 biennium rather than the original executive budget recommended by Governor Jack Dalrymple. Governor Dalrymple's budget provided for total appropriations of \$12,475,345,672, of which \$4,780,662,854 is from the general fund, for the 2017-19 biennium.

¹³The special funds appropriation increase from the prior biennium results primarily from the Legislative Assembly adding \$1.85 billion of appropriation authority for higher education tuition income and local funds. If higher education tuition income and local funds had not been specifically appropriated, the 2017-19 biennium legislative budget would have been approximately \$7.40 billion, a \$920 million decrease from the 2015-17 biennium special funds legislative budget of \$8.32 billion.

**COMPARISON OF AGENCY REQUESTS, EXECUTIVE RECOMMENDATIONS, AND LEGISLATIVE APPROPRIATIONS FOR
STATE SCHOOL AID FOR THE 1967-69 THROUGH 2017-19 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	11,000,000	11,000,000	11,000,000	(1,000,000)	
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			Not specified	N/A	N/A
Total second-year payments	<u>\$970</u>	<u>\$922</u>	<u>\$970</u>	<u>\$67</u>	7.4%

1981-83

State school aid					
Per student payments	\$429,250,044	\$429,250,044	\$385,961,408	\$129,709,408	
Less: 20-mill district and 21-mill county deducts	<u>69,300,000</u>	<u>71,972,000</u>	<u>34,972,000 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 ⁴	169,266,667	
Oil and gas bonuses			16,000,000	10,700,000	
Federal revenue sharing			700,000	(11,700,000)	
Vietnam bonus sinking funds				(4,400,000)	
Tuition fund distributions			29,877,400	13,377,400	
General fund appropriation	<u>\$400,003,544</u>	<u>\$303,331,544</u>	<u>\$202,738,209</u>	<u>\$10,144,209</u>	5.3%
First-year per student payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
First-year tuition fund payments			Not specified	N/A	N/A
Total first-year payments	\$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 ⁵	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
Total state school aid appropriation	\$444,351,616	\$359,158,652	\$389,766,802	(\$28,815,474)	(6.9%)
Less					
Oil extraction tax	103,000,000	101,877,000		(169,266,667) ⁶	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
General fund appropriation	<u>\$309,351,616</u>	<u>\$220,981,652</u>	<u>\$352,666,802</u> ⁷	<u>\$149,928,593</u>	74.0%
First-year per student payments	\$1,526	\$1,400	\$1,400	(\$191)	(12.0%)
First-year tuition fund payments	N/A ⁸	N/A ⁸	120 ⁵	120	N/A
Total first-year payments	\$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	<u>42,432,000</u>	<u>42,432,000</u>	<u>39,709,423</u>	<u>1,709,423</u>	
Net per student payments	\$350,086,482	\$336,313,728	\$330,018,302	\$16,879,052	
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Transportation aid	<u>41,511,724</u>	<u>41,511,724</u>	<u>40,068,810</u>	<u>541,258</u>	
Total state school aid appropriation	\$439,493,206	\$425,720,452	\$417,982,112	\$28,215,310	7.2%
Less					
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Federal revenue sharing	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	
General fund appropriation	<u>\$391,598,206</u>	<u>\$377,638,452</u>	<u>\$369,900,112</u> ¹⁰	<u>\$17,233,310</u>	4.9%
First-year per student payments	\$1,470	\$1,406	\$1,425 ¹⁰	\$75	5.6%
First-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u> ⁹	<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 ¹⁰	\$30	2.1%
Second-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u> ⁹		0.0%
Total second-year payments	\$1,734	\$1,692	\$1,650	\$30	1.9%

1987-89

State school aid					
Per student payments	\$455,264,726	\$360,756,666	\$355,570,464	(\$14,157,261)	
Less: 20-mill deduct	<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 ¹¹	(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> ¹¹	<u>(4,795,000)</u>	
General fund appropriation	<u>\$456,129,186</u>	<u>\$361,621,126</u>	<u>\$354,609,408</u> ¹²	<u>(\$15,290,704)</u>	(4.1%)
First-year per student payments	\$1,729	\$1,413	\$1,400 ¹²	(\$55)	(3.8%)
First-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u> ¹¹	<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	\$12	0.9%
Second-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u> ¹¹		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			41,207,625	2,137,183	
Net per student payments	\$380,814,881	\$325,175,549	\$337,561,515	\$21,061,493	
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
Transportation aid	40,000,000	34,200,000	36,637,073	(1,472,313)	
Total state school aid appropriation	\$461,514,881	\$400,075,549	\$422,398,588	\$24,689,180	6.2%
Less					
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
General fund appropriation	\$420,814,881	\$359,375,549	\$374,198,588 ¹³	\$19,589,180	5.5%
First-year per student payments	\$1,850	\$1,641	\$1,525 ¹³	\$113	8.0%
First-year tuition fund payments	169	169	200	23	13.0%
Total first-year payments	\$2,019	\$1,810	\$1,725	\$136	8.6%
Second-year per student payments	\$1,942	\$1,690	\$1,545 ¹³	\$20	1.3%
Second-year tuition fund payments	169	169	200		0.0%
Total second-year payments	\$2,111	\$1,859	\$1,745	\$20	1.2%

1991-93

State school aid					
Per student payments	\$435,561,700	\$381,730,789	\$386,784,025	\$8,014,885	
Less: Mill deduct					
40 mills	76,762,904				
22 mills		42,131,994	42,076,240	868,615	
Net per student payments	\$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	36,274,714	36,274,714	36,306,549	(330,524)	
Total state school aid appropriation	\$442,473,510	\$423,098,965	\$428,239,790	\$5,841,202	1.4%
Less					
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
General fund appropriation	\$395,073,510	\$375,873,509	\$381,014,334 ¹⁴	\$6,815,746	1.8%
First-year per student payments	\$1,750	\$1,531	\$1,552 ¹⁴	\$7	0.5%
First-year tuition fund payments	198	197	197	(3)	(1.5%)
Total first-year payments	\$1,948	\$1,728	\$1,749	\$4	0.2%
Second-year per student payments	\$1,825	\$1,587	\$1,608 ¹⁴	\$56	3.6%
Second-year tuition fund payments	198	198	198	1	0.5%
Total second-year payments	\$2,023	\$1,785	\$1,806	\$57	3.3%

1993-95

State school aid					
Per student payments	\$457,832,320	\$472,112,798	\$404,839,927	\$18,055,902	
Less: Mill deduct					
40 mills	74,254,832				
50 mills first year, 60 mills second year		103,271,462			
23 mills first year, 24 mills second year			43,920,035	1,843,795	
Net per student payments	\$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	35,538,279	31,521,432	35,600,000	(706,549)	
Total state school aid appropriation	\$466,341,223	\$446,379,768	\$442,536,892	\$14,297,102	3.3%
Less					
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
General fund appropriation	\$419,115,767	\$400,362,768 ¹⁵	\$396,519,892 ¹⁶	\$15,505,558	4.1%
First-year per student payments	\$1,860	Not specified	\$1,570	(\$38)	(2.4%)
First-year tuition fund payments	197	\$192	192	(6)	(3.0%)
Total first-year payments	\$2,057	\$192	\$1,762	(\$44)	(2.4%)
Second-year per student payments	\$1,900	Not specified	\$1,636 ¹⁶	\$66	4.2%
Second-year tuition fund payments	197	\$192	192		0.0%
Total second-year payments	\$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	36,000,798	36,000,798	36,000,798	400,798	
Total state school aid appropriation	\$462,541,368	\$453,057,662	\$478,523,833	\$35,986,941	8.1%
Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			880,000 ¹⁷	880,000	
General fund appropriation	\$416,524,368	\$407,040,662	\$431,626,833 ¹⁸	\$35,106,941	8.9%
First-year per student payments	\$1,662	\$1,652	\$1,757	\$121	7.4%
First-year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹	(2)	(1.0%)
Total first-year payments	\$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	211 ¹⁹	190 ¹⁹	190 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	37,671,610	37,128,220	36,768,320	767,522	
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	49,273,144	49,273,144	49,273,144	3,256,144	
General fund appropriation	\$478,261,821	\$467,497,573	\$466,356,259 ²¹	\$34,729,426	8.0%
First-year per student payments	\$2,010	\$1,899	\$1,954	\$92	4.9%
First-year tuition fund payments	225 ²²	204 ²²	204 ²²	14	7.4%
Total first-year payments	\$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	225 ²²	204 ²²	204 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	78,072,650	78,072,650	78,072,650	5,774,049	
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	36,400,000	36,000,000	36,000,000	(768,320)	
Total state school aid appropriation	\$558,815,326	\$529,434,476	\$532,534,476	\$16,905,073	3.3%
Less					
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
General fund appropriation	\$505,287,109	\$475,906,259	\$479,006,259	\$12,650,000	2.7%
First-year per student payments	\$2,195	\$2,129	\$2,145	\$113	5.6%
First-year tuition fund payments	234 ²³	220 ²³	220 ²³	16	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	234 ²³	220 ²³	220 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%

2015-17

State school aid					
Integrated formula payments	\$1,900,000,000	\$1,900,000,000	\$1,916,640,000	\$164,540,000	
Rapid enrollment grants	14,800,000	14,800,000	12,504,530 ³⁴	(1,095,470)	
Transportation aid payments	<u>60,000,000</u>	<u>60,000,000</u>	<u>57,000,000</u>	<u>3,500,000</u>	
Total state school aid appropriation	\$1,974,800,000	\$1,974,800,000	\$1,986,144,530	\$166,944,530	9.2%
Less					
Foundation aid stabilization fund			116,053,293 ³⁴	116,053,293 ³⁴	N/A
Tuition fund distributions	<u>219,134,000</u>	<u>219,134,000</u>	<u>219,134,000</u>	<u>78,808,000</u>	56.2%
General fund appropriation	<u>\$1,755,666,000</u>	<u>\$1,755,666,000</u>	<u>\$1,650,957,237</u> ³⁴	<u>(\$27,916,763)</u> ³⁴	-1.7%
First-year integrated per student payment rate	Not specified	\$9,482	\$9,365	\$273	3.0%
Second-year integrated per student payment rate	Not specified	\$9,766	\$9,646	\$281	3.0%

2017-19

State school aid					
Integrated formula payments	\$1,937,375,000	\$1,947,120,547 ³⁵	\$1,935,204,163	\$18,564,163	
Rapid enrollment grants	0	0	6,000,000	(6,504,530)	
Transportation aid payments	<u>57,000,000</u>	<u>51,300,000</u> ³⁵	<u>55,400,000</u>	<u>(1,600,000)</u>	
Total state school aid appropriation	\$1,994,375,000	\$1,998,420,547	\$1,996,604,163	\$10,459,633	0.5%
Less					
Foundation aid stabilization fund		140,000,000 ³⁵	301,000,000	184,946,707	159.4%
Tuition fund distributions	<u>288,264,000</u>	<u>301,264,000</u>	<u>305,546,905</u>	<u>86,412,905</u>	39.4%
General fund appropriation	<u>\$1,706,111,000</u>	<u>\$1,557,156,547</u>	<u>\$1,390,057,258</u>	<u>(\$260,899,979)</u>	-15.8%
First-year integrated per student payment rate	Not specified	\$9,646	\$9,646	\$0	0.0%
Second-year integrated per student payment rate	Not specified	\$9,742 ³⁵	\$9,646	\$0	0.0%

N/A - Not available or not applicable

¹ Tuition fund distributions - 1979-81 - Distributions from the state tuition fund were appropriated for the first time by the 1979 Legislative Assembly but were distributed in previous bienniums. The state tuition fund consists of the net proceeds from all fines for violation of state laws, leasing of school lands, and the interest income from the state common schools permanent trust fund pursuant to North Dakota Century Code Section 15-44-01.

² Adjusted 1979-81 appropriation - In addition to the amounts shown, the 1981 Legislative Assembly appropriated \$12 million from the general fund as a deficiency appropriation for the 1979-81 biennium.

³ Mill deduct - 1981-83 - The appropriation for the 1981-83 biennium was based on only the 20-mill district deduct not on the 21-mill county deduct.

⁴ Oil extraction tax - 1981-83 - Actual oil extraction tax collections in 1981-83 were less than originally estimated, and the 1983 Legislative Assembly subsequently appropriated \$25 million from the lands and minerals trust fund and \$6 million from the general fund for foundation aid to be distributed during the 1981-83 biennium.

⁵ Tuition fund distributions - 1983-85 - Actual tuition fund distributions for the 1983-85 biennium were \$45,792,952, which resulted in payments of \$176 per census unit in 1984 and \$202 per census unit in 1985.

⁶ Oil extraction tax - 1983-85 - The 1983 Legislative Assembly provided that 90 percent of oil extraction tax collections would be deposited in the general fund rather than the allocated 60 percent to the school aid program and 30 percent to the general fund. The remaining 10 percent was deposited in the resources trust fund.

⁷ State school aid - 1983-85 - The actual number of students was less than anticipated and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$347,425, 231.

- ⁸ Per student payments - 1983-85 - The per student payments requested by the Department of Public Instruction and recommended by the Governor for the 1983-85 biennium included the use of money in the state tuition fund. The 1983 Legislative Assembly provided per student foundation aid payments that were in addition to state tuition fund payments.
- ⁹ Tuition fund distributions - 1985-87 - Actual 1985-87 biennium tuition fund distributions were \$51,575,818, which resulted in payments of \$209 per census unit in 1986 and \$216 per census unit in 1987.
- ¹⁰ Adjusted 1985-87 appropriation - Due to executive budget allotments and Legislative Assembly general fund appropriation reductions, the total 1985-87 biennium general fund foundation aid distribution was reduced to \$348,731,488. The actual per student payments were \$1,425 and \$1,367 for 1986 and 1987, respectively.
- ¹¹ Tuition fund distributions - 1987-89 - Actual 1987-89 biennium tuition fund distributions were \$50,603,504, which resulted in payments of \$215 per census unit in 1988 and \$206 per census unit in 1989.
- ¹² Adjusted 1987-89 appropriation - Due to reductions resulting from a cable television sales tax referral and executive budget allotments, the 1987-89 biennium general fund state school aid distribution was reduced to \$347,212,599. The actual per student payments were \$1,400 and \$1,385 for 1988 and 1989, respectively.
- ¹³ Adjusted 1989-91 appropriation - Due to the net effect of tax referrals, budget unallotments, and a \$7 million general fund deficiency appropriation provided by the 1991 Legislative Assembly, the actual 1989-91 biennium general fund foundation aid distribution was reduced to \$358,302,784. The actual per student payments were \$1,411 and \$1,537 in 1990 and 1991, respectively.
- ¹⁴ Adjusted 1991-93 appropriation - Due to executive budget allotments, the 1991-93 biennium general fund state school aid distribution was reduced to \$380,310,085. The actual per student payments were \$1,552 and \$1,542 in 1992 and 1993, respectively.
- ¹⁵ Executive recommendation - 1993-95 - The amounts shown were included in Governor 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 2nd year of the biennium.
- ¹⁷ Transportation aid - 1995-97 - The 1995 Legislative Assembly appropriated \$880,000 of special funds for transportation aid. The special funds were from the abandoned motor vehicle fund (\$250,000) and the public transportation fund (\$630,000).
- ¹⁸ State school aid - 1995-97 - The actual number of students was less than anticipated, and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$429,307,277.
- ¹⁹ Tuition fund payments - 1995-97 - The Department of Public Instruction request for the 1995-97 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis
- 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
- 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 1st year of the biennium and an additional \$1,500 the 2nd year for school district instructional and administrative personnel. The legislative appropriation excludes administrative personnel and provides for payments of \$1,000 the 1st year of the biennium and an additional \$2,000 the 2nd 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 1st year of the 2003-05 biennium and to 36 mills for the 2nd 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 1st year teachers and \$3,000 per 2nd year returning teachers. The Legislative Assembly did not adopt the executive recommendation to provide an additional \$500 per 3rd year returning teachers in the 1st year of the 2003-05 biennium and an additional \$1,000 per 4th year returning teachers in the 2nd 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 1st year and 40 mills for the 2nd year of the biennium. The Legislative Assembly did not change the mill deduct of 38 mills for the 1st year of the biennium, but the Legislative Assembly increased the mill deduct from 40 mills to 41 mills for the 2nd 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 1st year teachers and \$3,000 for other teachers.
- 29 The 2007 Legislative Assembly did not change the executive budget recommendation to consolidate funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology. Therefore, the legislative appropriations and per student payment amounts are not comparable between the 2005-07 and 2007-09 bienniums.
- 30 The executive recommendation included a continuing appropriation from the permanent oil tax trust fund for property tax relief by providing mill levy reduction grants totaling an estimated \$300 million for the 2009-11 biennium. The 2009 Legislative Assembly provided \$295 million from the general fund for mill levy reduction grants. The 2011 Legislative Assembly provided deficiency appropriations totaling \$4,444,264, of which \$211,264 is from the general fund and \$4,233,000 is from the property tax relief sustainability fund, for the 2009-11 biennium for mill levy reduction grants.
- 31 In addition to the \$43.5 million provided for transportation grants, the 2009 Legislative Assembly provided a \$5 million contingent appropriation from the general fund for supplemental transportation aid payments. If prior to April 30, 2011, the Office of Management and Budget determines the June 30, 2011, general fund balance will exceed \$30 million, the Department of Public Instruction is to provide the supplemental transportation aid payments according to the percentage of the total transportation formula amount each school district is entitled to receive. The February 2011 executive revenue forecast estimates the conditions will be met and the contingent supplemental funding will be made available.
- 32 In addition to the funding provided in the Department of Public Instruction appropriation, the 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide 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 2009 House Bill No. 1400.
- 33 The 2013 Legislative Assembly approved a change in the K-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.

- 34 Due to budget reductions approved by the Legislative Assembly in an August 2016 special legislative session, the Superintendent of Public Instruction reduced funding from the general fund for rapid enrollment grants by \$2,295,470. Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293.
- 35 The executive recommendation consists of recommendations from Governor Dalrymple's budget. In January 2017 Governor Burgum released the revised executive recommendation, which did not include an increase in the integrated formula payment rate in the 2nd year of the 2017-19 biennium, a reduction of \$9,745,547 in integrated formula payments, and further reduced transportation aid payments by \$5.1 million to provide a total of \$46.2 million during the 2017-19 biennium. Governor Burgum also recommended an additional \$60 million in funding from the foundation aid stabilization fund to offset a reduction in funding from the general fund and to provide a total of \$200 million from the foundation aid stabilization fund for state school aid.

MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 2009-11 THROUGH 2017-19 BIENNIUMS

	2009-11	2011-13	2013-15	2015-17	2017-19
Assistance to political subdivisions (excluding school-related funding)					
General fund appropriations					
Grants to public libraries	\$1,300,000	\$1,500,000	\$1,766,500	\$2,033,000	\$1,737,528
Library Vision 2014 grants	237,500	237,500	237,500	237,500	237,500
Public library repairs and maintenance matching grants				250,000	
Homestead tax credit	7,313,000	8,792,788	20,000,000	18,690,000	14,800,000
Disabled veteran property tax credits	3,461,000	5,225,775	7,678,000	7,175,091	8,110,200
Aid to health districts	2,400,000	3,000,000	4,000,000	4,250,000	3,250,000
Children's special health services grants for multidisciplinary clinics			27,873	31,156	31,156
Suicide prevention grants			160,943	176,000	196,730
Local matching funds for federal disaster relief	250,000 ¹²				
Emergency medical training grants to rural law enforcement	128,400				
Emergency medical services training	940,000	940,000	812,930	940,000	846,000
Emergency medical services operations		3,000,000	5,131,469	6,066,550	5,625,000
Regional public health network pilot project	275,000		699,992		
Public water system operator certification and training program		180,000	153,374	180,000	180,000
Funds to local public health units for immunization services	1,200,000 ¹³	1,500,000 ¹³	2,891,716 ¹³	1,276,853 ¹³	0 ¹³
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences			459,000	640,000	640,000
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 services and programs	1,091,200	1,174,668	1,264,502	1,347,894	1,347,894
Indian welfare assistance to counties	1,959,541	4,990,361	5,597,322	5,942,875	1,629,964
State administration of child support enforcement	2,315,025				
Child welfare, service payments to the elderly and disabled, and technology costs - State paying county share				19,300,000	23,300,000
County emergency human services mill levy grants				3,900,000	
Economic assistance and social services pilot program					26,000,000 ³¹
Boys' and girls' clubwork	53,000	53,000	53,000	53,000	53,000
Soil conservation district grants	837,800	987,800	1,137,800	1,133,362	1,091,520
Noxious weed control	65,817				
Payments in lieu of taxes on carbon dioxide pipeline property	1,151,000				
Clerk of court	15,253,306	16,795,673	20,432,528	23,036,858	23,936,056
Grants to airports	550,000	550,000	6,550,000	934,500	900,000
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties	35,000,000	48,000,000	220,000,000 ²⁴	104,664,000 ²⁴	
County and township roadway projects in areas affected by oil and gas development		142,000,000 ¹⁶	160,000,000 ¹⁶		
Transportation funding distributions to townships in certain oil-producing counties			8,760,000		
Transportation funding distributions to townships in non-oil-producing counties				7,676,000 ²⁴	
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 ²³			
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties		252,800	277,800	228,952	180,000
Adjutant General firefighter training grants				374,172	
Child care facility grants			2,600,000	2,131,267	

Community service supervision grants			375,000	500,000	350,000
Guardianship grants			828,600	1,328,600	1,328,600
State-paid property tax relief credits			200,000,000	241,525,000	0
Total general fund (excluding school-related funding)	\$75,821,589	\$287,930,365	\$671,945,849	\$456,022,630	\$115,771,148
Percentage of total general fund appropriations	2.3%	6.7%	9.8%	8.0%	2.7%
Special funds appropriations and revenue allocations					
Grants for local water projects and a feasibility study	\$2,634,000 ¹⁰	\$750,000 ¹⁰			
Noxious weed control	1,646,408	1,375,274	\$1,375,274	\$1,375,274	\$1,375,274
State aid distribution funds to cities and counties ²	120,322,918	210,348,132	251,290,016	181,312,894	183,168,991
Public transportation services (public transportation fund) ³	5,800,000	6,300,000	10,000,000	8,186,900	7,900,000
Insurance tax to fire departments (insurance tax distribution fund)	6,200,000	6,200,000	14,536,386	15,681,207	14,235,561
Flood-impacted housing assistance grant program (state disaster relief fund)			1,500,000		
Aid to health districts (tobacco prevention and control trust fund)					2,000,000
Tobacco education and cessation program grants to local public health districts (tobacco prevention and control trust fund)	7,653,965	8,822,511	8,314,777	8,025,491	6,500,000
Emergency medical services operations (insurance tax distribution fund)	2,750,000	1,250,000	1,250,000	1,250,000	1,250,000
Emergency medical services grants (community health trust fund)	300,000				
Community health grant program (community health trust fund)					
Community health trust fund cessation grants (community health trust fund)	225,000	225,000	131,855	234,000	58,000
Abandoned vehicle cleanup (abandoned vehicle fund)			8,700	215,000	215,000
Gaming enforcement grants	510,000	510,000	510,000	510,000	510,000
Law enforcement grants			7,890,000	9,000,000	
Economic assistance and social services pilot program					134,700,000 ³¹
Matching funds to counties and cities for senior citizen services and programs	2,710,599 ⁸	3,476,461 ⁸	4,394,000 ⁸	6,797,665 ⁸	8,008,925 ⁸
Energy development impact grants (oil and gas impact grant fund)	7,888,100	94,428,269	239,299,174	139,300,000 ¹⁹	25,000,000 ¹⁹
Energy impact fund					15,000,000 ³⁴
Grants to airports (Aeronautics Commission special funds collections)	5,280,000	5,080,000	7,450,000	5,550,000	5,800,000
Indian welfare assistance to counties (Department of Human Services "retained" funds)	1,964,607	1,964,607			
Motor vehicle fuel tax and registration fee allocations ⁴	161,500,000	153,800,000	220,500,000	202,000,000	195,000,000
Telecommunications tax allocations	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000
Coal severance tax allocations ⁵	15,127,988	14,614,035	14,967,759	14,500,000	14,500,000
Coal conversion tax allocations ⁵	10,208,486	11,937,024	11,423,662	9,200,000	9,200,000
Distributions to cities from the strategic investment and improvements fund				282,000,000	
Oil and gas gross production tax allocations ⁶	157,419,253	265,629,305	664,714,101	542,500,000	496,490,000
Political subdivision allocation fund				14,360,000	
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties (strategic investment and improvements fund)				128,000,000 ²⁴	
Financial institution tax allocations	23,750,000	21,220,280			
Disaster relief funding (state disaster relief fund)	43,000,000 ⁹	25,500,000 ¹⁸			
Transportation funding distributions to counties, cities, and townships in oil-producing counties (strategic investment and improvements fund)				240,000,000 ¹⁶	
Emergency snow removal grants (state disaster relief fund)	9,000,000 ¹⁷				
Rice Lake flood mitigation (state disaster relief fund)				2,000,000	
Fargo interior flood control (state disaster relief fund)				30,000,000	
Bismarck area flood levees (state disaster relief fund)				4,000,000	
Cigarette tax allocations ⁷	2,724,707	3,048,138	3,319,389	3,300,000	3,300,000
Energy conservation grants to political subdivisions			1,200,000	1,200,000	200,000
Total special funds (excluding school-related funding)	\$605,416,031	\$853,279,036	\$1,480,875,093	\$1,867,298,431	\$1,141,211,751

Total major direct assistance to political subdivisions (excluding school-related funding)	<u>\$681,237,620</u>	<u>\$1,141,209,401</u>	<u>\$2,152,820,942</u>	<u>\$2,323,321,061</u>	<u>\$1,256,982,899</u>
School-related assistance to political subdivisions					
General fund appropriations - School-related funding					
State school aid per student formula payments	\$636,425,958 ¹⁴	\$816,821,478 ²⁰	\$0 ²⁵	\$0	\$0
State school aid - Integrated formula payments			1,573,016,326 ²⁵	1,581,452,707 ³²	1,334,657,258 ³²
Supplemental operations grants	16,795,584				
Supplemental one-time grants	85,644,337				
Mill levy reduction grants	295,211,264 ²²	341,790,000 ²²			
Rapid enrollment grants			10,623,963 ²⁵	12,504,530 ²⁷	
School district safety grants			2,150,870 ²⁵	849,130 ²⁸	
Reimbursement for CPR training			24,557 ²⁵	165,500 ²⁷	
Teacher compensation payments to school districts					
Special education - Gifted and talented per student payments					
School district reorganization bonuses					
Revenue supplement payments to school districts					
Transportation aid payments to school districts	43,500,000 ¹¹	48,500,000	53,500,000	57,000,000 ²⁹	55,400,000
Contingent supplemental transportation aid payments to school districts	5,000,000 ¹¹				
Special education contracts	15,500,000	16,000,000	16,500,000	17,300,000	19,300,000
Joint powers agreement incentives					
School food services	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000
Adult education	1,850,000	3,110,411	3,110,411	4,110,411	3,100,000
Adult education contingent appropriation		500,000 ²¹			
Alternative education program grants		300,000			
Prekindergarten space grants		125,000	114,995	125,000	
Flood-damaged school infrastructure grant		500,000 ²³			
English language learner grants				1,000,000 ³⁰	
Medicaid matching grants				163,611 ²⁷	
Program grant pool					1,530,000 ³³
Educational Technology Council grants	604,750	425,000	745,000	1,457,060	0
Vocational education	17,000,000	19,729,137	22,256,861	23,057,941	20,442,999
EduTech services, including school district antivirus licenses and PowerSchool funding	5,104,699	3,044,096	3,212,647	3,518,764	3,208,345
School district information technology network costs (statewide information technology network costs)	5,568,970 ¹	4,798,992 ¹	4,864,216	4,780,862	4,434,278
Total general fund - School-related funding	<u>\$1,129,585,562</u>	<u>\$1,257,024,114</u>	<u>\$1,691,499,846</u>	<u>\$1,708,865,516</u>	<u>\$1,443,452,880</u>
Percentage of total general fund appropriations	34.3%	29.3%	24.6%	30.0%	33.5%
Special funds appropriations and revenue allocations - School-related funding					
State school aid - Integrated formula payments (state tuition fund)	\$86,300,000	\$101,638,000	\$140,326,000 ²⁵	\$219,134,000	\$305,546,905
State school aid - Integrated formula payments (foundation aid stabilization fund)				116,053,293 ³²	295,000,000 ³²
English language learner grants (foundation aid stabilization fund)					500,000 ³⁰
Grants for adult education programs (displaced homemaker fund)	250,000	250,000	212,192	225,000	225,000
Rapid enrollment grants (foundation aid stabilization fund)					6,000,000 ³²
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				
Regional education association merger grants (foundation aid stabilization fund)					100,000 ³²
Educational Technology Council grants				600,000	85,000
Vocational education		112,724	250,000	131,804	2,477,000
Total special funds - School-related funding	<u>\$90,783,000</u>	<u>\$107,000,724</u>	<u>\$140,788,192</u>	<u>\$336,144,097</u>	<u>\$609,933,905</u>
Total major school-related assistance to political subdivisions	<u>\$1,220,368,562</u>	<u>\$1,364,024,838</u>	<u>\$1,832,288,038</u>	<u>\$2,045,009,613</u>	<u>\$2,053,386,785</u>

Total general fund assistance to political subdivisions	\$1,205,407,151	\$1,544,954,479	\$2,363,445,695	\$2,164,888,146	\$1,559,224,028
Total special funds assistance	<u>\$696,199,031</u>	<u>\$960,279,760</u>	<u>\$1,621,663,285</u>	<u>\$2,203,442,528</u>	<u>\$1,751,145,656</u>
Total major direct assistance to political subdivisions	<u><u>\$1,901,606,182</u></u>	<u><u>\$2,505,234,239</u></u>	<u><u>\$3,985,108,980</u></u>	<u><u>\$4,368,330,674</u></u>	<u><u>\$3,310,369,684</u></u>

¹ The Legislative Assembly provides funding from the general fund for the statewide information technology network connections for K-12 and public libraries, net of an e-rate credit.

² The 1987 Legislative Assembly House Bill No. 1590 provided that .6 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989.

The 1997 Legislative Assembly, in House Bill No. 1019, reduced the .6 to .4 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent of the revenues be distributed to cities. The 2013 Legislative Assembly 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.

³ 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 biennium amounts include a \$100,000 transfer from the general fund to the public transportation fund. The 2013-15 biennium amounts include a \$1.1 million contingent general fund transfer to the public transportation fund. The 2015-17 biennium amounts include a \$200,000 contingent general fund transfer to the public transportation fund.

⁴ 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.

⁵ 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.

⁶ 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. Beginning in the 2013-15 biennium, the 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.

⁷ 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.

⁸ The 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided in Senate Bill No. 2267 that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The 2011 Legislative Assembly, in Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The 2013 Legislative Assembly, in Senate Bill No. 2162, increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year. The 2015 Legislative Assembly, in Senate Bill No. 2143, increased the amount of collections allocated to the fund to 87.5 percent of the amount appropriated up to one mill.

⁹ The 2009 Legislative Assembly provided in Senate Bill No. 2012, \$43 million from the state disaster relief fund for emergency snow removal grants (\$20 million) and funding for the local match needed to receive federal disaster relief funding (\$23 million).

¹⁰ The 2009 Legislative Assembly provided in House Bill No. 1305, \$2,792,000 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 were not completed during the 2009-11 biennium; therefore, the 2011 Legislative Assembly authorized \$500,000 of the funding to continue during the 2011-13 biennium. In addition the 2011 Legislative Assembly provided \$250,000 for flood-related water projects in the Nelson County Water Resource District.

¹¹ In addition the 2009 Legislative Assembly provided in Section 16 of House Bill No. 1013, a \$5 million contingent general fund appropriation for transportation aid payments to school districts. The appropriation was 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 contingency was met and the contingent supplemental funding was distributed.

¹² The 2009 Legislative Assembly provided in Section 34 of House Bill No. 1015, \$250,000 from the general fund to provide grants to cities that experienced tornado damage in the summer of 2007 for the purpose of matching federal emergency relief funds.

- ¹³ The 2009 Legislative Assembly provided in Senate Bill No. 2333 a \$1.2 million contingent general fund appropriation for providing funds to local public health units for immunization services. The appropriation was contingent on total funds available to the state for immunization services under the American Recovery and Reinvestment Act of 2009. The State Department of Health reported the American Recovery and Reinvestment Act of 2009 funding could not be used for this purpose and the department would use the funding from the general fund. The 2011 Legislative Assembly provided in Senate Bill No. 2276 a \$1.5 million general fund appropriation for the purpose of funding a program through which the department purchases vaccines through the federal vaccine purchasing contract. The 2013 and 2015 Legislative Assemblies provided in the department's base budget, an additional \$1 million and \$576,853, respectively for the universal vaccine program. The department reduced 2015-17 biennium funding by \$100,000 due to agencywide operating expense reductions included in their budget bill and then, due to the 2015-17 biennium budget reductions approved in August 2016, the department further reduced funding for immunizations funding by \$1.7 million to provide a total of \$1.3 million for the universal vaccine program through June 30, 2016. The department discontinued the program as of July 1, 2016.
- ¹⁴ The 2009 Legislative Assembly reduced 2009-11 biennium state school aid per student formula payments provided from the general fund by \$13.5 million, from \$649.9 million provided in the 2007-09 biennium to \$636.4 million for the 2009-11 biennium. In addition the 2009 Legislative Assembly provided \$85.6 million of one-time federal funds made available to the state under the American Recovery and Reinvestment Act of 2009 and \$86.3 million of state tuition fund distributions for state school aid per student formula payments.
- ¹⁵ The Department of Human Services is unable to determine the amount of general fund support in the department's legislative appropriation for state administration of child support.
- ¹⁶ The 2011 Legislative Assembly provided for a transfer of \$142 million from the general fund to the highway fund for county and township roadway projects in areas affected by oil and gas development. House Bill No. 1358 (2013) appropriated \$160 million from the general fund to the Department of Transportation for transportation funding distributions to oil-producing counties. Senate Bill No. 2103 (2015) appropriated \$240 million from the strategic investment and improvements fund to the Department of Transportation transportation funding distributions to oil-producing political subdivisions.
- ¹⁷ 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 Senate Bill No. 2369.
- ¹⁸ Section 4 of 2011 Senate Bill No. 2369 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 presidentially 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 presidentially declared state disasters pursuant to North Dakota Century Code Section 37-17.1-27.
- ¹⁹ House Bill No. 1176 (2015) provides \$139.3 million for energy infrastructure impact grants from money deposited in the oil and gas impact grant fund, of which, \$132.5 million is designated for specific grant categories. The actual grant awards for the 2015-17 biennium may be less than the amount appropriated due to lower oil and gas tax allocations to the fund resulting from lower oil prices than forecasted. Senate Bill No. 2013 (2017) provides \$25 million for airport grants from money deposited in the oil and gas impact grant fund.
- ²⁰ In addition the 2011 Legislative Assembly 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 2009 House Bill No. 1400. The 2011 Legislative Assembly also provided \$21.2 million of one-time federal education jobs funding made available to the state under federal House Resolution No. 1586 signed into law in August 2010 and \$5 million from the oil and gas impact grant fund for rapid enrollment grants.
- ²¹ The 2011 Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction reserve \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium and carry over the funding to the 2011-13 biennium for state school aid per student payments. The 2011 Legislative Assembly provided that after reserving the \$9 million for state school aid per student payments in the 2011-13 biennium, the next \$500,000 of 2009-11 excess state school aid funding be reserved for adult education learning center grants to be disbursed if federal funding for adult education received by the department is less than \$900,000 in any year of the 2011-13 biennium.
- ²² This is funding provided to school districts as mill levy reduction grants (property tax relief); however, school districts were 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.
- ²³ 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.
- ²⁴ 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. House Bill No. 1012 (2015) appropriated from the general fund \$8 million (\$7,676,000 after the August 2016 general fund budget reductions, to the State Treasurer to provide allocations for the benefit of townships in non-oil-producing counties for township roads. House Bill No. 1176 (2015) appropriated \$112 million (\$104,664,000 after the August 2016 budget reductions) from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions. Senate Bill No. 2103 (2015) appropriated from the strategic investment and improvements fund \$16 million to the State Treasurer for transportation funding distributions to non-oil-producing county townships and appropriated from the strategic investment and improvements fund \$112 million to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions.

- ²⁵ The 2013 Legislative Assembly approved a change in the K-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 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 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).
- ²⁶ The 2013 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.
- ²⁷ In 2015, the Legislative Assembly provided funding made available from the general fund for rapid enrollment grants (\$14.8 million), CPR training grants (\$450,000), and a civics education grant (\$200,000) are one-time funding items. These one-time funding items were reduced due to the budget reductions approved by the Legislative Assembly in August 2016. In addition to these reductions, the Superintendent reduced ongoing funding for Medicaid matching grants and operating expenses.
- ²⁸ The Legislative Assembly, in Section 12 of 2015 Senate Bill No. 2013, provided the amount appropriated for school district safety grants in Section 1 of Chapter 59 of the 2013 Session Laws is not subject to Section 54-44.1-11 and any unexpended funds are available for school district safety grants during the 2015-17 biennium. The Superintendent continued \$849,130 from the 2013-15 biennium for school district safety grants during the 2015-17 biennium.
- ²⁹ In addition to \$57 million provided from the general fund for transportation aid during the 2015-17 biennium in Senate Bill No. 2013 (2015), the Legislative Assembly provided, in Section 13 of Senate Bill No. 2015 (2015), that if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. In 2017 the Legislative Assembly repealed Section 13 of Chapter 49 of the 2015 Session Laws related to the additional transportation grants.
- ³⁰ The Legislative Assembly provided, in Senate Bill No. 2013 (2015), \$1 million for grants to the four school districts that serve the largest number of first and second level English language learners in K-12. The Superintendent of Public Instruction must distribute a pro rata share of the available grant dollars to each eligible district based upon the total number of first- and second-level English language learners enrolled in the four districts. In 2017 the Legislative Assembly removed funding from the general fund for English language learner grants and, in Senate Bill No. 2272, provided one-time funding from the foundation aid stabilization fund for English language learner grants.
- ³¹ The 2017 Legislative Assembly approved, in Senate Bill No. 2206, funding of \$160.7 million, of which \$26 million is from the general fund and \$134.7 million is from the tax relief fund, for a state-paid economic assistance and social services pilot program during the 2017-19 biennium. The \$26 million from the general fund was appropriated in 2017 House Bill No. 1012.
- ³² Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts, due to 2015-17 biennium budget reductions approved by the Legislative Assembly in August 2016, were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293. In 2017 the Legislative Assembly provided a total of \$295 million from the foundation aid stabilization fund for integrated formula payments during the 2017-19 biennium, of which \$185 million is considered one-time funding. In addition the Legislative Assembly provided one-time funding from the foundation aid stabilization fund for rapid enrollment grants (\$6 million) and regional education association merger grants (\$100,000).
- ³³ The Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. In addition the Legislative Assembly provided, in Section 9 of House Bill No. 1013, the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department anticipates \$600,000 will be continued in the 2017-19 biennium to increase the program grant pool.
- ³⁴ The 2017 Legislative Assembly, in Senate Bill No. 2013, established the energy impact fund and appropriated \$15 million from the fund for a grant to the Williston aiprot. During the 2017-19 biennium only, the fund is to receive \$4 million of oil and gas tax allocations. The Legislative Assembly also provided for transfers to the fund during the 2017-19 biennium from the political subdivision allocation fund (\$8 million) and strategic investment and improvements fund (\$3 million).