ANALYSIS OF 2013-15 EXECUTIVE BUDGET

Supplement to the

Report of the Legislative Management

Budget Section

63rd Legislative Assembly **January 2013**

LEGISLATIVE ANALYSIS OF 2013-15 EXECUTIVE BUDGET
SUPPLEMENT TO THE REPORT OF THE LEGISLATIVE MANAGEMENT'S BUDGET SECTION

North Dakota Century Code Section 54-44.1-07 directs the Director of the Budget to present the budget and revenue proposals recommended by the Governor to the Legislative Assembly at the organizational session. On December 5, 2012, the Legislative Assembly met in joint session to receive from Governor Jack Dalrymple the executive budget and revenue proposals. After adjournment of the organizational session, the Budget Section, chaired by Senator Tony Grindberg, heard the detailed presentation of the Governor's budget on December 5, 2012. The Governor's proposed budget is for the period July 1, 2013, through June 30, 2015, or the 2013-15 biennium.

An analysis of the recommended appropriations and estimated revenues contained in the 2013-15 Governor's budget are included in this supplement to the Budget Section report.

The narrative and schedules in this report are prepared to assist members of the Legislative Assembly in analyzing the executive recommendations. Please refer to the index on the following pages for a listing of information included in the report.

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SUMMARY OF KEY RECOMMENDATIONS

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2013	$68,982,043[1]
Add estimated 2013-15 general fund revenues and transfers	4,797,694,832
Total resources available	$4,866,676,875
Less recommended 2013-15 general fund appropriations	4,786,171,981[2]
Estimated general fund balance - June 30, 2015	$80,504,894[3]

[1]This amount reflects the following recommendations proposed to occur prior to July 1, 2013:

- Recommended deficiency appropriations of $68,327,808 for the 2011-13 biennium.
- Recommended transportation funding distributions of $100 million for non-oil-impacted counties.
- Estimated general fund turnback of $30 million for the 2011-13 biennium.
- Recommended transfer of $620 million to the highway fund.
- Recommended transfer of $30 million to the housing incentive fund.
- Recommended transfer of $744,767,676 to the property tax relief sustainability fund for funding the property tax relief component of the integrated school aid formula.
- A transfer of $52,201,124 from the general fund to the budget stabilization fund at the end of the 2011-13 biennium based on a 9.5 percent maximum balance in the fund and the recommended 2013-15 general fund appropriations of $4,786,171,981.

[2]This amount consists of $3,795,667,792 of ongoing general fund appropriations and $990,504,189 of one-time general fund appropriations.

[3]In addition, the following are other major special funds' projected June 30, 2015, balances:

- Strategic investment and improvements fund - $1,358.2 million.
- Property tax relief sustainability fund - $714.2 million.
- Foundation aid stabilization fund - $606.1 million.
- Budget stabilization fund - $454.7 million.
- Legacy fund - $2,986.3 million.

TOTAL APPROPRIATIONS SUMMARY

	2011-13 Legislative Appropriations	Increase (Decrease)	2013-15 Executive Budget
General fund	$4,236,686,460	$549,485,521	$4,786,171,981
Estimated income	6,362,287,420	1,636,175,353	7,998,462,773
Total all funds	$10,598,973,880	$2,185,660,874	$12,784,634,754

2013-15 GENERAL FUND REVENUES

1. Includes **general fund revenues** of $4.78 billion, $1.96 billion, or 69.2 percent, more than the 2011-13 biennium revenues as projected at the close of the November 2011 special legislative session.
2. Includes an **estimated beginning general fund balance** of $68.98 million after making recommended transfers of $620 million to the highway fund, $30 million to the housing incentive fund, $744.8 million to the property tax relief sustainability fund, and $52.2 million to the budget stabilization fund. The projected July 1, 2013, balance made at the close of the November 2011 special legislative session was $206.9 million.
3. Projects state agency **general fund turnback** of $30 million at the end of the 2011-13 biennium. This amount includes approximately $10.2 million of funding appropriated from the general fund in the 2011-13 biennium for mill levy reduction grants and not expended.
4. Major areas of **revenue growth** compared to the **original** 2011-13 forecast include:
   a. Sales and use taxes increasing by $1.14 billion, or 82.5 percent.
   b. Motor vehicle excise taxes increasing by $128.5 million, or 70.2 percent.
   c. Individual income taxes increasing by $385 million, or 71.2 percent.
   d. Corporate income taxes increasing by $257.9 million, or 210.4 percent.
   e. Cigarette and tobacco taxes increasing by $14 million, or 32 percent.
5. Recommends **reducing individual income tax** brackets by .25 percent in all brackets, decreasing general fund collections by an estimated $100 million for the 2013-15 biennium.
6. Decreases **transfers from special funds** by $604.6 million, from $619.1 million in 2011-13 to $14.5 million in 2013-15. Major transfers and changes include:
   a. Transfers $11 million from the lottery, the same as the amount authorized for the 2011-13 biennium.
   b. Transfers $1.7 million from the Mill and Elevator, $4.9 million less than the amount transferred for the 2011-13 biennium.
   c. Transfers $1.78 million from the gas tax administration fund, $292,360 more than the amount authorized for the 2011-13 biennium.
   d. Removes the transfers of $295 million from the property tax relief sustainability fund and $305 million from the strategic investment and improvements fund.
7. Anticipates **oil prices** to average $75 per barrel during the first year of the 2013-15 biennium and $80 per barrel by the end of the biennium. The average oil price in November 2012 for North Dakota crude oil was $80.76 per barrel, and the price on December 18, 2012, was $76.50.
8. **Oil production** for October 2012 averaged 747,239 barrels per day and is anticipated to increase to 830,000 barrels per day by the end of the 2011-13 biennium. Oil production is anticipated to increase to 850,000 barrels per day during fiscal year 2014 and remain steady at approximately 850,000 barrels per day through the remainder of the biennium.
9. Increases the maximum amount of oil and gas tax collections that may be deposited in the oil and gas impact grant fund from the current level of $100 million to $214 million per biennium.

TAX RELIEF

1. Provides $714.2 million to provide property tax relief by increasing mill levy reduction grants from 75 mills to 135 mills as part of the new integrated school aid formula for the 2013-15 biennium. This amount is $372.4 million more than the $341.8 million provided for property tax relief for the 2011-13 biennium.
2. Provides $30.7 million for an expansion of the homestead tax credit program, an increase of $21.9 million from the 2011-13 biennium and $7.2 million for the disabled veterans credit program, an increase of $2.9 million from the 2011-13 biennium.
3. Provides $100 million for individual income tax relief by reducing all tax brackets by 25 basis points or .25 percent, from a range of 1.51 to 3.99 percent to a range of 1.26 to 3.74 percent.
4. Provides $25 million for corporate income tax relief.

2013-15 GENERAL FUND APPROPRIATIONS

	2011-13 Legislative Appropriations	Increase (Decrease)	2013-15 Executive Budget
Ongoing appropriations	$3,534,591,025	$261,076,767	$3,795,667,792
One-time appropriations	702,095,435	288,408,754	990,504,189
Total	$4,236,686,460	$549,485,521	$4,786,171,981

1. Includes general fund appropriations of $4.8 billion, $549.5 million more than the 2011-13 legislative appropriations.
2. Major general fund appropriations increases (decreases) relate to:
   a. Department of Transportation - $317.1 million.
   b. Department of Human Services - $214.3 million.
   c. Higher education - $254.8 million.
   d. Recommended state employee salary and fringe benefit adjustments - $67.7 million.
   e. Department of Trust Lands - ($65 million).
   f. Department of Public Instruction - ($201,175,354).

2013-15 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of $8 billion, $1.6 billion more than the 2011-13 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
   a. Department of Transportation - $936.2 million.
   b. Department of Public Instruction - $747.4 million.
   c. State Water Commission - $331.6 million.
   d. Department of Trust Lands - $81 million.
   e. Adjutant General - ($64.9 million).
   f. Estimated federal funding - ($137 million).

2013-15 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Projects "ongoing" general fund taxes and fees of $4,783.2 million and recommends $3,795.7 million of "ongoing" general fund appropriations, resulting in an estimated excess of $987.5 million. The executive budget includes $14.5 million of transfers identified as "ongoing" relating to the lottery, Mill and Elevator, and gas tax administration.
2. Recommends $990.5 million of "one-time" general fund appropriations from the estimated $69.0 million of "one-time" general fund resources and $1,002.0 million of excess ongoing general fund revenues available for the 2013-15 biennium.
3. Retains an estimated $80.5 million in the general fund at the end of the 2011-13 biennium.

HIGHER EDUCATION

1. Increases total **general fund** support by $254.8 million from the 2011-13 legislative appropriations. Ongoing general fund support is increased by $89.2 million, from $606.5 million to $695.7 million, while one-time general fund appropriations are increased by $165.6 million, from $51.3 million to $216.8 million.
2. Increases support from special funds by $27.3 million, or 25.1 percent. Special funds relate primarily to major capital projects funded from local sources or through the issuance of revenue bonds.
3. Adjusts the authorized number of full-time equivalent (FTE) positions from 2,245.51 to 2,344.46 to reflect the number of FTE positions supported by the general fund.
4. Provides funding of $21.1 million from the general fund for **campus equalization payments** based on a new student credit-hour funding formula.
5. Provides funding of $55.1 million from the general fund for an **inflationary and initiative factor adjustment** for each institution to provide funding for cost-to-continue items, operating inflation, salary increases, health insurance increases, retirement contribution increases, and campus security and mental health initiatives.
6. Includes one-time funding of $30 million from the general fund to establish a **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions.
7. Includes one-time funding of $166.9 million from the general fund for **major capital projects** at University System institutions.
8. Includes one-time funding of $1.5 million from the general fund for a **new academic and technical program startup pool** to provide funds to University System institutions for startup costs for initiating new programs or expanding existing programs.

ELEMENTARY AND SECONDARY EDUCATION

1. Provides $1.87 billion, of which $1.02 billion is from the general fund, $714.2 million from the property tax relief sustainability fund, and $140.3 million from the state tuition fund, for the **state school aid program**. State school aid program funding changes are summarized in the following schedule:

	2011-13 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2013-15 Executive Budget (Amounts Shown in Millions)
State school aid	$918.4[1]	$869.0	$1,787.4[2]
Education jobs fund program	21.2	(21.2)	
Transportation aid payments	48.5	5.0	53.5
Rapid enrollment grants	5.0	12.0	17.0
Special education - Contracts	16.0	.5	16.5
Mill levy reduction grants	341.8	(341.8)	[2]
Total	$1,350.9	$523.5	$1,874.4
General fund	$1,223.1	($203.2)	$1,019.9
Federal funds	21.2	(21.2)	
State tuition fund	101.6	38.7	140.3
Oil and gas impact grant fund	5.0	(5.0)	
Property tax relief sustainability fund		714.2	714.2
Total	$1,350.9	$523.5	$1,874.4

[1]In addition, the Legislative Assembly in 2011 authorized the Department of Public Instruction to continue up to $9.5 million of estimated excess funding for state school aid and transportation aid payments from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments ($9 million) and adult education learning center grants ($500,000).

[2]The 2013-15 executive budget recommends the implementation of integrated formula payments totaling $1.79 billion to provide school funding and property tax relief.

2. Proposes implementation of a new integrated formula to provide both adequacy-based funding for kindergarten through grade 12 education and property tax relief. The executive recommendation revises the state school aid formula to provide **integrated formula payments** totaling $1.79 billion, an increase of $527.2 million from the state school aid and mill levy grants, totaling $1.26 billion provided during the 2011-13 biennium. The increase of $527.2 million includes increases in funding of $714.2 million from the property tax relief sustainability fund and $38.7 million from the state tuition fund and a decrease in funding from the general fund of $225.7 million. Integrated formula payments include $714.2 million from the property tax relief sustainability fund for an increase in the mill levy buydown from 75 mills to 135 mills for the 2013-15 biennium, an increase of $372.4 million from the $341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium.
3. Increases the **per student payment rates** from $3,910 and $3,980 during the 2011-13 biennium to $8,810 and $9,092 during the 2013-15 biennium, including the "property tax relief" component. Mill levy reduction grants are discontinued.
4. Provides $17 million from the general fund for **rapid enrollment grants**, $12 million more than the 2011-13 biennium, and proposes a revised formula allowing two tiers of payments based on the rate of enrollment increases.
5. Provides $719,000 from the general fund for **information technology maintenance** to update the state automated reporting system (STARS) ($529,000) and the federal grants management system ($190,000).
6. Provides $500,000 from the general fund for a new program to provide grants to facilitate statewide implementation of **common core standards**.
7. Provides $400,000 from the general fund for the statewide deployment of a new **teacher and principal evaluation system**.

HUMAN SERVICES

1. Provides a total general fund appropriation for the Department of Human Services of $1,176.9 million, $235.9 million, or 25.1 percent, more than the $941.0 million appropriated for the 2011-13 biennium.
2. Adds $93.3 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 52.27 percent in federal fiscal year 2013 to 50 percent in federal fiscal year 2014. The department estimates North Dakota's FMAP to remain at 50 percent for federal fiscal year 2015.
3. Provides $81.3 million, of which $40.9 million is from the general fund, for 4 percent per year **inflationary increases** for human service providers. The Legislative Assembly in 2011 approved a 3 percent per year inflationary increase for providers, excluding physicians.
4. Adds $9.8 million, consisting of an increase of $48.4 million from the general fund and a decrease of $38.6 million in other funds, for **cost, caseload, and utilization changes** for major grant programs, including Medicaid, long-term care, developmental disabilities (DD), basic care, foster care, child care, subsidized adoption, food stamps, etc.
5. Provides $27.6 million, of which $14.9 million is from the general fund, for a **salary increase** of 50 cents per hour for staff of nursing homes, basic care facilities, and DD service providers, and qualified service providers (QSPs).
6. Includes $2.3 million, of which $1.7 million is from the general fund, for a **mileage differential** to QSPs for round trips in excess of 20 miles.
7. Provides $1 million from the general fund for expanding the Aging Services Division's **guardianship services** program.
8. Provides $9,626,629 of **one-time funding** from the general fund for compensation adjustments for staff in oil-impacted areas ($3,253,008),

information technology projects ($5,148,907), State Hospital street reconstruction ($864,714), and demolition of buildings at the Developmental Center ($360,000).

CAPITAL CONSTRUCTION

1. Includes $2,420,838,182 for the following capital projects and payments:

	General Fund	Special Funds	Total Funds
Major capital projects	$181,949,213	$164,618,429	$346,567,642
Extraordinary repairs	42,389,701	18,107,551	60,497,252
Department of Transportation bond payments		2,028,019	2,028,019
Department of Transportation contractor payments		757,927,471	757,927,471
Department of Transportation infrastructure		996,800,000	996,800,000
State Water Commission bond payments		75,250,000	75,250,000
Water projects		161,407,281	161,407,281[1]
Higher education special assessments	445,606		445,606
State agency special assessments	110,046	20,000	130,046
Payments in lieu of taxes	40,000	1,000,000	1,040,000[2]
ConnectND bond payments		2,504,100	2,504,100
Other bond payments	15,646,617	594,148	16,240,765
Total	$240,581,183	$2,180,256,999	$2,420,838,182

[1]This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project. In addition, the executive budget includes $529.9 million for local cost-share and water project grants.

[2]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 2013-15 biennium under the agency's continuing appropriation for building maintenance.

2. The executive budget does not recommend any major capital construction projects to be financed by bonding which would need to be repaid from the general fund.

STATE EMPLOYEES

1. Provides funding for **performance-based salary increases** for state employees of 3 to 5 percent of salaries effective July 1, 2013, and July 1, 2014.
2. Provides funding for **market equity salary increases** for classified state employees of 1 to 4 percent of salaries effective July 1, 2013, and July 1, 2014.
3. Provides funding for Supreme Court **justices'** and district court **judges'** salary increase of 5 percent for each year of the biennium.
4. Continues funding for the cost of **health insurance** premiums for state employees. The executive budget provides $981.69 per month for state employee health insurance premiums, an increase of $95.07, or 10.7 percent, compared to the 2011-13 premium of $886.62 per month.
5. Provides $6.8 million, of which $3.7 million is from the general fund, for **one-time compensation adjustments** for employees in agencies serving areas affected by oil and gas development.
6. Includes an increase in **contributions** to the **retirement** system of 2 percent on January 1, 2014, and another 2 percent increase on January 1, 2015. For each increase, it is recommended that employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent.
7. Includes a total of 11,504.73 FTE positions, 167.57 FTE positions more than the 2011-13 authorized level.

CORRECTIONS

1. Provides a total general fund appropriation for the Department of Corrections and Rehabilitation of $180 million, $17.6 million, or 10.8 percent, more than the $162.4 million appropriated for the 2011-13 biennium.
2. Adds $2.4 million for 20 **new FTE** positions, including 6 parole officers, 11 correctional officers, and 3 correctional caseworkers.
3. Adds $508,000 from the general fund to provide a total of $8.9 million for **female contract housing**.
4. Adds $1.1 million from the general fund for a total of $21.2 million to **house inmates in transitional facilities**, including the Missouri River Correctional Center.

INFORMATION TECHNOLOGY

1. Recommends $46.0 million, of which $8.7 million is from the general fund, for state agency **large information technology projects** for the 2013-15 biennium.
2. Provides additional funding of $342,976 from the general fund for ongoing operations of the Criminal Justice Information Sharing Initiative.
3. Provides **one-time funding** from the general fund of $715,000 for Criminal Justice Information Sharing Initiative projects ($200,000), geographic information system initiative projects ($215,000), Educational Technology Council grants ($200,000), and an electronic records archiving study.
4. Increases funding from the general fund and decreases funding from special funds for the **Center for Distance Education** by $1,358,386 to provide funding to allow students from schools of 500 or less to be provided courses at a reduced cost.

ECONOMIC DEVELOPMENT

1. Provides $2.6 million from the general fund for the North Dakota **Trade Office**, the same amount provided for the 2011-13 biennium.
2. Recommends $5 million from the general fund for a **child care facility grant program** for the purpose of providing grants of up to $250,000 to political subdivisions for new and expanded licensed child care facilities and essential equipment associated with facilities.

3. Provides $12 million from the general fund for a **research North Dakota** grant program to provide grants to research universities for research, development, and commercialization activities involving private sector partners.
4. Recommends $5 million, $1 million of which is from the general fund and $4 million from the strategic investment and improvements fund, for an **unmanned aerial system grant program**.
5. Recommends $1.5 million from the general fund for **base realignment grants** for providing matching grants of up to $500,000 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. A 1-to-1 local match is required to access the funds.
6. Provides a transfer of $2 million to the **workforce enhancement fund** which enables two-year colleges to create or enhance training programs that address private sector employers' workforce needs.

TRANSPORTATION

1. Anticipates **federal highway construction funds** of $532.2 million for the 2013-15 biennium compared to $569.5 million for the 2011-13 biennium.
2. Anticipates funding for **federal emergency relief projects** of $116.8 million for the 2013-15 biennium.
3. Provides for **general fund transfers** to the highway fund of $620 million during the 2011-13 biennium and $683.6 million during the 2013-15 biennium.
4. Provides $1.161 billion of one-time funding from the highway fund for **enhanced state highway investments,** including extraordinary maintenance, truck reliever routes, and upgrading two-lane roadways to four-lane roadways.
5. Provides $142 million of one-time funding from the highway fund for **county and township road projects** in areas affected by **oil and gas development**.
6. Adds 16 **new FTE positions** and $2.4 million of special funds for additional motor vehicle licensing specialists, transportation engineers, driver's license examiners, accounting and budget specialists, and transportation technicians.
7. Includes $10 million from the **general fund** to match federal funding to rebuild a segment of railroad track in the Devils Lake area.

ADJUTANT GENERAL

1. Adds **1 new FTE maintenance position**, including funding of $115,195, of which $38,014 is from the general fund, for the Fargo Armed Forces Reserve Center.
2. Increases funding from the general fund for the **National Guard tuition program** by $110,000, from $2,407,500 to $2,517,500.
3. Provides one-time funding of $600,000 from the general fund to continue the **veterans' bonus payment program**.
4. Adds **4 new FTE communications specialist positions**, including funding of $416,922, of which $375,229 is from the general fund, for the State Radio Communications Center.
5. Provides one-time funding of $1,201,240 from the general fund for **a State Radio facilities and equipment expansion project**.
6. Provides one-time funding of $1,640,000 from the general fund for a **computer-aided dispatch upgrade** ($340,000) and completion of the **statewide seamless base map project** ($1,300,000).
7. Provides one-time funding of $1.5 million from the general fund for four to six new **State Radio towers**.
8. Provides one-time funding of $210,000 from the general fund for replacement of the **fire suppression system** in the State Radio Communications Center.

ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS AS IDENTIFIED AND RECOMMENDED IN THE 2013-15 EXECUTIVE BUDGET

Ongoing General Fund Revenues, Transfers, and Appropriations

Recommended ongoing general fund taxes and fees	$4,783,213,172
Less recommended ongoing appropriations	(3,795,667,792)[1,2]
Excess (shortfall)	$987,545,380
Plus transfers identified as "ongoing" in the executive budget	14,481,660[3]
Excess	$1,002,027,040

[1]In addition, the executive budget includes $990,504,189 of recommended "one-time" general fund appropriations.

[2]In addition, the executive budget includes $752,173,838 of other ongoing appropriations from selected special funds, including:

Mill levy reduction grants (property tax relief) (property tax relief sustainability fund)	$714,173,838
Bank of North Dakota economic development programs, including the partnership in assisting community expansion (PACE) ($28 million), Ag PACE ($2 million), biofuels PACE ($2 million), and the beginning farmer revolving loan fund ($6 million) (Bank of North Dakota profits)	38,000,000
Total	$752,173,838

[3]This amount includes recommended transfers from:

Mill and Elevator	$1,704,300
Lottery	11,000,000
Gas tax administration	1,777,360
Total	$14,481,660

Identified One-Time General Fund Resources and Related Appropriations

One-time resources - Estimated general fund beginning balance	$68,982,043[1]
Less recommended one-time general fund appropriations	(990,504,189)[2]
Excess (shortfall)	($921,522,146)
Plus excess ongoing general fund revenues	1,002,027,040
Excess	$80,504,894

[1]The executive budget provides for a number of one-time transfers and distributions to occur from the general fund prior to the calculation of the July 1, 2013, general fund balance shown, including:

- Distributions to non-oil-impacted political subdivisions - $100 million.
- Transfer to the highway fund - $620 million.
- Transfer to the housing incentive fund - $30 million.
- Transfer to the property tax relief sustainability fund - $744,767,676.

[2]Recommended **one-time general fund appropriations** as identified in the executive budget include amounts for economic development, technology systems, equipment, capital projects, extraordinary repairs, and deferred maintenance as follows:

Agency/Description	Bill No.	General Fund Appropriation
Secretary of State (108)	HB 1002	
Information technology hosting charges		$84,000
Multipurpose copier		10,000
Office of Management and Budget (110)	HB 1015	
Capitol south entrance remodel		1,000,000
Exterior restoration of legislative and judicial wings		1,500,000
Health insurance pool for temporary employees		1,000,000
North Dakota 125th anniversary coordinator		190,000
Parking lot remodel		4,000,000
Prairie Public Broadcasting		700,000
Repairing and cleaning floor in Capitol and judicial wing		1,200,000
Information Technology Department (112)	SB 2021	
Criminal Justice Information System Initiative projects		200,000
Educational Technology Council grants		200,000
Electronic records archiving study		100,000
Geographic information system initiative projects		215,000
State Auditor's office (117)	HB 1004	
Office renovation		45,000
State Treasurer (120)	HB 1005	
Information technology project - Update to tax distribution and outstanding check system		191,516
Attorney General (125)	HB 1003	
Oil impact assistance		135,090
Undercover vehicles		198,000
Tax Department (127)	HB 1006	
Oil patch housing and compensation adjustments		112,364
Taxpayer access point (business registration and webfile) project		1,000,000
Legislative Assembly (150)	SB 2001	
Information technology projects		439,000
Legislative wing equipment and improvements		500,000
Legislative Council (160)	SB 2001	
Information technology project		50,000
Office equipment replacement		25,000
Office improvements		50,000
Judicial branch (180)	SB 2002	
Office equipment and furniture		331,470
Information technology equipment		516,556
Juvenile case management system replacement study		90,000
Disaster recovery planning		95,000
Criminal justice information sharing publisher project		139,850
North Dakota University System office (215)	SB 2003	
Higher education challenge fund		30,000,000

Agency/Description	Bill No.	General Fund Appropriation
New program startup pool		1,500,000
Systemwide deferred maintenance		10,000,000
Master plan and space utilization study		1,000,000
Bismarck State College (227)	SB 2003	
Communications and Fine Arts Center		13,300,000
Lake Region State College (228)	SB 2003	
Erlandson Technical Center addition and renovation		5,947,562
Williston State College (229)	SB 2003	
Stevens Hall renovation		12,242,478
Campus Drive project		1,800,000
University of North Dakota (UND) (230)	SB 2003	
School of Medicine and Health Sciences addition and renovation		68,300,000
Law School renovation		12,000,000
UND School of Medicine and Health Sciences (232)	SB 2003	
Health care workforce initiative startup costs		7,414,806
North Dakota State University (235)	SB 2003	
Science, technology, engineering, and mathematics classroom and laboratory building		29,600,000
North Dakota State College of Science (238)	SB 2003	
Old Main renovation		8,511,452
Mayville State University (240)	SB 2003	
Old gymnasium replacement and improvements		5,800,000
Campuswide drainage improvements		2,267,000
Minot State University (241)	SB 2003	
Plant services building		1,821,905
Valley City State University (242)	SB 2003	
Hillside slope stabilization		505,800
Vangstad Hall renovation		3,636,466
Dakota College at Bottineau (243)	SB 2003	
Campus backup generator		395,600
Forest Service (244)	SB 2003	
Nursery freezer conversion and shop facility		785,000
State Library (250)	HB 1013	
Library repair and maintenance grants		275,000
North Dakota Vision Services - School for the Blind (253)	HB 1013	
Elevator installation		241,500
Window replacements		189,000
State Department of Health (301)	SB 2004	
Environmental Protection Agency legal fees		500,000
Food and lodging licensing management system		110,000

Agency/Description	Bill No.	General Fund Appropriation
Veterans' Home (313)	SB 2007	
Demolition of old Veterans' Home		560,500
Department of Veterans' Affairs (321)	SB 2007	
Website upgrade		15,000
Department of Human Services (325)	HB 1012	
Demolition of Pleasant View Building - Developmental Center		120,000
Demolition of Refectory Building - Developmental Center		240,000
Field services electronic health records system replacement		5,000,000
Mainframe migration project		148,907
Oil patch compensation adjustments		3,253,008
Street reconstruction - State Hospital		864,714
Industrial Commission (405)	SB 2014	
Architect services for core library		25,000
Housing allowance		400,000
Oil-bearing rocks study		80,000
Possible litigation with federal agencies		1,000,000
Temperature profiles study		50,000
Wide-bed plotter		5,800
Public Service Commission (408)	HB 1008	
Hydraulic soil probe		10,080
Securities Department (414)	HB 1011	
Retirement leave payouts		38,927
Highway Patrol (504)	SB 2011	
Law enforcement training academy project - Phase I		5,786,000
Law enforcement training academy extraordinary repairs		105,000
Emergency lighting equipment		585,000
Energy impact allowance		261,000
Taser replacement		176,000
Two trailer scale systems		131,000
Department of Corrections and Rehabilitation (530)	SB 2015	
Missouri River Correctional Center flood hazard mitigation		349,950
Equipment		254,900
Extraordinary repairs		1,283,296
Information technology upgrades		652,900
Oil patch housing and compensation adjustments		266,352
Adjutant General (540)	HB 1016	
Computer-aided dispatch (CAD) upgrade		340,000
State Radio facility expansion		1,201,240
State Radio fire suppression project		210,000
State Radio towers		1,500,000
State Radio voice incident recorder		150,000

Agency/Description	Bill No.	General Fund Appropriation
Statewide seamless base map project		1,300,000
Veterans' bonus program		600,000
Department of Commerce (601)	SB 2018	
Base realignment grants		1,500,000
Child care facility grants		5,000,000
Planning initiative		1,000,000
Research North Dakota		12,000,000
Tourism large infrastructure grants		1,325,000
Transportation infrastructure study		350,000
Unmanned aerial system grant		1,000,000
Workforce enhancement program		2,000,000
North Dakota State University Extension Service (630)	SB 2020	
Extension 4-H camp renovation		500,000
Videoconference equipment		110,000
Northern Crops Institute (638)	SB 2020	
Update feedmill equipment		100,000
Main Research Center (640)	SB 2020	
New agronomy laboratory facilities at Carrington Research Center, Hettinger Research Center, Langdon Research Center, and Central Grasslands Research Center		4,300,000
Veterinary diagnostic equipment		400,000
State Fair Association (665)	SB 2009	
Flood damage repair		3,500,000
State Historical Society (701)	HB 1018	
Eighth grade curriculum - North Dakota studies		150,000
Historic sites exhibits		65,000
Oil patch housing adjustments		50,000
North Dakota 125th anniversary celebration		150,000
Traveling exhibit funding		250,000
Council on the Arts (709)	SB 2010	
Cultural guide update		10,000
Parks and Recreation Department (750)	HB 1019	
Capital projects		2,930,000
Community grant program		400,000
Strategic master plan update		100,000
State Water Commission	HB 1020	
Office space reconfiguration		45,000
Excavator replacement		243,200
Department of Transportation (801)	SB 2012	
TIGER III match		10,000,000
General fund transfer to highway fund		683,600,000
Total		$990,504,189

EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION

In addition to general agency budget recommendations, elected officials' salary increases, and any capital construction bonding proposals, the following recommendations included in the executive budget require statutory changes or other action by the Legislative Assembly in 2013 to implement:

TRANSFERS FROM THE GENERAL FUND (2011-13 BIENNIUM)

- Provides for a transfer of $620 million from the general fund to the highway fund prior to June 30, 2013 (Section 6 of Senate Bill No. 2012).
- Provides for a transfer of $30 million from the general fund to the housing incentive fund prior to June 30, 2013 (Section 11 of Senate Bill No. 2014).
- Provides for a transfer of $744,767,676 from the general fund to the property tax relief sustainability fund prior to June 30, 2013. Of the $744,767,676, $53,832,720 is the continuation of the current mill levy reduction program of 75 mills in the 2013-15 biennium, $318,551,118 is for increasing the mill levy reduction program to 135 mills in the 2013-15 biennium, and $372,383,838 is for continuing the program in the 2015-17 biennium (Section 3 of House Bill No. 1015).

FUNDING DISTRIBUTION (2011-13 BIENNIUM)

- Provides for an appropriation of $100 million from the general fund to the State Treasurer for providing transportation funding distributions to non-oil-producing counties, cities, and townships (Section 5 of Senate Bill No. 2012).

TRANSFER FROM THE GENERAL FUND (2013-15 BIENNIUM)

- Provides a transfer from the general fund to the highway fund of $683.6 million during the 2013-15 biennium (Section 7 of Senate Bill No. 2012).

OIL TAX REVENUES

- Amends North Dakota Century Code Section 57-51-15 to increase the allocation of oil and gas gross production tax and oil extraction tax collections to counties, cities, and other political subdivisions in oil-producing counties by approximately $232.8 million, by allowing oil-producing counties to receive 100 percent of the first $5 million in oil revenue each year and 25 percent of any additional revenue. (The bill containing the proposed changes is pending introduction.)
- Amends Section 57-51-15 to increase the maximum amount of oil and gas gross production tax collections that may be deposited in the oil and gas impact grant fund from $100 million to $214 million for the 2013-15 biennium and to $150 million per biennium thereafter (Sections 9 and 10 of Senate Bill No. 2013).
- Deposits $10 million per year of oil and gas gross production tax collections in a newly created outdoor conservation fund. (The bill containing the provisions is pending introduction.)
- Provides for the allocation of one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund to the renewable energy development fund to be spent pursuant to a continuing appropriation (Section 14 of Senate Bill No. 2014).
- Provides for the allocation of one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund to a newly created energy conservation fund to be spent pursuant to a continuing appropriation (Section 14 of Senate Bill No. 2014).

TAX RELIEF

- Includes $714.2 million to provide property tax relief by increasing mill levy reduction grants from 75 mills to 135 mills as part of a proposed new integrated school aid formula for the 2013-15 biennium. (The bill containing the proposed changes is pending introduction.)
- Expands the homestead tax credit program. (The bill containing the proposed changes is pending introduction.)
- Reduces individual income tax rates by lowering the rate categories by .25 percent adjusting the top rate from 3.99 to 3.74 percent and the lowest rate from 1.51 to 1.26 percent. This results in an estimated decrease in individual income tax collections of $100 million for the 2013-15 biennium. This reduction is in addition to the $120 million of individual income tax reductions enacted by the Legislative Assembly in 2011 for the 2011-13 biennium. (The bill containing the proposed changes is pending introduction.)
- Reduces corporate income tax rates resulting in an estimated decrease in corporate income tax collections of $25 million for the 2013-15 biennium. This reduction is in addition to the $25 million of corporate income tax reductions enacted by the Legislative Assembly in 2011 for the 2011-13 biennium. (The bill containing the proposed changes is pending introduction.)

ELEMENTARY EDUCATION

- Makes changes affecting the school funding formula, including a proposed new integrated school aid formula. (The bill containing the proposed changes is pending introduction.)
- Amends Section 15.1-18.1-02 to increase the annual payment available to a teacher receiving national board certification from $1,000 to $1,500 (Section 16 of House Bill No. 1013).
- Provides $200 million from the strategic investment and improvements fund for low-interest loans to qualified school districts for the construction of new schools or improvements or expansions to existing school buildings. This program would be in addition to the school construction loan program provided from the coal development trust fund. (The bill containing the proposed program is pending introduction.)

HIGHER EDUCATION

- Provides for a new funding formula for higher education institutions based on a fixed dollar amount per student credit-hour completed. (The bill containing the proposed changes is pending introduction.)
- Amends Section 15-62.2-02 to increase the maximum annual grant per recipient available from the student financial assistance program (needs-based financial aid) from $1,500 to $1,650 (Section 4 of Senate Bill No. 2003).
- Amends Section 15.1-21-02.6 to increase the North Dakota academic and career and technical education scholarships maximum total award from $6,000 to $10,000 per student (Section 5 of Senate Bill No. 2003).
- Creates a higher education challenge fund by making available $30 million to provide matching grant funds to institutions for academic enhancements. (The bill containing the proposed changes is pending introduction.)

INDUSTRIAL COMMISSION

- Transfers $38 million of Bank of North Dakota profits to the Bank for economic development programs, including the partnership in assisting community expansion (PACE) ($28 million), Ag PACE ($2 million), biofuels PACE ($2 million), and the beginning farmer revolving loan fund ($6 million). These programs received funding from the general fund in previous bienniums (Sections 7, 8, 9, and 10 of Senate Bill No. 2014).
- Amends Section 6-09-46 to allow the Industrial Commission to transfer up to 50 percent of the Mill and Elevator's annual profits to the general fund. Current statutory provisions require the Industrial Commission to transfer 50 percent of the mill's annual profits to the general fund (Section 15 of Senate Bill No. 2014).
- Amends Section 57-38-01.32(5) to increase the maximum allowable tax credits available to financial institutions, corporations, and individuals for contributions to housing incentive funds from $15 million to $20 million for the 2013-15 biennium. (The bill containing the statutory changes is pending introduction.)

DEPARTMENT OF COMMERCE

- Amends statutory provisions to rename the agricultural fuel tax fund the agricultural products utilization fund and provides a continuing appropriation to the Agricultural Products Utilization Commission to spend money in the fund (Sections 3, 4, 5, 7, 11, and 13 of Senate Bill No. 2018).
- Establishes an energy conservation grant fund in the state treasury. All funds in the energy conservation grant fund are appropriated on a continuing basis to the department for providing grants to political subdivisions for energy conservation projects in nonfederal public buildings (Section 8 of Senate Bill No. 2018).
- Establishes a research North Dakota grant program to provide grants to research universities for research, development, and commercialization activities related to private sector partners (Sections 9 and 10 of Senate Bill No. 2018).

RETIREMENT CONTRIBUTIONS

- Provides for an increase in retirement contributions of 2 percent on January 1, 2014, and 2 percent on January 1, 2015. Employees will pay 1 percent of each increase, and the state will pay the remaining 1 percent. (The bill containing the statutory changes is pending introduction.)

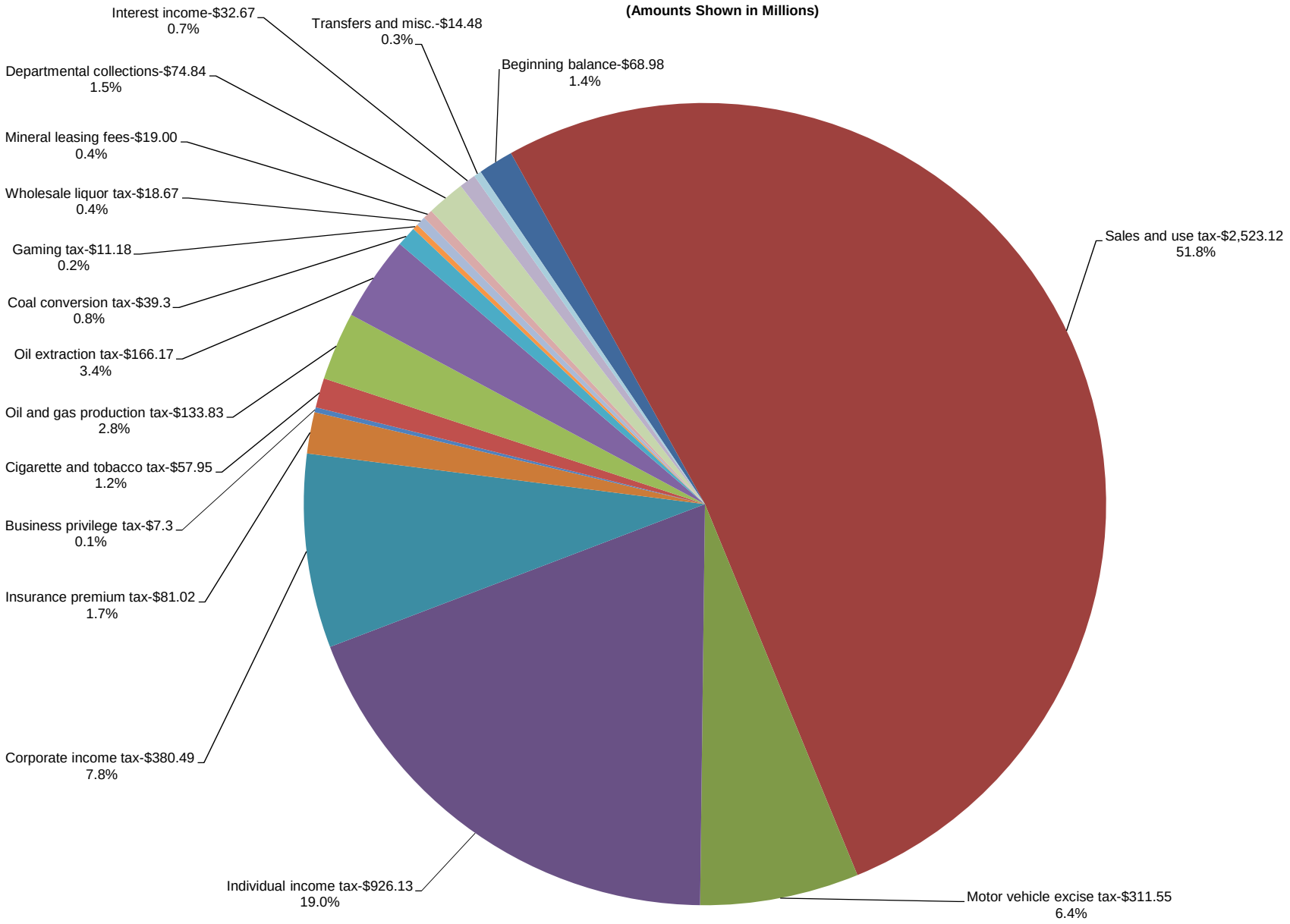
STATE DISASTER RELIEF FUND

- Amends Section 37-17.1-27 to remove the requirement for Budget Section approval for fund expenditures, expands the use of funds to include contracting for disaster recovery and mitigation planning and program coordination services, and provides the Adjutant General report to the Budget Section on fund expenditures as requested (Section 9 of House Bill No. 1016).

2013-15 ESTIMATED GENERAL FUND REVENUES

Total 2013-15 Estimated General Fund Revenues - $4,866,676,875

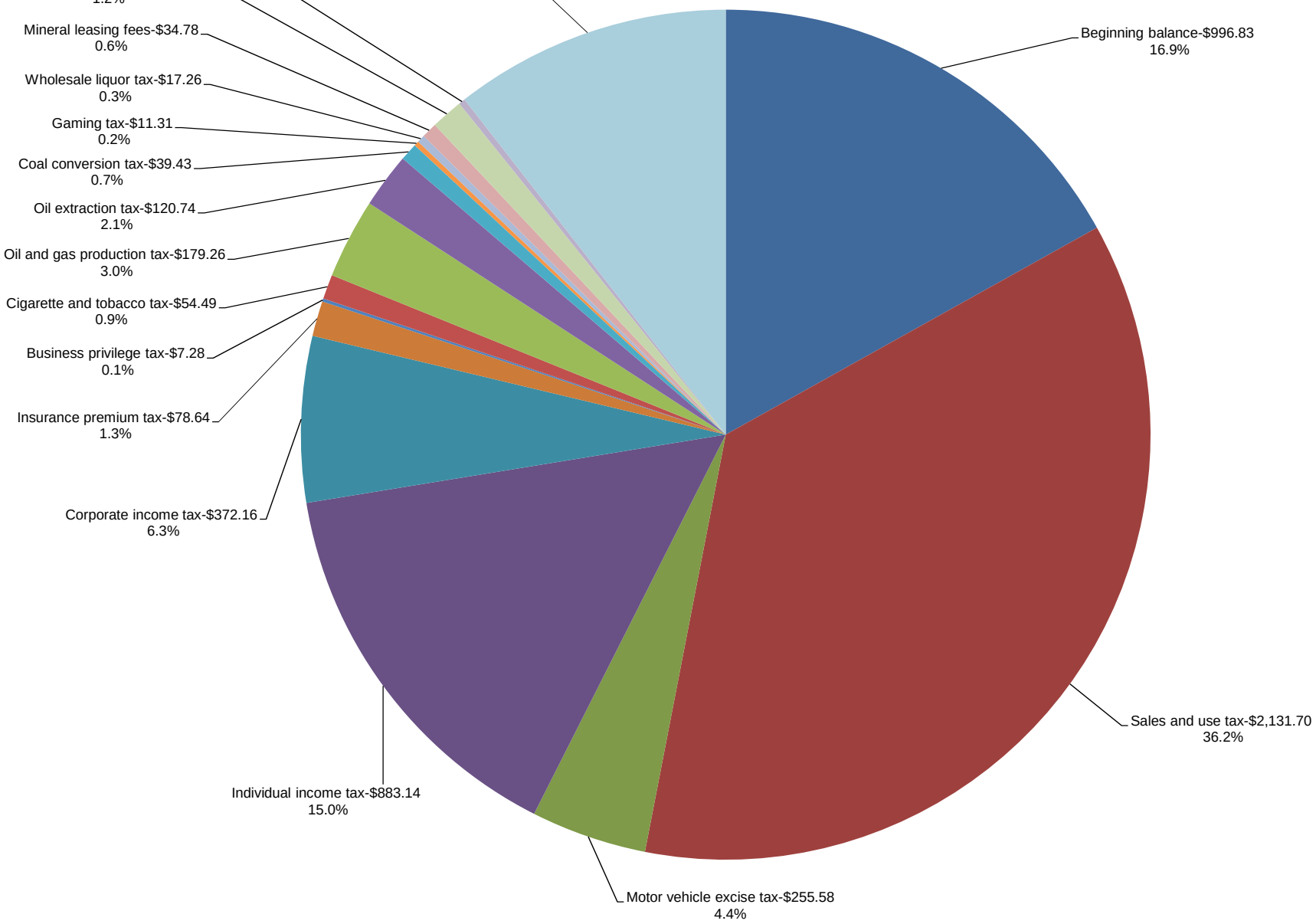
(Amounts Shown in Millions)



2011-13 ESTIMATED GENERAL FUND REVENUES

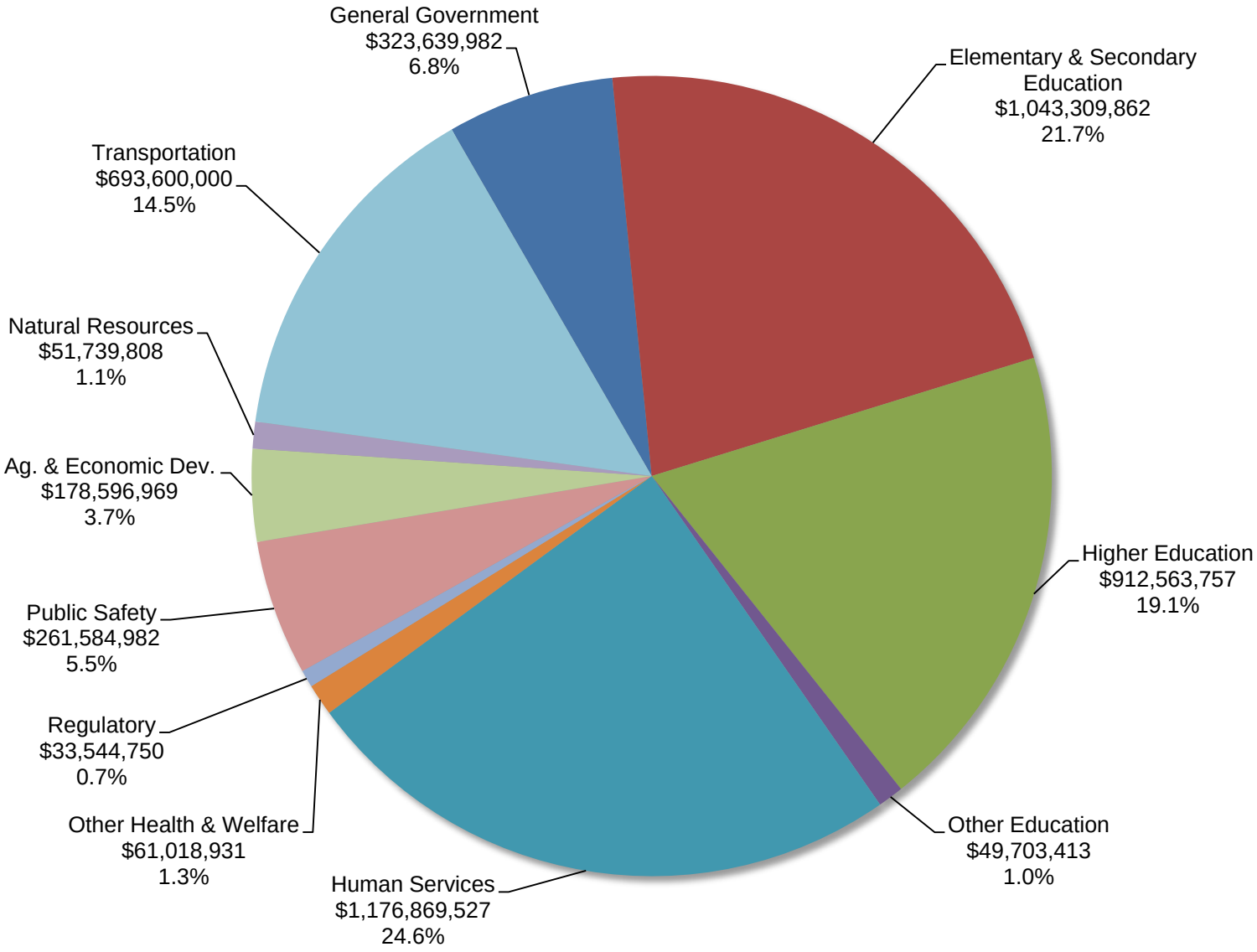
Total 2011-13 Estimated General Fund Revenues - $5,890,445,857

(Amounts Shown in Millions)



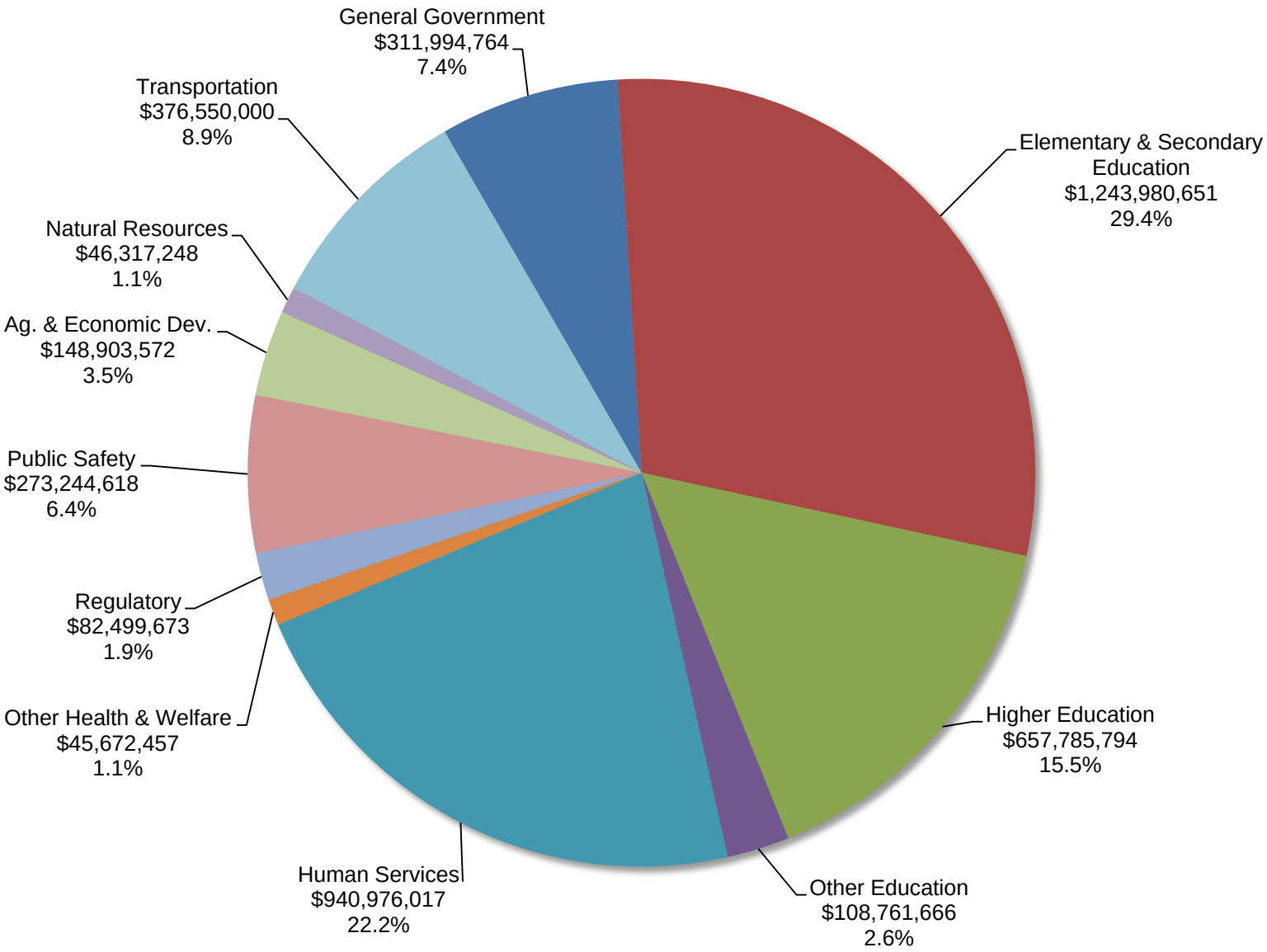
2013-15 BIENNIUM RECOMMENDED GENERAL FUND APPROPRIATIONS

Total 2013-15 Biennium Executive Budget General Fund Recommendation - $4,786,171,981



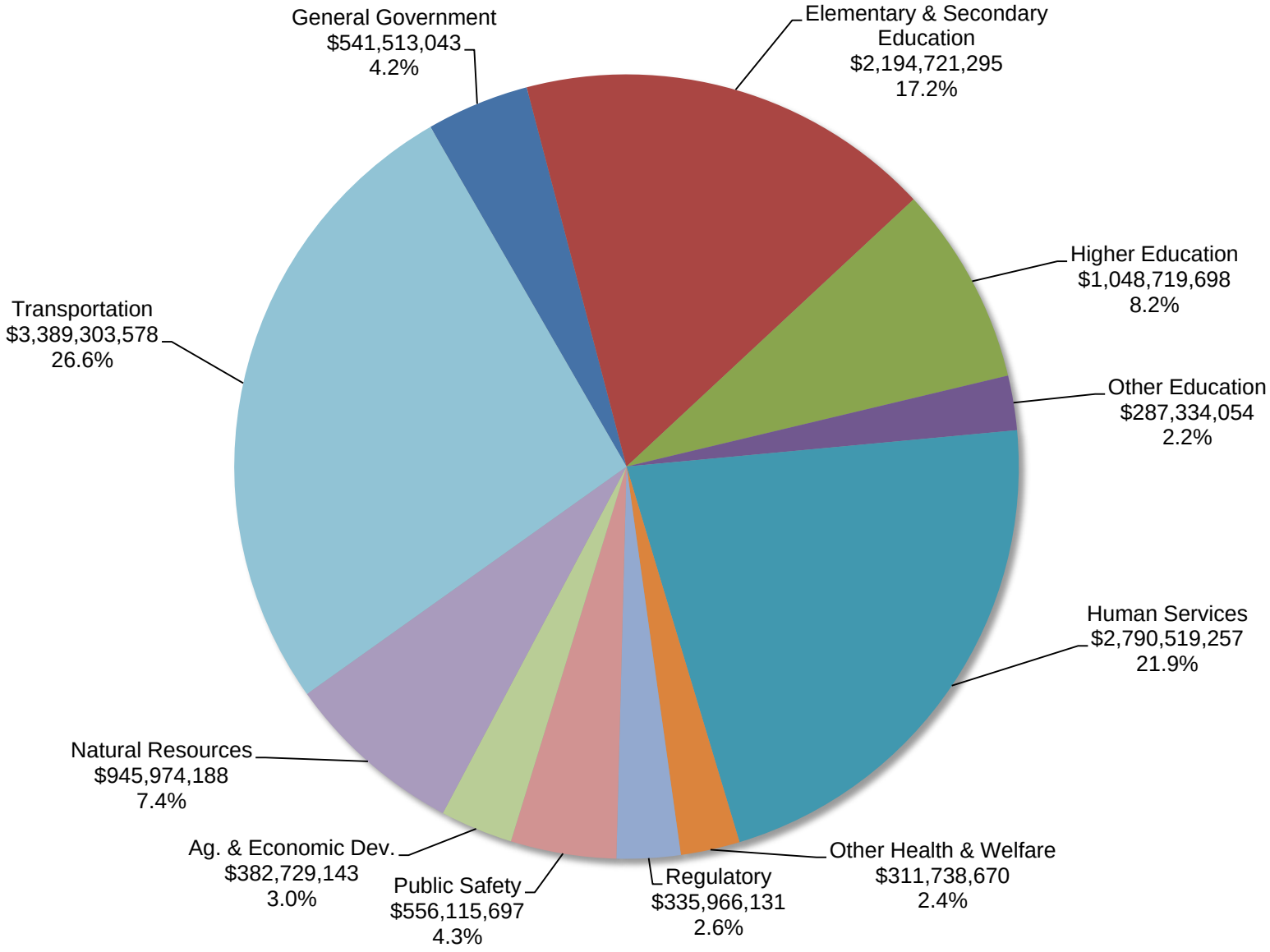
2011-13 BIENNIUM GENERAL FUND APPROPRIATIONS

Total 2011-13 Biennium General Fund Appropriations - $4,236,686,460



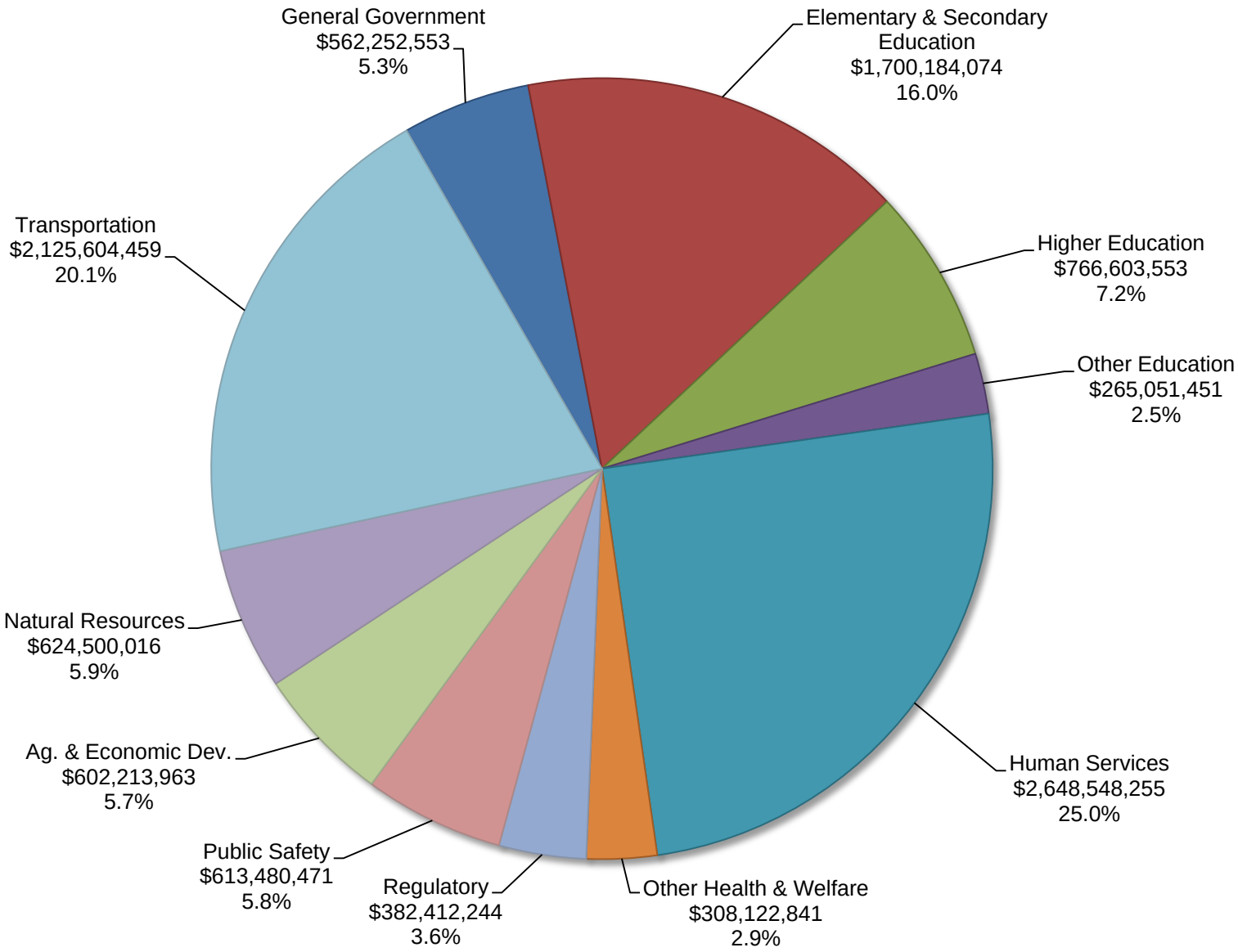
2013-15 BIENNIUM RECOMMENDED ALL FUNDS APPROPRIATIONS

Total 2013-15 Biennium Executive Budget All Funds Recommendation - $12,784,634,754



2011-13 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2011-13 Biennium All Funds Appropriations - $10,598,973,880



HISTORIC GENERAL FUND APPROPRIATIONS AND END-OF-BIENNIUM BALANCES

Biennium	General Fund Appropriations (Amounts Shown in Millions)[1]	End-of-Biennium General Fund Balance (Amounts Shown in Millions)	General Fund Balance as a Percentage of Appropriations
1971-73	$226.26	$52.50[2]	23.2%
1973-75	$297.82	$150.50[3]	50.5%
1975-77	$442.53	$208.30[3]	47.1%
1977-79	$575.07	$151.00[3]	26.3%
1979-81	$680.42	$174.50[3]	25.6%
1981-83	$910.25	$43.40[3]	4.8%
1983-85	$1,017.86	$150.41[3]	14.8%
1985-87	$1,134.18	$18.66[3]	1.6%
1987-89	$1,058.71	$40.00[3,4]	3.8%
1989-91	$1,061.51	$105.67[3]	10.0%
1991-93	$1,202.89	$19.76[3]	1.6%
1993-95	$1,251.93	$31.15[3]	2.5%
1995-97	$1,352.47	$65.00[3,5]	4.8%
1997-99	$1,510.75	$61.11[3]	4.0%
1999-2001	$1,614.88	$62.24[3]	3.9%
2001-03	$1,727.97[6]	$14.79[3,7]	0.9%
2003-05	$1,816.89	$68.02[3,8]	3.7%
2005-07	$2,000.54	$295.54[3,9]	14.8%
2007-09	$2,579.31	$361.84[3,10]	14.0%
2009-11	$3,296.59	$996.83[3,11]	30.2%
2011-13	$4,236.68[12]	$68.98[13] (estimate)	1.6%
2013-15	$4,786.17[14]	$80.50 (estimate)	1.7%

[1]Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly and general fund allotments and reductions.

[2]The amount shown reflects the actual cash balance in the general fund on June 30 at the end of the biennium.

[3]The amount shown is the unobligated balance, which is the June 30 cash balance reduced by June obligations not paid until after the end of the biennium.

[4]In addition to the amount shown, $25.2 million was transferred to the budget stabilization fund, pursuant to North Dakota Century Code Section 54-27.2-02, which provides any amount in excess of $40 million in the general fund on June 30, 1989, be transferred to the budget stabilization fund.

[5]In addition to the amount shown, $17.1 million was transferred to the budget stabilization fund, pursuant to Section 54-27.2-02, which provides any amount in excess of $65 million in the general fund on June 30, 1997, be transferred to the budget stabilization fund. Subsequently, on July 1, 1997, that amount was transferred to the budget stabilization fund.

[6]The amount shown reflects original legislative appropriations of $1,746.98 million increased by $3.47 million used to match federal Medicaid funding for intergovernmental transfer payments and decreased by $18.17 million relating to the July 2002, 1.05 percent budget allotment and $4.32 million for emergency clauses and other miscellaneous adjustments.

[7]The amount shown is after a transfer of $18,699,787 from the Bank of North Dakota, pursuant to Section 12 of 2001 House Bill No. 1015.

[8]In addition to the amount shown, $99.5 million was transferred to the budget stabilization fund, pursuant to Section 54-27.2-02, which provides any amount in the general fund at the end of a biennium in excess of $65 million be transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 5 percent of the current biennial general fund appropriations.

[9]In addition to the amount shown, $100.5 million was transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 5 percent of the current biennial general fund appropriations. House Bill No. 1429 (2007) changed the 5 percent maximum balance provision and allows a $200 million balance during the 2007-09 biennium and a maximum balance of 10 percent of appropriations beginning July 1, 2009.

[10]In addition to the amount shown, $124.9 million was transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 10 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly.

[11]In addition to the amount shown, $61.41 million was transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 9.5 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly.

[12]This amount reflects original 2011-13 general fund appropriations of $4,066.85 million plus $169.83 million of general fund appropriations approved by the Legislative Assembly during the November 2011 special legislative session.

[13]In addition to the amount shown, the executive budget anticipates transferring $1,394.77 million to various special funds and $52.2 million to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 9.5 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly.

[14]The amount shown reflects recommended general fund appropriations for the 2013-15 biennium.

SECTION B - GENERAL FUND REVENUES

GENERAL FUND REVENUES - KEY RECOMMENDATIONS AND ECONOMIC ASSUMPTIONS B-1

GENERAL FUND REVENUES - MAJOR CHANGES B-2

GENERAL FUND REVENUE ESTIMATES FOR THE 2011-13 AND 2013-15 BIENNIUMS B-3

OIL PRODUCTION AND OIL MARKET PRICES IN NORTH DAKOTA B-5

DISTRIBUTION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS GROSS PRODUCTION TAXES FOR THE 2013-15 BIENNIUM B-6

DEFICIENCY APPROPRIATIONS FOR THE 2011-13 BIENNIUM INCLUDED IN THE 2013-15 BIENNIUM EXECUTIVE RECOMMENDATION B-8

GENERAL FUND REVENUES - KEY RECOMMENDATIONS AND ECONOMIC ASSUMPTIONS

General fund revenue growth - General fund revenues, **excluding transfers** and beginning balance, for the 2013-15 biennium are anticipated to increase by 12.0 percent, or $511.4 million, from the revised 2011-13 revenue forecast and by 69.2 percent, or $1,955.6 million, from the original 2011-13 revenue forecast.

Sales and use tax - Sales and use tax collections are estimated to increase by $391.4 million, or 18.4 percent, during the 2013-15 biennium compared to the revised 2011-13 forecast.

Motor vehicle excise tax - Motor vehicle excise tax collections are expected to total $311.5 million in 2013-15, an increase of $55.9 million, or 21.9 percent, from the revised 2011-13 forecast of $255.6 million.

Individual income tax - Individual income tax collections are expected to increase by 4.9 percent, or $43 million, from the revised 2011-13 forecast, for an anticipated total of $926 million during the 2013-15 biennium. This amount reflects a revenue reduction of $100 million relating to the Governor's proposed income tax relief. The executive budget recommendation provides for a .25 percent rate reduction in each tax bracket resulting in tax brackets being reduced from 1.51 to 1.26 percent at the lowest bracket and from 3.99 to 3.74 percent in the highest bracket. The $926 million projected for the 2013-15 biennium compares to the revised forecast for the 2011-13 biennium of $883.1 million and the original 2011-13 forecast of $540.9 million. The original and revised forecast amounts for the 2011-13 biennium reflect revenue reductions of $120 million, relating to income tax relief as approved by the Legislative Assembly in 2011.

Housing incentive fund tax credits - The Legislative Assembly in 2011 authorized taxpayers to claim a 100 percent tax credit for contributions to the housing incentive fund up to a total of $15 million for the 2011-13 biennium only. The Governor is recommending increasing the maximum credits allowed to $20 million for the 2013-15 biennium. The Housing Finance Agency distributes money in the housing incentive fund to assist in the development of housing in the state.

Corporate income tax - Corporate income tax collections are expected to increase by 2.2 percent, or $8.3 million, from the revised 2011-13 forecast, for an anticipated total of $380.5 million during the 2013-15 biennium. The executive budget recommendation provides for $25 million in corporate income tax relief. Corporate income tax collections are currently projected to total $372.2 million during the 2011-13 biennium, compared to the original 2011-13 forecast of $122.6 million. The amounts for the 2011-13 biennium reflect a revenue reduction of $25 million relating to income tax relief as approved by the Legislative Assembly in 2011.

Oil and gas tax collections - Total oil and gas tax collections are expected to increase from the revised estimate of $3.83 billion in the 2011-13 biennium to $5.13 billion projected for the 2013-15 biennium. North Dakota Century Code Section 57-51.1-07.5 provides for the distribution of the state's share of oil and gas tax collections. An estimated $300 million will be deposited in the general fund, $379.4 million in the property tax relief sustainability fund, and $704.8 million in the strategic investment and improvements fund. The executive budget recommendation increases the deposit to the oil and gas impact grant fund from $100 million in the 2011-13 biennium to $214 million in the 2013-15 biennium and changes the statutory allocations to political subdivisions, increasing their share by approximately $232.8 million, by allowing oil-producing counties to receive 100 percent of the first $5 million in oil revenue each year and 25 percent of any additional revenue. The executive budget anticipates $1.2 billion will be transferred to the legacy fund for the 2011-13 biennium, and $1.7 billion will be transferred to the legacy fund for the 2013-15 biennium.

Oil prices - North Dakota crude oil prices averaged $80.76 per barrel in November 2012. Oil prices are anticipated to be $70 per barrel during fiscal year 2013, $75 during fiscal year 2014, and $80 during fiscal year 2015.

Oil production - Oil production for September 2012 averaged 728,494 barrels per day and is anticipated to increase to 830,000 barrels per day by the end of the 2011-13 biennium. Oil production is anticipated to increase to 850,000 barrels per day during fiscal year 2014 and remain steady at approximately 850,000 barrels per day through the remainder of the 2013-15 biennium.

Coal conversion - Coal conversion tax collections are expected to total $39.3 million in the 2013-15 biennium, a decrease of $125,126 from the 2011-13 revised forecast.

Mill and Elevator transfers - Section 54-18-19 requires the Industrial Commission to transfer to the general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agriculture-related programs. The transfer for the 2011-13 biennium is expected to total $7.6 million, and the transfer for the 2013-15 biennium is expected to total $1.7 million.

MAJOR GENERAL FUND REVENUE CHANGES - 2011-13 EXECUTIVE BUDGET REVENUE FORECAST COMPARED TO 2009-11 ORIGINAL AND REVISED REVENUE FORECASTS

General Fund Revenue Sources and Beginning Balance	2011-13 Original Legislative Revenue Forecast[1]	Increase (Decrease) 2011-13 Revised Forecast Compared to 2011-13 Original Forecast	2011-13 Revised Revenue Forecast	Increase (Decrease) 2013-15 Executive Budget Forecast Compared to 2011-13 Revised Forecast	2013-15 Percentage Increase (Decrease) Compared 2011-13 Revised Forecast	2013-15 Executive Budget Revenue Forecast	Total Increase (Decrease) 2013-15 Executive Budget Forecast Compared to 2011-13 Original Forecast	2013-15 Percentage Increase (Decrease) Compared 2011-13 Original Forecast
Beginning balance	$996,832,711 [2]	$0	$996,832,711 [2]	($927,850,668)	(93.1%)	**$68,982,043** [3]	($927,850,668)	(93.1%)
Revenues								
Sales and use tax	$1,382,234,660	$749,465,356	$2,131,700,016	$391,420,984	18.4%	**$2,523,121,000**	$1,140,886,340	82.5%
Motor vehicle excise tax	183,039,167	72,540,338	255,579,505	55,964,495	21.9%	**311,544,000**	128,504,833	70.2%
Individual income tax	540,999,000 [4]	342,138,013	883,137,013 [4]	42,990,987	4.9%	**926,128,000** [4]	385,129,000	71.2%
Corporate income tax	122,577,000 [5]	249,584,771	372,161,771 [5]	8,330,229	2.2%	**380,492,000** [5]	257,915,000	210.4%
Insurance premium tax	70,560,000	8,082,395	78,642,395	2,376,967	3.0%	**81,019,362**	10,459,362	14.8%
Cigarette and tobacco tax	43,902,000	10,583,013	54,485,013	3,467,987	6.4%	**57,953,000**	14,051,000	32.0%
Oil and gas gross production tax	133,834,000	45,425,416	179,259,416	(45,425,416)	(25.3%)	**133,834,000**	0	0.0%
Oil extraction tax	166,166,000	(45,425,687)	120,740,313	45,425,687	37.6%	**166,166,000**	0	0.0%
Coal conversion tax	35,764,000	3,661,126	39,425,126	(125,126)	(0.3%)	**39,300,000**	3,536,000	9.9%
Departmental collections	63,284,446	8,649,808	71,934,254	2,906,144	4.0%	**74,840,398**	11,555,952	18.3%
Other revenues	85,250,952	(454,119)	84,796,833	4,018,579	4.7%	**88,815,412**	3,564,460	4.2%
Total revenues	$2,827,611,225	$1,444,250,430	$4,271,861,655	$511,351,517	12.0%	**$4,783,213,172**	$1,955,601,947	69.2%
Total transfers and other sources								
Transfer - Mill and Elevator	$6,650,000	$995,978	$7,645,978	($5,941,678)	(77.7%)	**$1,704,300**	($4,945,700)	(74.4%)
Transfer - Lottery	11,000,000	1,500,000	12,500,000	(1,500,000)	(12.0%)	**11,000,000**	0	0.0%
Transfer - Gas tax administration	1,485,000	0	1,485,000	292,360	19.7%	**1,777,360**	292,360	19.7%
Transfer - Property tax relief sustainability fund	295,000,000	0	295,000,000	(295,000,000)	(100.0%)	**0**	(295,000,000)	(100.0%)
Transfer - Strategic investment and improvements fund	305,000,000	0	305,000,000	(305,000,000)	(100.0%)	**0**	(305,000,000)	(100.0%)
Other transfers	0	120,513	120,513	(120,513)	(100.0%)	**0**	0	N/A
Total transfers and other sources	$619,135,000	$2,616,491	$621,751,491	($607,269,831)	(97.7%)	**$14,481,660**	($604,653,340)	(97.7%)
Total general fund revenues, transfers, and beginning balance	$4,443,578,936	$1,446,866,921	$5,890,445,857	($1,023,768,982)	(17.4%)	**$4,866,676,875**	$423,097,939	9.5%

[1] The amounts shown reflect legislative action from the November 2011 special session.

[2] Actual July 1, 2011, balance.

[3] Estimated July 1, 2013, balance - The executive budget recommendation projects a July 1, 2013, general fund balance of $68,982,043, based on the 2011-13 revised general fund revenue forecast of $4,893,613,146 and appropriation authority of $4,374,495,014 (general fund appropriations of $4,236,686,460 plus proposed deficiency appropriations of $68,327,808 and $100 million in transportation distributions and less estimated general fund turnback of $30 million and adjustments of $519,254 for emergency clauses). The executive budget has also proposed the following transfers from the general fund prior to July 1, 2013: $620 million to the highway fund, $30 million to the housing incentive fund, and $744,767,676 to the property tax relief sustainability fund. In addition, it is estimated that $52.2 million will be transferred to the budget stabilization fund. Pursuant to North Dakota Century Code Section 54-27.2-02, any amount in the state general fund at the end of a biennium in excess of $65 million must be transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 9.5 percent of the current biennial general fund appropriations.

[4] The amount shown for the 2011-13 biennium reflects a revenue reduction of $120 million relating to income tax relief as approved by the Legislative Assembly in 2011. The amount shown for the 2013-15 biennium reflects an additional revenue reduction of $100 million relating to income tax relief as recommended by the Governor.

[5] The amount shown for the 2011-13 biennium reflects a revenue reduction of $25 million relating to income tax relief as approved by the Legislative Assembly in 2011. The amount shown for the 2013-15 biennium reflects an additional revenue reduction of $25 million relating to income tax relief as recommended by the Governor.

GENERAL FUND REVENUE ESTIMATES FOR THE 2011-13 AND 2013-15 BIENNIUMS AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS (Excludes Beginning General Fund Balances)

	Actual		Estimated		2013-15 Increase (Decrease) Compared to 2011-13	2013-15 Percentage Increase (Decrease) Compared to 2011-13
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium[1]	2013-15 Biennium [2]		
Revenue source						
Sales and use tax	$1,046,485,684	$1,267,211,331	$2,131,700,016	$2,523,121,000	$391,420,984	18.4%
Motor vehicle excise tax	130,151,534 [3]	124,425,401 [3]	255,579,505	311,544,000	55,964,495	21.9%
Individual income tax	681,703,888 [4]	729,255,895 [4]	883,137,013 [4,6]	926,128,000 [4,7]	42,990,987	4.9%
Corporate income tax	239,695,937	234,364,296 [5]	372,161,771 [5,6]	380,492,000	8,330,229	2.2%
Insurance premium tax	64,388,601	63,150,948	78,642,395	81,019,362	2,376,967	3.0%
Business privilege tax	10,486,495	6,748,753	7,283,160 [6]	7,300,000	16,840	0.2%
Cigarette and tobacco tax	45,230,771	46,253,470	54,485,013	57,953,000	3,467,987	6.4%
Oil and gas gross production tax	39,309,315 [8]	32,718,333 [8]	179,259,416 [9]	133,834,000 [9]	(45,425,416)	(25.3%)
Oil extraction tax	31,690,685 [8]	38,281,667 [8]	120,740,313 [9]	166,166,000 [9]	45,425,687	37.6%
Coal conversion tax	49,438,952	39,064,299	39,425,126	39,300,000	(125,126)	(0.3%)
Gaming tax	20,042,392	16,189,991	11,309,769	11,174,696	(135,073)	(1.2%)
Wholesale liquor tax	14,076,919	15,163,855	17,255,477	18,674,000	1,418,523	8.2%
Mineral leasing fees	25,306,589	17,521,635	34,781,711	19,000,000	(15,781,711)	(45.4%)
Interest income	49,506,190	43,684,825	14,166,716	32,666,716	18,500,000	130.6%
Departmental collections	62,143,185	68,577,582	71,934,254	74,840,398	2,906,144	4.0%
Total revenues	$2,509,657,137	$2,742,612,281	$4,271,861,655	$4,783,213,172	$511,351,517	12.0%
Transfers and other sources						
Transfer - Bank of North Dakota	$60,000,000	$0	$0	$0	$0	N/A
Transfer - Student loan trust fund	3,100,000	0	0	0	0	N/A
Transfer - Mill and Elevator Association	0	13,902,268 [10]	7,645,978 [10]	1,704,300 [10]	(5,941,678)	(77.7%)
Transfer - Lottery	11,055,000	10,400,000	12,500,000	11,000,000	(1,500,000)	(12.0%)
Transfer - Gas tax administration	1,274,056	1,288,000	1,485,000	1,777,360	292,360	19.7%
Transfer - Lands and minerals trust fund	15,000,000	35,000,000	0	0	0	N/A
Transfer - Permanent oil tax trust fund	115,000,000	1,124,935,590 [11]	0	0	0	N/A
Transfer - Property tax relief	0	0	295,000,000	0	(295,000,000)	(100.0%)
Transfer - Strategic investment and improvements fund	0	0	305,000,000	0	(305,000,000)	(100.0%)
Transfers - Other	177,186	4,556,650	120,513	0	(120,513)	(100.0%)
Total transfers and other sources	$205,606,242	$1,190,082,508	$621,751,491	$14,481,660	($607,269,831)	(97.7%)
Total general fund revenues and transfers	$2,715,263,379	$3,932,694,789	$4,893,613,146	$4,797,694,832	($95,918,314)	(2.0%)

[1] Revised 2011-13 revenue forecast (December 2012).

[2] Executive budget revenue forecast for the 2013-15 biennium.

[3] Sections 13 and 15 of 2007 House Bill No. 1012 provided for 10 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund during the 2007-09 biennium. This bill reduced general fund motor vehicle excise tax collections by $14.4 million for the 2007-09 biennium. Senate Bill No. 2012 (2009) provided for 25 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund for the 2009-11 biennium. This bill reduced general fund motor vehicle excise tax collections by $41.5 million for the 2009-11 biennium.

[4] The amounts shown for the 2007-09 biennium reflect a revenue reduction of $101 million relating to property tax income tax credits during the 2007-09 biennium as approved by the Legislative Assembly in 2007. The amount shown for the 2009-11 biennium reflects a revenue reduction of $90 million relating to income tax relief as approved by the Legislative Assembly in 2009. The amount shown for the 2011-13 biennium reflects a revenue reduction of an additional $120 million relating to income tax reductions of 17.9 percent as approved by the Legislative Assembly in 2011. The amounts shown for the 2013-15 biennium reflects a revenue reduction of an additional $100 million relating to income tax reductions recommended by the Governor.

[5] The amounts shown for the 2007-09 biennium reflect a revenue reduction of $11 million relating to property tax income tax credits during the 2007-09 biennium as approved by the Legislative Assembly in 2007. The amount shown for the 2009-11 biennium reflects a revenue reduction of $10 million relating to income tax relief as approved by the Legislative Assembly in 2009. The amount shown for the 2011-13 biennium reflects a revenue reduction of an additional $25 million relating to income tax reductions of 19.5 percent as approved by the Legislative Assembly in 2011. The amounts shown for the 2013-15 biennium reflects a revenue reduction of an additional $25 million relating to income tax reductions recommended by the Governor.

[6] This amount reflects a revenue reduction of $15 million relating to tax credits for contributions to a housing incentive fund. Senate Bill No. 2210 (2011) allows taxpayers to claim up to 20 percent of the credit during a tax year and limits the aggregate amount of tax credits for all contributions to $4 million. Senate Bill No. 2371 (2011) approved during the November 2011 special session increases the tax credit to 100 percent during tax years 2011 and 2012 and increases the aggregate amount for all contributors from $4 million to $15 million for these years only. The tax types affected include individual and corporate income taxes and business privilege tax. Senate Bill No. 2371 resulted in a reduction of $11 million of general fund revenues for the 2011-13 biennium, $3,666,667 for each individual income, corporate income, and business privilege tax type.

[7] This amount reflects an additional revenue reduction of $5 million relating to tax credits for contributions to a housing incentive fund providing a total of $20 million in housing incentive fund tax credits for the 2013-15 biennium as recommended by the Governor.

[8] For the 2007-09 and 2009-11 bienniums, North Dakota Century Code Section 57-51.1-07.2 provided that if, at the end of any biennium, oil and gas gross production and extraction tax collections during the biennium exceed $71 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund.

The total state share of oil and gas tax collections was $555.3 million for the 2007-09 biennium, resulting in $484.3 million being transferred to the permanent oil tax trust fund.

Total oil and gas tax collections were $1,052.5 million for the 2009-11 biennium, resulting in $981.5 million being transferred to the permanent oil tax trust fund. The Legislative Assembly in 2011 repealed the permanent oil tax trust fund and provided for a transfer of the balance in the fund to the general fund at the end of the 2009-11 biennium.

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

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

The state's share of total oil and gas tax collections is estimated to be $1.45 billion for the 2011-13 biennium. Of the $1.45 billion, $100 million is to be deposited in the oil and gas impact grant fund, $4 million in the oil and gas research fund, $300 million in the general fund, $341,790,000 in the property tax relief sustainability fund, $22 million in the state disaster relief fund, and $687.5 million in the strategic investment and improvements fund.

The state's share of total oil and gas tax collections is estimated to be $1.58 billion for the 2013-15 biennium. Of the $1.58 billion, $214 million is to be deposited in the oil and gas impact grant fund, $4 million in the oil and gas research fund, $300 million in the general fund, $341,790,000 in the property tax relief sustainability fund, $22 million in the state disaster relief fund, and $704.8 million in the strategic investment and improvements fund.

[10] The Legislative Assembly in 2009 repealed the $5 million transfer from the Mill and Elevator for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits. The amounts shown for the 2011-13 and 2013-15 bienniums are the estimated transfers based on projected Mill and Elevator profits for the biennium.

[11] The Legislative Assembly in 2011 repealed the permanent oil tax trust fund and provided for a transfer of the balance in the fund to the general fund at the end of the 2009-11 biennium. Therefore, transfers from the permanent oil tax trust fund increased from $435 million as provided for by the Legislative Assembly in 2009 to $1,124.9 million due to action by the Legislative Assembly in 2011 to repeal the permanent oil tax trust fund at the end of the 2009-11 biennium in House Bill No. 1451.

NORTH DAKOTA OIL PRODUCTION AND OIL MARKET PRICES

Period	Oil Production (in Barrels)		Market Price Per Barrel[1]	
			Beginning of Period	End of Period
	Average Per Day	Total		
Actual production for fiscal year 2010	258,045	94,126,628	$54.87	$63.14
Actual production for fiscal year 2011	348,993	127,343,403	$67.35	$91.69
Total 2009-11 biennium	303,519	221,470,031		
Actual production for fiscal year 2012	538,677	196,463,366	$90.60	$72.58
Estimated production for fiscal year 2013	793,750	289,705,000	$70.00	$70.00
Total 2011-13 biennium	666,214	486,168,366		
Estimated production for the 2013-15 biennium	847,084	618,360,000	$75.00	$80.00

The following are the estimated average posted field oil prices for the 2013-15 biennium for selected months:

	September 2013	December 2013	March 2014	June 2014	September 2014	December 2014	March 2014	May 2014
Estimated posted field oil prices	$75.00	$75.00	$75.00	$80.00	$80.00	$80.00	$80.00	$80.00

The following are definitions of the terms relating to the pricing of crude oil, specifically the definitions of posted field price, spot price, and future price:

- Posted field price is the price at which a crude oil purchaser will buy the oil of a certain quality from a particular field or area.
- Spot price is the price for crude oil at which a one-time seller transaction is consummated.
- Futures price is the price at which a contract for the future purchase or sale of oil is traded. The leading or benchmark price for crude oil futures is that paid for West Texas intermediate crude oil.

[1]The oil prices shown for fiscal year 2010 is the Tesoro posted field price for North Dakota sweet crude, which includes the Montana counties of Sheridan, Roosevelt, and Richland. Beginning with fiscal year 2011, the oil prices shown are the Flint Hills posted field prices for North Dakota sweet crude. The prices at the beginning and end of the periods are the monthly average actual or estimated posted prices.

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

Tax	State Share[1]	Legacy Fund[2]	Common Schools Trust Fund[3]	Foundation Aid Stabilization Fund[3]	Resources Trust Fund[4]	Oil and Gas Impact Grant Fund[5]	Oil and Gas Research Fund[6]	North Dakota Outdoor Heritage Fund[7]	Counties, Cities, and School Districts[8]	Tribal Share	Total
2013-15 executive forecast[9]											
Oil extraction tax[10]	$819.04	$820.40	$273.50	$273.50	$547.00		$1.33			$93.00	$2,827.77
Oil and gas gross production tax[11]	784.56	660.60				$214.00	2.67	$20.00	$520.33	98.40	2,300.56
Total	$1,603.60	$1,481.00	$273.50	$273.50	$547.00	$214.00	$4.00	$20.00	$520.33	$191.40	$5,128.33

[1]The Legislative Assembly in 2011 created a new section to North Dakota Century Code Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1. The funds and the estimated allocations for the 2013-15 biennium are:

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

Any additional revenues are deposited in the **strategic investment and improvements fund** ($839,814,225). Pursuant to Section 15-08.1-08, if the unobligated balance of the strategic investment and improvements fund exceeds $300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund. The executive budget estimates a transfer of $234,953,556 of oil and gas tax revenue from the strategic investment and improvements fund to the legacy fund for a net deposit in the strategic investment and improvements fund, including the $100 million allocation above, of $704,860,669.

[2]Passage of constitutional measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. The legacy fund will receive 30 percent of oil and gas gross production and oil extraction taxes beginning July 1, 2011. In addition to the amount shown, $234,953,556 of oil and gas tax revenue is estimated to be transferred to the legacy fund from the strategic investment and improvements fund during the 2013-15 biennium providing total deposits from oil and gas tax revenues of $1,716,030,381. Section 15-08.1-08 provides if the unobligated balance of the strategic investment and improvements fund exceeds $300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund. The $234,953,556 does not reflect additional transfers from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue.

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

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

[4]The amount shown reflects the estimated distribution of 20 percent of oil extraction taxes to the resources trust fund. The executive budget recommends allocating one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund, $2.7 million for the 2013-15 biennium, to the renewable energy development fund, to be spent pursuant to a continuing appropriation and one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund, $2.7 billion for the 2013-15 biennium, to a newly created energy conservation fund to be spent pursuant to a continuing appropriation, resulting in a net deposit of $541.5 million in the resources trust fund.

[5]Section 57-51-15 provides an allocation of up to $100 million of gross production tax to the oil and gas impact grant fund. The executive budget recommends increasing the allocation to a maximum of $214 million for the 2013-15 biennium and to $150 million thereafter.

[6]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.

[7]The executive budget recommends allocating a portion of oil and gas gross production revenue to a newly created conservation fund with an annual funding cap of $10 million.

[8]Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. Up to 35 percent of all revenues allocated to counties must be apportioned to school districts within the county on the average daily attendance distribution basis. Up to 20 percent of all revenues allocated to counties must be apportioned to incorporated cities in the county based on population. The executive budget recommends increasing the counties' share of oil and gas gross production tax revenue by approximately $232.8 million, by allowing oil-producing counties to receive 100 percent of the first $5 million in oil revenue each year and 25 percent of any additional revenue.

[9]The amounts shown are as recommended in the 2013-15 executive budget.

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

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

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

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

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

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

The oil and gas gross production tax is distributed per formula to the legacy fund (30 percent), the oil and gas impact grant fund (up to $100 million per biennium), the oil and gas research fund, the state general fund, and to political subdivisions within producing counties. Section 57-51-15.1 (2011 House Bill No. 1467) changed the cap for distribution to the oil and gas impact grant fund from $8 million per biennium to $100 million per biennium. The executive budget recommends increasing the maximum allocation to the oil and gas impact grant fund from the current level of $100 million to $214 million for the 2013-15 biennium and to $150 million thereafter.

DEFICIENCY APPROPRIATIONS FOR THE 2011-13 BIENNIUM INCLUDED IN THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION (HOUSE BILL NO. 1023)

House Bill No. 1023	General Fund	Other Funds	Total
Department of Human Services - Estimated amount needed due to a decrease in the federal medical assistance percentage for federal fiscal year 2013	$20,900,000		$20,900,000
Department of Transportation - Estimated amount needed for repayment of a loan to match federal highway emergency relief funds	41,500,000		41,500,000
State Department of Health - Estimated amount needed for additional food and lodging for staff in western North Dakota ($126,000) and loan repayment relating to the Environmental Protection Agency lawsuit ($500,000)	626,000		626,000
Department of Public Instruction - Estimated amount needed for the continuing education grant program ($45,000) and the rapid enrollment grant program ($3,100,000)	3,145,000		3,145,000
Job Service North Dakota - Estimated amount needed for interest expense on loans for disaster unemployment benefits related to the 2011 flood	5,847		5,847
Highway Patrol - Estimated amount needed for motor pool costs ($231,000) and expenses in areas affected by energy development ($171,000)	402,000		402,000
Tax Department - Estimated amounts needed for the disabled veterans credit	981,855		981,855
Attorney General's office - Estimated amount needed for prosecution witness fees ($20,000) and litigation fees ($20,000)	40,000		40,000
Minot State University - Estimated amount needed for expenses resulting from the 2010 and 2011 floods	52,745		52,745
State Fair Association - Estimated amount needed for expenses resulting from the 2011 flood	674,361		674,361
Total deficiency appropriations for the 2011-13 biennium	$68,327,808		$68,327,808

SECTION C - APPROPRIATIONS

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GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2013-15 executive budget to the 2011-13 appropriations approved by the Legislative Assembly in 2011 and lists major changes:

	2011-13 Original Legislative Appropriations	Executive Budget Ongoing Increase (Decrease) From 2011-13	Executive Budget One-Time Increase (Decrease) From 2011-13	2013-15 Executive Budget Recommendation
Ongoing general fund appropriations	$3,534,591,025	$261,076,767		$3,795,667,792
One-time general fund appropriations	702,095,435		$288,408,754	990,504,189
Total	$4,236,686,460	$261,076,767	$288,408,754	$4,786,171,981
Major changes include:				
Recommended salary and fringe benefits increase (excluding higher education)		$67,679,619		
Department of Transportation			$317,050,000	
Department of Human Services		218,428,315	(4,161,466)	
Higher education		89,210,251	165,567,712	
Tax Commissioner		26,491,483	112,364	
Adjutant General		1,436,054	(49,217,188)	
State Treasurer		168,820	(48,075,072)	
Bank of North Dakota			(54,400,000)	
Department of Trust Lands			(65,000,000)	
Department of Public Instruction		(200,791,354)	(384,000)	
Other net changes		58,453,579	26,916,404	
Total		$261,076,767	$288,408,754	

Major changes and key recommendations affecting 2013-15 general fund appropriations include:

- **Recommended salary and fringe benefits increase, excluding higher education - $67,679,619.** The executive budget includes funding for state employee performance salary increases of 3 to 5 percent effective July 1, 2013, and July 1, 2014. The executive budget also includes funding for annual salary adjustments between 1 and 4 percent for classified employees below their respective market policy point. The executive budget provides for increasing state employee retirement contributions by 2 percent on January 1, 2014, and 2 percent on January 1, 2015. For each increase, the employee would pay 1 percent and the state would pay 1 percent. Funding is also provided for employee health insurance premium increases of $95 per month, from $887 to $982 per month. See the **STATE EMPLOYEES** section for additional information on state employee salary increases.
- **Department of Transportation - $317,050,000.** The executive budget recommendation removes a $370.6 million one-time transfer from the general fund to the highway fund in the 2011-13 biennium and provides for a one-time transfer of $683.6 million from the general fund to the state highway fund during the 2013-15 biennium. The executive budget also provides for an additional one-time 2011-13 biennium transfer of $620 million from the general fund to the highway fund.
- **Department of Human Services - $214,266,849.** The executive budget increases ongoing funding from the general fund as follows:

  $93.3 million relating to federal medical assistance percentage (FMAP) changes.

  $40.9 million for inflationary increases of 4 percent annually for human service providers.

  $48.4 million for cost, caseload, and utilization changes.
- **Higher education - $254,777,963.** The executive budget increases funding from the general fund as follows:

  $55 million for inflationary and initiative factor adjustments for each North Dakota University System institution to provide funding for cost-to-continue items, operating inflation, salary increases, health insurance increases, retirement contribution increases, and campus security and mental health initiatives.

  $21 million for institution equity distributions based on a new student credit-hour completion funding method.

  $119.8 million of increased one-time funding for major capital projects to provide a total of $166.9 million.

  $10 million of one-time funding for deferred maintenance at campuses.

  $30 million of one-time funding for a higher education challenge fund.

  See the **HIGHER EDUCATION** section for additional information.
- **Tax Commissioner - $26,603,847.** The executive budget increases ongoing general fund support for the following:

  $1.9 million for anticipated increases in the homestead property tax credit program.

  $20 million to expand the homestead property tax credit program.

$2.9 million for anticipated increases in the disabled veterans property tax credit program.

$1 million to continue the support, maintenance, and upgrade contract for the GenTax software program.

- **Adjutant General - ($47,781,134).** The executive budget removes a $48.7 million one-time transfer from the general fund to the state disaster relief fund during the 2011-13 biennium.
- **State Treasurer - ($47,906,252).** The executive budget removes one-time funding of $48 million for 2011-13 biennium transportation funding distributions to non-oil-producing counties, cities, and townships. The executive budget provides for additional 2011-13 biennium special transportation funding distributions of $100 million from the general fund to non-oil-producing counties, cities, and townships.
- **Bank of North Dakota - ($54,400,000).** The executive budget decreases funding from the general fund by $9.4 million for transfers to the partnership in assisting community expansion (PACE) and beginning farmer revolving loan fund, removes one-time funding of $20 million for the rebuilders loan program, and removes $25 million for a loan to the Western Area Water Supply Authority. The executive budget provides for $38 million of transfers from the Bank of North Dakota's retained earnings and profits to the PACE-related funds ($32 million) and beginning farmer revolving loan fund ($6 million).
- **Department of Trust Lands - ($65,000,000).** The executive budget removes one-time funding of $35 million for oil and gas impact grants and $30 million of one-time funding for flood-impacted infrastructure grants.
- **Department of Public Instruction - ($201,175,354).** The executive budget changes the funding source for property tax relief from the general fund to the property tax relief sustainability fund. The executive budget provides integrated formula payments totaling $1.79 billion, an increase of $527.2 million from the state school aid and mill levy grants of $1.26 billion provided during the 2011-13 biennium. The increase of $527.2 million includes increases in funding of $714.2 million from the property tax relief sustainability fund and $38.7 million from the state tuition fund, and a decrease in funding from the general fund of $225.7 million. Funding from federal sources is reduced by $52.1 million. See the **ELEMENTARY EDUCATION** section for additional information.

SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2013-15 executive budget to the 2011-13 appropriations approved by the Legislative Assembly and lists major special funds sources changes:

	2011-13 Legislative Appropriations	Increase (Decrease) From 2011-13	2013-15 Executive Budget
All funds appropriations	$10,598,973,880	$2,185,660,874	$12,784,634,754
Less general fund appropriations	4,236,686,460	549,485,521	4,786,171,981
Total special funds appropriations	$6,362,287,420	$1,636,175,353	$7,998,462,773
Major special funds sources and changes include:			
Federal funds	$3,319,537,019[1]	($136,950,019)	$3,182,587,000
Department of Transportation	1,068,034,884	936,181,495	2,004,216,379
Department of Public Instruction	108,434,609	747,438,419	855,873,028
State Water Commission	440,435,838	331,600,973	772,036,811
Department of Trust Lands	140,465,189	81,039,097	221,504,286
State Department of Health	38,267,128	(21,621,837)	16,645,291
Adjutant General	83,115,612	(64,896,358)	18,219,254
Other	1,163,997,141	(236,616,417)	927,380,724
Total	$6,362,287,420	$1,636,175,353	$7,998,462,773

[1]The amount shown for the 2011-13 biennium is the total federal funds appropriated by the Legislative Assembly in 2011 as reported by state agencies on a survey for the Budget Section completed in September 2012. The amount includes $81,295,941 of federal fiscal stimulus funds.

Major changes and key recommendations affecting 2013-15 special funds appropriations include:

- **Federal funds - ($136,950,019).** The executive budget includes a decrease of federal American Recovery and Reinvestment Act funding of $72,239,148. The executive budget recommends a decrease of regular federal funds of $64,710,871. Please refer to the federal funds comparison schedules under the **APPROPRIATIONS** section for additional information.
- **Department of Transportation - $936,181,495.** The executive budget appropriates $1.16 billion from the highway fund to the Department of Transportation for enhanced state highway investments. The executive budget provides for a 2011-13 biennium transfer from the general fund to the highway fund of $620 million and a 2013-15 biennium transfer from the general fund to the highway fund of $683.6 million to provide funding for the enhanced state highway investments. The transfers from the general fund are also being used to provide funding to continue a $142 million county and township road reconstruction program for areas affected by oil and gas development.
- **Department of Public Instruction - $747,438,419.** The executive budget increases special funds from the property tax relief sustainability fund by $714.2 million and from the state tuition fund by $38.7 million for state school aid integrated formula payments which include property tax relief. Funding from the oil and gas impact grant fund of $5 million for rapid enrollment grants and from the national board certification fund of $485,000 for national board certification, a mainframe rewrite, and testing is removed.
- **State Water Commission - $331,600,973.** The executive budget increases special funds from the resources trust fund by $317.7 million and the water development trust fund by $7.1 million primarily for water projects. Special funds from local cost share and the Northwest Area Water Supply operations fund are increased by $6.3 million and $467,121 respectively.
- **Department of Trust Lands - $81,039,097.** The executive budget provides for an increase of $114 million in oil tax collections deposited in the oil and gas impact grant fund. The increased deposits will be used to provide an additional $49.3 million for the energy impact grant program, $60 million in new energy impact grants for airports, and $4 million for new energy impact grants for higher education.
- **State Department of Health - ($21,621,837).** The executive budget removes 2011-13 biennium special funds appropriations of $23 million from the health and consolidated laboratory fund for operating expenses related to the purchase of vaccines under a universal immunization system.
- **Adjutant General - ($64,896,358).** The executive budget reduces funding provided from the state disaster relief fund for disaster-related costs by $62.5 million, from $76.4 million in the 2011-13 biennium to $13.9 million for the 2013-15 biennium.

FEDERAL FUNDS
COMPARISON OF 2011-13 APPROPRIATIONS AND 2013-15 EXECUTIVE BUDGET RECOMMENDATION
(Excluding American Recovery and Reinvestment Act of 2009 Fiscal Stimulus Funding)

Agency	2011-13 Appropriation[1]	2011-13 Current Estimate[1]	2013-15 Executive Budget	2013-15 Executive Budget Increase (Decrease) Compared to 2009-11 Appropriation	Percentage Increase (Decrease)
Governor's office	$21,517,716	$9,284,248	$0	($21,517,716) [2]	N/A [2]
Department of Public Instruction	258,984,667	249,749,104	293,933,108	34,948,441 [3]	13.5% [3]
Department of Career and Technical Education	10,561,914	8,888,381	10,085,511	(476,403)	(4.5%)
State Department of Health	119,189,397	121,766,046	123416410	4,227,013	3.5%
Department of Human Services	1,593,009,995	1,450,922,578	1,488,818,284	(104,191,711) [4]	(6.5%) [4]
Job Service North Dakota	68,100,082	69,620,265	77,392,050	9,291,968 [5]	13.6% [5]
Public Service Commission	10,798,804	10,798,804	12,057,083	1,258,279	11.7%
Housing Finance Agency	30,174,920	30,172,338	27,456,800	(2,718,120)	(9.0%)
Adjutant General	213,948,072	542,327,697	231,854,429	17,906,357 [6]	8.4% [6]
Department of Commerce	67,054,724	31,691,067	54,224,372	(12,830,352) [7]	(19.1%) [7]
Game and Fish Department	29,902,607	29,550,760	30,184,633	282,026	0.9%
State Water Commission	46,670,377	14,646,671	37,322,577	(9,347,800) [8]	(20.0%) [8]
Department of Transportation	671,030,000	1,029,437,585	691,487,199	20,457,199 [9]	3.0% [9]
All other agencies and institutions	97,297,803	88,674,225	95,297,751	(2,000,052)	(2.1%)
Total	$3,238,241,078	$3,687,529,769	$3,173,530,207	($64,710,871)	(2.0%)

[1] 2011-13 appropriation and 2011-13 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in September 2012 for the Budget Section. These amounts do not include federal fiscal stimulus funds made available to the state under the American Recovery and Reinvestment Act of 2009.

[2] **Governor's office - $21,517,716 decrease**
The decrease is attributable to changes in funding for the following program:

Education jobs fund (from $21,517,716 in 2011-13 to $0 in 2013-15)	($21,517,716)

[3] **Department of Public Instruction - $34,948,441 increase**
The increase is primarily attributable to anticipated increases in the following programs:

Individuals With Disabilities Education Act (from $58,222,208 in 2011-13 to $62,687,808 in 2013-15)	$4,465,600
Title I Part A (from $75,326,616 in 2011-13 to $76,700,037 in 2013-15)	$1,373,421
School food program (from $40,314,547 in 2011-13 to $45,352,084 in 2013-15)	$5,037,537
Child care food program (from $22,090,073 in 2011-13 to $23,427,364 in 2013-15)	$1,337,291

Fresh fruit and vegetable program (from $2,575,000 in 2011-13 to $4,347,070 in 2013-15)	$1,772,070
Indirect cost pool	$2,846,769

[5] **Department of Human Services - $104,191,711 decrease**

The decrease is primarily attributable to anticipated decreases in the following programs:

Medicaid (from $1,061,220,258 in 2011-13 to $962,275,004 in 2013-15)	($98,945,254)
Food and nutrition services (from $253,097,561 in 2011-13 to $208,829,559 in 2013-15)	($44,268,002)

[6] **Job Service North Dakota - $9,291,968 increase**

The increase is primarily attributable to anticipated increases in the following program:

Unemployment insurance (from $20,029,842 in 2011-13 to $29,626,504 in 2013-15)	$9,596,662

[7] **Adjutant General - $17,906,357 increase**

The increase is primarily attributable to anticipated increases in the following program:

Hazard mitigation grants (from $12,731,666 in 2011-13 to $43,933,187 in 2013-15)	$31,201,521

[8] **Department of Commerce - $12,830,352 decrease**

The decrease is primarily attributable to the anticipated decreases in the following programs:

Community development block grants (from $11,217,656 in 2011-13 to $8,217,656 in 2013-15)	($3,000,000)
Neighborhood stabilization program (from $11,164,344 in 2011-13 to $164,344 in 2013-15)	($11,000,000)

[9] **State Water Commission - $9,347,800 decrease**

The decrease is attributable to changes in funding for the following program:

Northwest Area Water Supply Project (from $25,000,000 in 2011-13 to $15,489,337 in 2013-15)	($9,510,663)

[10] **Department of Transportation - $20,457,199 increase**

The increase is primarily attributable to anticipated increases in the following program:

Emergency relief funding (from $56,200,000 in 2011-13 to $116,800,000 in 2013-15)	$60,600,000

FEDERAL FUNDS - AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
FUNDING COMPARISON OF 2011-13 APPROPRIATIONS
AND 2013-15 EXECUTIVE BUDGET RECOMMENDATION

Agency	2011-13 Appropriation[1]	2011-13 Current Estimate[1]	2013-15 Executive Budget
Governor's office	$0	$3,017,478	$0
Information Technology Department	8,000,000	6,762,372	6,800,000
Attorney General	2,355,708	2,355,708	0
Department of Public Instruction	22,015,213	19,377,729	1,605,297
State Department of Health	3,492,228	3,137,837	155,000
Department of Human Services	519,175	519,175	0
Job Service North Dakota	1,500,000	866,561	496,496
Public Service Commission	658,217	150,000	0
Housing Finance Agency	991,400	991,264	0
Adjutant General	40,694	40,694	0
Department of Commerce	24,461,958	32,250,079	0
State Water Commission	7,271,773	8,629,833	0
Department of Transportation	9,989,575	9,989,575	0
Total	$81,295,941	$88,088,305	$9,056,793

[1] 2011-13 appropriation and 2011-13 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in September 2012 for the Budget Section.

ECONOMIC DEVELOPMENT - GENERAL FUND APPROPRIATIONS

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	2013-15 Executive Recommendation	2013-15 Recommended Increase (Decrease) to 2011-13 Appropriation
Department of Commerce - SB 2018				
Administration				
Marketing and communications program	$1,076,618	$1,076,618	$1,048,378	($28,240)
Discretionary funds	928,082	928,082	928,082	0
Partner programs	2,022,044	2,122,044	2,022,044	(100,000)
Trade Office	2,064,000	2,613,400	2,613,400	0
Division of Economic Development and Finance				
Operating costs	969,911	2,860,730	2,797,561	(63,169)
North Dakota Development Fund, Inc.	1,820,000	1,000,000	0	(1,000,000)
Economic development initiatives	186,846	186,846	186,846	0
Agricultural Products Utilization Commission	1,686,630	1,701,483	1,208,252	(493,231)
Equine processing study	50,000	0	0	0
Innovation and entrepreneurship				
Operating costs	530,234	510,734	588,323	77,589
Innovate ND program	1,000,000	400,000	500,000	100,000
Centers of excellence grants	20,000,000	0	0	0
Centers of research excellence grants	0	12,000,000	0	(12,000,000)
Research ND	0	0	12,000,000	12,000,000
Technology-based entrepreneurship grant	1,000,000	1,000,000	1,000,000	0
Planning initiative	0	0	1,000,000	1,000,000
Unmanned aerial system grant	0	0	1,000,000	1,000,000
Base realignment grant	0	0	1,500,000	1,500,000
Division of Workforce Development				
Operating costs	388,645	1,227,790	1,272,847	45,057
Operation Intern	900,000	900,000	1,500,000	600,000
Transfer to the workforce enhancement fund	1,000,000	375,000	2,000,000	1,625,000
Division of Community Services				
Cost-share programs for installation of biofuels blender pumps and other alternative energy projects	1,000,000	0	0	0
Total	$36,623,010	$28,902,727	$33,165,733	$4,263,006
Department of Agriculture - HB 1009				
Pride of Dakota	$250,000	$250,000	$250,000	$0
Agricultural mediation	151,733	131,101	208,147	77,046
Total	$401,733	$381,101	$458,147	$77,046

	2009-11 Legislative Appropriation	2011-13 Legislative Appropriation	2013-15 Executive Recommendation	2013-15 Recommended Increase (Decrease) to 2011-13 Appropriation
Department of Career and Technical Education - SB 2019				
Farm management program	$699,802	$699,802	$699,802	$0
Workforce training contracts	3,000,000	3,000,000	3,000,000	0
Total	$3,699,802	$3,699,802	$3,699,802	$0
Job Service North Dakota - SB 2016				
Workforce 20/20	$1,512,491	$1,531,160	$1,541,924	$10,764
Industrial Commission - SB 2014				
Renewable energy development fund	$3,000,000	$3,000,000	$0[1]	($3,000,000)
Bank of North Dakota - SB 2014				
PACE	$8,000,000	$6,000,000	$0[2]	($6,000,000)
Ag PACE	2,400,000	1,000,000	0[2]	(1,000,000)
Beginning farmer revolving loan fund	0	1,400,000	0[2]	(1,400,000)
Biofuels PACE	700,000	1,000,000	0[2]	(1,000,000)
Total	$11,100,000	$9,400,000	$0[2]	($9,400,000)
Total economic development funding	$56,337,036	$46,914,790	$38,865,606	($8,049,184)

[1]The 2013-15 executive budget recommends allocating one-half of 1 percent of oil extraction tax revenue deposited in the resources trust fund to the renewable energy development fund. For the 2013-15 biennium, the amount projected to be transferred to the renewable energy development fund is $2,734,767.

[2]The 2013-15 executive budget recommends providing $38 million from the Bank of North Dakota's retained earnings and profits to PACE ($28 million), Ag PACE ($2 million), biofuels PACE ($2 million), and the beginning farmer revolving loan fund ($6 million).

LARGE INFORMATION TECHNOLOGY PROJECTS
EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2013-15 BIENNIUM[1]

Agency or Institution	Project	General Fund	Other Funds	Total
112 - Information Technology Department (SB 2021)	Electronic case file information system (Criminal Justice Information Sharing Initiative)	$545,630		$545,630
125 - Attorney General (HB 1003)	Identification, arrest, and prosecution improvement		$2,340,050	$2,340,050
127 - Tax Commissioner (HB 1006)	Taxpayer access point (business registration and webfile)	$1,000,000		$1,000,000
325 - Department of Human Services (HB 1012)	Field services electronic health record information system replacement	$5,000,000		$5,000,000
	Mainframe migration analysis	148,907	$661,093	810,000
	Time and attendance system replacement	396,237	179,405	575,642
	Total - Department of Human Services	$5,545,144	$840,498	$6,385,642
380 - Job Service North Dakota (SB 2016)	Unemployment insurance modernization (also known as Wyoming, Colorado, Arizona, and North Dakota (WyCAN) unemployment insurance modernization)		$17,707,000	$17,707,000
	Workforce Data Quality Initiative		700,000	700,000
	Total - Job Service North Dakota		$18,407,000	$18,407,000
485 - Workforce Safety and Insurance (HB 1021)	Data warehousing		$2,000,000	$2,000,000
	Web portal		1,500,000	1,500,000
	Policy replacement		1,225,000	1,225,000
	Total - Workforce Safety and Insurance		$4,725,000	$4,725,000
540 - Adjutant General (SB 2016)	Computer-aided dispatch upgrade	$340,000		$340,000
	Statewide seamless baseline map - Phase 3	1,300,000	$500,000	1,800,000
	Total - Adjutant General	$1,640,000	$500,000	$2,140,000
801 - Department of Transportation (HB 1012)	Automatic vehicle location (AVL)		$394,375	$394,375
	Motor vehicle registration and titling system replacement		9,663,500	9,663,500
	eTransit		383,450	383,450
	Total - Department of Transportation		$10,441,325	$10,441,325
Total 2013-15 executive budget recommendation		$8,730,774	$37,253,873	$45,984,647

[1]North Dakota Century Code Section 54-59-02.1 requires the State Information Technology Advisory Committee to prioritize major executive branch computer software projects. The committee met on September 26, 2012, and prioritized information technology projects for the 2013-15 biennium with a total cost over $250,000 by funding source. The following is a summary of the prioritization, including information as to whether the project is included in the 2013-15 executive budget recommendation:

General Fund Projects			
	Project	**Agency**	**Included in Executive Budget Recommendation**
1	Statewide seamless base map - Phase 3	Adjutant General (Department of Emergency Services)	Yes
2	Computer-aided dispatch upgrade	Adjutant General (Department of Emergency Services)	Yes
3	Field services electronic health record information system replacement	Department of Human Services	Yes
4	Taxpayer access point (business registration and webfile)	Tax Department	Yes
5	Electronic case file information system	Information Technology Department	Yes
6	Mainframe migration analysis	Department of Human Services	Yes
7	Time and attendance system replacement	Department of Human Services	Yes

Special Funds and Federal Funds Projects			
	Project	**Agency**	**Included in Executive Budget Recommendation**
1	Identification, arrest, and prosecution improvement	Attorney General	Yes
2	Motor vehicle registration and titling system replacement	Department of Transportation	Yes
3	Unemployment insurance modernization	Job Service North Dakota	Yes
4	Automated vehicle location system	Department of Transportation	Yes
5	Policy replacement	Workforce Safety and Insurance	Yes
6	eTransit	Department of Transportation	Yes

MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS
COMPARISON OF 2011-13 BIENNIUM APPROPRIATIONS AND ALLOCATIONS
AND 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS

	2011-13 Appropriations/ Revenue Allocations	2013-15 Executive Budget Recommendation	2013-15 Recommended Increase (Decrease) Compared to 2011-13 Appropriation	2013-15 Recommended Percentage Increase (Decrease) Compared to 2011-13 Appropriation
General fund appropriations				
State school aid per student formula payments	$816,821,478 [1]	$0	($816,821,478)	(100.0%)
State school aid - Integrated formula payments	0	932,900,162 [1]	932,900,162	N/A
Mill levy reduction grants to school districts	341,790,000 [1]	0	(341,790,000)	(100.0%)
Educational Technology Council grants	350,000	1,214,609	864,609	247.0%
Transportation aid payments to school districts	48,500,000	53,500,000	5,000,000	10.3%
Special education contracts	16,000,000	16,500,000	500,000	3.1%
Rapid enrollment grants	0	17,000,000	17,000,000	N/A
Vocational education	19,779,137	22,139,690	2,360,553	11.9%
School food services	1,380,000	1,380,000	0	0.0%
Adult education	3,110,411	3,110,411	0	0.0%
Middle school alternative education grants	300,000	0	(300,000)	(100.0%)
Grants to public libraries	1,500,000	1,766,500	266,500	17.8%
Library Vision 2014 grants	237,500	237,500	0	0.0%
Public library repairs and maintenance matching grants	0	275,000	275,000	N/A
Homestead tax credit	8,792,788	30,685,000	21,892,212	249.0%
Disabled veterans property tax credit	4,243,920	7,718,000	3,474,080	81.9%
Aid to health districts	3,000,000	3,750,000	750,000	25.0%
Local public health oil impact grants	0	1,184,000	1,184,000	N/A
Public water system operator certification and training program	180,000	180,000	0	0.0%
Funds to local public health units for immunization services	1,500,000 [2]	0	(1,500,000)	(100.0%)
Grants to counties for portable personal computers for county veterans' service officers	20,000	0	(20,000)	(100.0%)
Accreditation and emerging issues training for county veterans' service officers	30,000	0	(30,000)	(100.0%)
Matching funds to counties and cities for senior citizen services and programs	1,174,668	1,264,502	89,834	7.6%
Indian welfare assistance to counties	4,990,361	5,597,322	606,961	12.2%
State administration of child support enforcement	0 [3]	0 [3]	0	N/A
Boys and girls clubwork	53,000	53,000	0	0.0%
Soil conservation district grants	987,800	1,062,800	75,000	7.6%
Clerk of court	16,795,673	20,081,283	3,285,610	19.6%
Grants to airports	550,000	550,000	0	0.0%
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties	25,000,000	0	(25,000,000)	(100.0%)
Contingent transportation funding distributions to counties, cities, and townships in non-oil-producing counties	23,000,000 [4]	0	(23,000,000)	(100.0%)
Infrastructure grants to flood-impacted political subdivisions	30,000,000 [5]	0	(30,000,000)	(100.0%)
Statewide information technology network costs	4,798,992	4,828,177	29,185	0.6%
EduTech funding, including PowerSchool funding	3,044,096	3,186,901	142,805	4.7%
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties	252,800	252,800	0	0.0%
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 [6]	0	(48,700,000)	(100.0%)

	2011-13 Appropriations/ Revenue Allocations	2013-15 Executive Budget Recommendation	2013-15 Recommended Increase (Decrease) Compared to 2011-13 Appropriation	2013-15 Recommended Percentage Increase (Decrease) Compared to 2011-13 Appropriation
Energy development impact distributions for new oil-producing counties	5,000,000 [7]	0	(5,000,000)	(100.0%)
Contingent energy development impact grants	30,000,000 [8]	0	(30,000,000)	(100.0%)
Child care facility grants	0	5,000,000	5,000,000	N/A
Total general fund	$1,461,882,624	$1,135,417,657	($326,464,967)	(22.3%)
Percentage of total general fund appropriations	34.5%	23.7%		
Special funds appropriations and revenue allocations				
State school aid per student formula payments (state tuition fund)	$101,638,000 [1]	$0	($101,638,000)	(100.0%)
State school aid - Integrated formula payments (state tuition fund)	0	140,326,000 [1]	140,326,000	N/A
State school aid - Integrated formula payments (property tax relief sustainability fund)	0	714,173,838 [1]	714,173,838	N/A
Rapid enrollment grants (oil and gas impact grant fund)	5,000,000	0	(5,000,000)	(100.0%)
Grants for adult education programs (displaced homemaker fund)	250,000	225,000	(25,000)	(10.0%)
Noxious weed control	1,375,274	1,375,274	0	0.0%
State aid distribution fund to cities and counties	207,589,524 [9]	246,492,609	38,903,085	18.7%
Public transportation services (public transportation fund)	6,200,000 [10]	7,700,000 [10]	1,500,000	24.2%
Insurance tax to fire departments (insurance tax distribution fund)	6,870,000	7,000,000	130,000	1.9%
Gaming enforcement grants	510,000	510,000	0	0.0%
Community health trust fund cessation grants (community health trust fund)	225,000	320,000	95,000	42.2%
Tobacco education and cessation program grants (tobacco prevention and control trust fund)	8,822,511	8,148,269	(674,242)	(7.6%)
Matching funds to counties and cities for senior citizen services and programs	3,391,664 [11]	3,914,000 [11]	522,336	15.4%
Energy development impact grants (oil and gas impact grant fund)	100,000,000	210,000,000 [12]	110,000,000	110.0%
Grants to airports (Aeronautics Commission special funds collections)	5,440,500	7,963,000	2,522,500	46.4%
Motor vehicle fuel tax and registration fee allocations	153,400,000 [13]	190,900,000 [13]	37,500,000	24.4%
Telecommunications tax allocations	16,800,000 [14]	16,800,000 [14]	0	0.0%
Coal severance tax allocations	15,750,000	14,616,000	(1,134,000)	(7.2%)
Coal conversion tax allocations	11,718,000	11,576,000 [15]	(142,000)	(1.2%)
Oil and gas gross production tax allocations	246,249,571 [15]	520,335,000 [15,16]	274,085,429	111.3%
Cigarette tax allocations	3,126,000	3,164,000 [15]	38,000	1.2%
Financial institution tax allocations	18,182,434	18,224,476	42,042	0.2%
County and township roadway projects in areas affected by oil and gas development	142,000,000	142,000,000	0	0.0%
Energy conservation grants to political subdivisions	0	2,734,767	2,734,767	N/A
Total special funds appropriations and revenue allocations	$1,054,538,478	$2,268,498,233	$1,213,959,755	115.1%
Total major direct assistance to political subdivisions	$2,516,421,102	$3,403,915,890	$887,494,788	35.3%

[1] The 2013-15 executive budget provides integrated formula payments totaling $1.79 billion, an increase of $527.2 million from the state school aid and mill levy grants, totaling $1.26 billion provided during the 2011-13 biennium. Integrated formula payments include funding to reduce the amount of money school districts need to raise locally through property taxes.

[2] The Legislative Assembly in 2009 provided in Senate Bill No. 2333 a $1.2 million contingent general fund appropriation for providing funds to local public health units for immunization services. The appropriation is contingent on total funds available to the state for immunization services under the American Recovery and Reinvestment Act of 2009. The State Department of Health reported the American Recovery and Reinvestment Act of 2009 funding could not be used for this purpose and the department would use the funding from the general fund. The Legislative Assembly in 2011 provided in Senate Bill No. 2276 a $1.5 million general fund appropriation for the purpose of funding a program through which the State Department of Health purchases vaccines through the federal vaccine purchasing contract.

[3] The Department of Human Services is unable to determine the amount of general fund support included in the 2011-13 legislative appropriation and the 2013-15 executive budget for state administration of child support enforcement.

[4] The Legislative Assembly during its November 2011 special legislative session provided a contingent one-time general fund appropriation to the State Treasurer for providing transportation funding distributions to non-oil-producing counties, cities, and townships. Funding is contingent on oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceeding oil and gas tax revenue collection forecasts for that period by at least $48 million. The State Treasurer must distribute $6.8 million to non-oil-producing counties and cities pursuant to North Dakota Century Code Section 54-27-19(4), $1.7 million to counties and townships in non-oil-producing counties pursuant to Section 54-27-19.1, and $14.5 million to counties and townships in non-oil-producing counties through a distribution of $10,000 to each organized township and a distribution of $10,000 for each unorganized township to the county in which the unorganized township is located.

[5] The Legislative Assembly during its November 2011 special legislative session provided a $30 million one-time general fund appropriation to the Department of Trust Lands for providing infrastructure development grants to flood-impacted political subdivisions.

[6] The Legislative Assembly during its November 2011 special legislative session 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) to provide adequate funding for the state share of 2011 disaster expenditures ($29.5 million) and 50 percent of the local share of potential 2012 disaster expenditures ($5 million), additional rebuilders loan funding and flood-impacted housing rehabilitation ($10 million), and road grade raising grants ($6 million).

[7] The Legislative Assembly during its November 2011 special legislative session provided a one-time transfer of $5 million from the general fund to the oil and gas impact grant fund for distributions of $1.25 million for each new major oil and gas-producing county after November 2011 to address the impact from new oil and gas development. A major new oil-producing county is one that produced less than 100,000 barrels of oil in November 2011 and subsequently has more than four rigs in the county.

[8] The Legislative Assembly during its November 2011 special legislative session provided a contingent one-time transfer of $30 million from the general fund to the oil and gas impact grant fund for providing oil and gas impact grants in accordance with Sections 57-62-03.1 and 57-62-05. For these funds, the Department of Trust Lands is to give priority to approving grants related to emergency services. The transfer is contingent upon total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceeding oil and gas tax revenue collection projections for that period by at least $48 million.

[9] This amount is the revised 2011-13 estimate. The original estimate was $136,110,767.

[10] The amounts listed for public transportation services are based on the public transportation fund receiving a distribution of 1.5 percent of funding deposited in the highway tax distribution fund.

[11] The Legislative Assembly in 2005 removed the senior citizen mill levy matching 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 (Section 57–15–56(5)). The fund consists of sales and use and motor vehicle excise tax collections equivalent to three-fourths of one mill levied statewide each year (Section 57-39.2-26.2).

[12] The 2013-15 executive budget recommends increasing the cap on allocations of oil and gas gross production tax to the oil and gas impact grant fund from the current level of $100 million to $214 million, of which $210 million is for grants to political subdivisions and $4 million is for grants to institutions of higher education.

[13] The motor vehicle fuel tax and registration fee allocation is based on allocations from the highway tax distribution fund of 34.5 percent to cities and counties and 2.7 percent to the township highway fund.

[14] The Tax Department is projecting approximately $20 million of telecommunications taxes will be collected during the 2011-13 and 2013-15 bienniums. Of this amount, $16.8 million will be allocated to counties, and $3.2 million will be deposited in the general fund each biennium.

[15] The amounts reported are based on the Office of Management and Budget's December 2012 executive budget forecast.

[16] The executive budget recommends increasing the counties' share of oil and gas gross production tax revenue by approximately $274 million, by allowing oil-producing counties to receive 100 percent of the first $5 million in oil revenue each year and 25 percent of any additional revenue.

ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS INCLUDED IN THE 2013-15 EXECUTIVE BUDGET

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
GENERAL GOVERNMENT					
101	**Governor's Office**				
	• Removes 2011-13 one-time funding for Governor's transition in and out expenses		($65,000)		($65,000)
	• Removes federal education jobs funding appropriated for the 2011-13 biennium			($21,517,516)	($21,517,516)
108	**Secretary of State**				
	• Removes 2011-13 one-time funding provided for the database migration project		($3,500,000)		($3,500,000)
	• Removes 2011-13 one-time funding for an online public meeting notification system		($43,039)		($43,039)
	• Increases federal funds for purchasing an enhancement for the electronic pollbooks in counties (The state will purchase the equipment for counties using federal Help America Vote Act funds available in the state's election fund. Counties will repay the state's election fund within five years.)			$1,000,000	$1,000,000
	• Adds funding for 3 FTE positions authorized by the Budget Section during the 2011-12 interim for the business registration unit (2 FTE positions) and the business information unit (1 FTE position)	3.00	$283,754		$283,754
	• Increases funding for costs related to increased credit card usage fees		$100,000		$100,000
	• Adds funding for information technology hosting charges related to the open meeting application implemented during the 2011-13 biennium		$17,000		$17,000
	• Adds one-time funding for the replacement of a multipurpose copier		$10,000		$10,000
	• Adds **one-time funding** to maintain the AS400 system until the agency's information technology project is fully implemented		$84,000		$84,000
110	**Office of Management and Budget (OMB)**				
	• Adds **one-time funding** for the maintenance and replacement of Prairie Public Broadcasting equipment and facilities		$700,000		$700,000
	• Increases ongoing funding for Prairie Public Broadcasting to provide a total of $1,337,138		$337,138		$337,138
	• Adds **one-time funding** for a temporary planning coordinator for the state's 125th anniversary celebration		$190,000		$190,000
	• Provides funding to contract with an outside audit firm to conduct the state Comprehensive Annual Financial Report audit and the OMB agency audit rather than having the State Auditor's office conduct the audit		$600,000		$600,000
	• Adds **one-time funding** for a health insurance pool to allocate to state agencies for temporary employees that qualify for health insurance under the federal Affordable Care Act		$1,000,000	$1,000,000	$2,000,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for the exterior restoration of the judicial and legislative wings of the Capitol		$1,500,000		$1,500,000
	• Adds **one-time funding** to clean and repair the terrazzo flooring in the Capitol		$1,200,000		$1,200,000
	• Adds **one-time funding** to remodel the south entrance to the Capitol		$1,000,000		$1,000,000
	• Adds **one-time funding** to continue the north and west parking lot project		$4,000,000		$4,000,000
112	**Information Technology Department**				
	• Receives 4 FTE positions transferred from Workforce Safety and Insurance	4.00		$768,232	$768,232
	• Adds funding for a first responder network federal grant relating to an effort to develop a nationwide interoperable broadband network for police, firefighters, emergency medical services professionals, and other public safety officials			$2,000,000	$2,000,000
	• Adds **one-time funding** for a study related to the long-term preservation of electronic records		$100,000		$100,000
	• Removes 2011-13 funding for capital assets			($16,535,666)	($16,535,666)
	• Adds funding for capital assets for the 2013-15 biennium			$12,500,600	$12,500,600
	• Provides additional funding for ongoing operations of the geographic information system initiative		$125,000		$125,000
	• Adds **one-time funding** for the geographic information system initiative projects		$215,000		$215,000
	• Provides additional funding for ongoing operations of the Criminal Justice Information Sharing Initiative		$342,976		$342,976
	• Adds **one-time funding** for criminal justice information sharing projects		$200,000		$200,000
	• Provides federal funding for continuation of the broadband mapping project			$2,300,000	$2,300,000
	• Provides federal funding for implementation of the health information technology exchange			$4,500,000	$4,500,000
	• Adjusts funding for the Center for Distance Education by increasing funding from the general fund and decreasing funding from special funds to allow students from schools of 500 or less to be provided courses at a reduced cost		$1,358,386	($1,358,386)	$0
	• Adds **one-time funding** for Educational Technology Council grants to schools to assist in the administration of online common core assessments		$200,000		$200,000
117	**State Auditor**				
	• Adds **one-time funding** for renovation of the agency's vault area in the State Capitol		$45,000		$45,000
	• Adds funding to continue salary adjustments made during the 2011-13 biennium		$90,414		$90,414
	• Adds 1 FTE information systems auditor position	1.00	$124,367		$124,367
	• Adds 1 FTE minerals royalty auditor position	1.00		$164,321	$164,321

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
120	**State Treasurer**				
	• Adds **one-time funding** for expansion of the agency's tax distribution outstanding checks (TDOC) system		$191,516		$191,516
	• Adds funding for 1 FTE account budget specialist position	1.00	$157,223		$157,223
	• Removes 2011-13 one-time funding for information technology projects ($266,588) and transportation funding distributions to non-oil-producing counties, cities, and townships ($48 million)		($48,266,588)		($48,266,588)
125	**Attorney General**				
	• Adds the following 7 FTE positions previously funded by federal fiscal stimulus funds: 1 FTE criminal investigator for the 24/7 sobriety program 1 FTE criminal investigator for the Internet Crimes Against Children enforcement program 1 FTE administrative assistant position for grant management 2 FTE criminal intelligence analyst positions 2 FTE forensic scientist positions	7.00	$1,037,590	$58,000	$1,095,590
	• Adds 2 FTE administrative assistant positions for processing concealed weapons permits in association with the national instant check system (NICS)	2.00	$307	$240,022	$240,329
	• Removes funding and 7 FTE positions funded with federal fiscal stimulus and 1.5 FTE positions funded with federal funds related to the NICS	(8.50)		($1,667,632)	($1,667,632)
	• Adds 2 FTE criminal investigator positions and 1 FTE administrative assistant position to address law enforcement needs in western North Dakota	3.00	$457,146	$69,650	$526,796
	• Adds 1 FTE forensic scientist position to address the use of synthetic drugs in the state	1.00	$146,039		$146,039
	• Adds 1 FTE administrative position for the Uniform Crime Reporting program	1.00		$113,456	$113,456
	• Adds 1 FTE organized crime investigator position	1.00		$211,471	$211,471
	• Adds 1 FTE attorney position for work related to the Department of Trust Lands	1.00		$239,853	$239,853
	• Adds funding for information technology contract services		$500,000	$76,100	$576,100
	• Adds **one-time funding** to replace 11 undercover vehicles		$198,000		$198,000
	• Adds **one-time funding** for salary adjustments and housing allowances for employees located in oil-impacted areas		$135,900		$135,900
	• Provides additional funding for ongoing information technology and rental costs		$461,903		$461,903
	• Adds funding for salary equity increases for forensic scientists in the Crime Laboratory		$85,401		$85,401
	• Adds funding for salary equity adjustments for attorneys			$480,717	$480,717

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for information technology services for the Lottery Division			$350,000	$350,000
	• Adds funding for program maintenance, office security, backup, and recovery			$556,048	$556,048
127	**Tax Commissioner**				
	• Provides additional funding for the homestead tax credit program for a total of $30,685,000		$21,718,212		$21,718,212
	• Provides additional funding for the disabled veterans credit program to provide a total of $7,178,000		$2,934,080		$2,934,080
	• Provides funding to continue the bundled contract for support, maintenance, and upgrades for the GenTax system		$1,000,000		$1,000,000
	• Adds **one-time funding** for implementing the taxpayer access point (TAP) module for the GenTax system		$1,000,000		$1,000,000
140	**Office of Administrative Hearings**				
	• No major changes for this agency				
150	**Legislative Assembly**				
	• Removes 2011-13 one-time funding of $2,242,706, including $800,000 for voting system upgrades, $500,000 for committee room renovations, $454,000 for the replacement of legislative laptops, $84,238 for replacement of the legislative bill tracking system, $75,700 for the replacement of the fiscal notes system, $56,750 for software on the new legislative laptops, $194,358 provided for salaries and wages, and $77,660 provided for travel during the redistricting special session		($2,242,706)		($2,242,706)
	• Provides funding for a proposed 3 percent per year increase in legislative compensation, including monthly compensation, additional leadership monthly compensation, and daily session pay		$250,378		$250,378
	• Increases funding for the increase in health insurance premiums for legislators		$359,112		$359,112
	• Increases funding for anticipated increases in legislator lodging costs		$138,393		$138,393
	• Increases funding for information technology data processing maintenance and support		$485,640		$485,640
	• Adds **one-time funding** for information technology projects		$439,000		$439,000
	• Adds **one-time funding** for committee room renovations		$500,000		$500,000
160	**Legislative Council**				
	• Adds funding to increase legislator per diem from $157 to $162 per day for fiscal year 2014 and to $167 per day for fiscal year 2015 (a 3 percent per year increase)		$37,245		$37,245
	• Increases funding for employee salary market equity adjustments from $55,000 to $100,000		$45,000		$45,000
	• Increases funding for information technology costs, including information technology telecommunications ($42,439) and information technology consulting ($384,855)		$427,294		$427,294

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Removes 2011-13 one-time funding, including $76,000 for computer equipment replacement, $483,807 for information technology projects, $25,000 for office equipment replacement, $50,000 for office improvements, and $100,000 for a performance review of the State Auditor's office		($734,807)		($734,807)
	• Adds **one-time funding**, including $50,000 for an information technology project (library media migration), $50,000 for office improvements, and $25,000 for office equipment replacement		$125,000		$125,000
180	**Judicial Branch**				
	Supreme Court				
	• Adds funding for salary equity adjustments		$204,988		$204,988
	• Adds **one-time funding** for equipment		$15,000		$15,000
	• Adds funding for information technology costs		$146,108		$146,108
	• Provides additional funding for operating expenses		$293,028		$293,028
	District Court				
	• Adds funding for salary equity adjustments		$1,089,487		$1,089,487
	• Adds **one-time funding** for equipment		$316,470		$316,470
	• Adds **one-time funding** for information technology equipment		$516,556		$516,556
	• Adds **one-time funding** for a juvenile case management information technology system replacement project study ($90,000), disaster recovery planning ($95,000), and a criminal justice information sharing publisher project ($139,850)		$324,850		$324,850
	• Adds funding for information technology costs		$800,707		$800,707
	• Provides additional funding for operating expenses		$313,321	($25,330)	$287,991
	• Provides additional funding for payments to contract counties for providing clerk of court services for a total of $4,837,873		$1,276,250		$1,276,250
	• Adds the following 15 new FTE positions: 8 FTE deputy clerk of court positions ($1,075,288) 4 FTE technology coordinator positions ($631,444) 2 FTE juvenile court officer positions ($342,092) 1 FTE court facilitator position ($216,733)	15.00	$2,265,557		$2,265,557
	• Adds operating costs for new FTE positions		$75,102		$75,102
	• Adds funding for the lay guardian ad litem project		$523,279	$1,958	$525,237
	• Provides additional funding for juvenile court program services		$247,508		$247,508
	• Provides additional funding for the juvenile drug court to add a program for Jamestown and Valley City		$165,350		$165,350
188	**Commission on Legal Counsel for Indigents**				
	• Adds 1 FTE attorney II position	1.00	$192,859		$192,859

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds 2 FTE legal assistant positions--one in Dickinson and one in Williston	2.00	$229,294		$229,294
	• Provides additional funding for contract attorneys		$1,100,000		$1,100,000
	• Provides additional funding from the indigent defense administration fund for increased operating costs			$500,000	$500,000
190	**Retirement and Investment Office**				
	• No major changes for this agency				
192	**Public Employees Retirement System**				
	• Removes 2011-13 one-time funding, including $597,338 for the PERSLink information technology project and $91,000 relating to costs to implement a high-deductible health plan and health savings account			($688,338)	($688,338)
EDUCATION					
201	**Department of Public Instruction**				
	• Removes 2011-13 one-time funding for programming changes to the department's state automated reporting system (STARS) used to gather school district information		($384,000)		($384,000)
	• Removes 2011-13 one-time funding provided from the national board certification fund for the Education Standards and Practices Board approval and accreditation mainframe rewrite			($200,000)	($200,000)
	• Removes 2011-13 one-time federal funding from the education jobs fund program to be distributed to school districts using the state school aid formula			($21,517,716)	($21,517,716)
	• Removes 2011-13 funding provided from the oil and gas impact fund for rapid enrollment grants			($5,000,000)	($5,000,000)
	• Removes 2011-13 funding provided for alternative middle school education program grants		($300,000)		($300,000)
	• Removes 2011-13 funding provided from the general fund and the state tuition fund for state school aid formula payments		($816,821,478)	($101,638,000)	($918,459,478)
	• Removes 2011-13 funding provided for mill levy reduction grants		($341,790,000)		($341,790,000)
	• Adds funding from the general fund, the property tax relief sustainability fund ($714.2 million), and the state tuition fund ($140.3 million) for integrated formula payments to schools		$932,900,162	$854,499,838	$1,787,400,000
	• Adds funding for rapid enrollment grants		$17,000,000		$17,000,000
	• Increases funding for special education from $16 million to $16.5 million		$500,000		$500,000
	• Increases funding for transportation grants from $48.5 million to $53.5 million		$5,000,000		$5,000,000
	• Removes 2011-13 funding provided from the national board certification fund for the national board certification program			($185,000)	($185,000)
	• Adds funding for the national board certification program		$120,000		$120,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Removes 2011-13 funding provided from the national board certification fund for ACT and WorkKeys testing			($115,000)	($115,000)
	• Increases funding for ACT and WorkKeys testing to provide a total of $867,300 from the general fund		$188,900		$188,900
	• Decreases federal funding for other grants			($31,896,073)	($31,896,073)
	• Decreases funding from the displaced homemaker fund for other grants			($25,000)	($25,000)
	• Provides funding for inflationary increases in operating expenses		$41,550		$41,550
	• Increases funding for information technology maintenance to update STARS ($529,000) and the federal grants management system ($190,000)		$719,000		$719,000
	• Adds funding for grants to implement common core state standards		$500,000		$500,000
	• Adds funding to provide statewide training and implementation support of a new teacher and principal evaluation program for all school districts		$400,000		$400,000
	• Increases funding for other grants		$338,000		$338,000
	• Increases funding for temporary salaries		$200,000		$200,000
215	**North Dakota University System Office**				
	• Adds University System office staff	7.00	$3,056,020		$3,056,020
	• Adds funding for student financial aid programs		$6,949,350		$6,949,350
	• Adds **one-time funding** for a higher education challenge fund		$30,000,000		$30,000,000
	• Adds **one-time funding** for a deferred maintenance pool to be distributed to campuses		$10,000,000		$10,000,000
	• Adds **one-time funding** for a master plan and space utilization study		$1,000,000		$1,000,000
	• Adds **one-time funding** for a new program startup pool		$1,500,000		$1,500,000
	• Provides funding for office salary, retirement, and health insurance increases		$1,810,843		$1,810,843
226	**Department of Trust Lands**				
	• Provides **one-time funding** from oil and gas gross production tax revenue for energy impact grants to airports ($60 million) and higher education institutions ($4 million)			$64,000,000	$64,000,000
	• Adds funding to increase ongoing oil and gas impact grants from oil and gas gross production tax revenue for a total of $149,299,174 in grants and $700,826 in administrative fees			$50,000,000	$50,000,000
	• Adds 1 FTE grants administrator position and 1 FTE account budget specialist position to administer the energy impact grant program	2.00		$384,138	$384,138

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds the following 4.25 FTE positions for lands and minerals management: 1 FTE land management specialist 1 FTE mineral title specialist 1 FTE audit technician 1 FTE administrative assistant .25 FTE administrative assistant	4.25		$655,440	$655,440
	• Provides additional funding to the contingencies line item for temporary salaries for a total of $200,000			$100,000	$100,000
227	**Bismarck State College**				
	• Adds funding for a campus equalization payment based on a new student credit-hour funding method		$3,537,996		$3,537,996
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	4.00	$3,830,552		$3,830,552
	• Adds **one-time funding** for the Fine Arts and Communications Center project		$13,300,000		$13,300,000
228	**Lake Region State College**				
	• Adds funding for a campus equalization payment based on a new student credit-hour funding method		$2,800,171		$2,800,171
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	3.00	$1,450,423		$1,450,423
	• Adds **one-time funding** for the Erlandson Technical Center project		$5,947,562		$5,947,562
229	**Williston State College**				
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	6.00	$1,097,278		$1,097,278
	• Adds **one-time funding** for the Stevens Hall renovation project		$12,242,478		$12,242,478
	• Adds **one-time funding** for the Campus Drive renovation project		$1,800,000		$1,800,000
230	**University of North Dakota (UND)**				
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives		$18,447,364		$18,447,364
	• Adds **one-time funding** for the renovation and construction of an addition to the School of Medicine and Health Sciences building		$68,300,000		$68,300,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for the renovation of the law school building		$12,000,000		$12,000,000
	• Provides **one-time funding** from special funds for locally funded projects			$67,487,262	$67,487,262
232	**UND School of Medicine and Health Sciences**				
	• Adds **one-time funding** for startup costs related to continued implementation of the health care workforce initiative		$7,414,806		$7,414,806
235	**North Dakota State University (NDSU)**				
	• Adds funding for a campus equalization payment based on a new student credit-hour funding method		$6,431,392		$6,431,392
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives		$12,841,542		$12,841,542
	• Adds **one-time funding** for the science, technology, engineering, and mathematics classroom and laboratory building		$29,600,000		$29,600,000
	• Provides **one-time funding** from special funds for locally funded projects			$39,159,356	$39,159,356
238	**North Dakota State College of Science**				
	• Adds funding for a campus equalization payment based on a new student credit-hour funding method		$2,249,951		$2,249,951
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	1.75	$4,541,854		$4,541,854
	• Adds **one-time funding** for the Old Main renovation project		$8,511,452		$8,511,452
	• Adds special funds authority for the football complex renovation project			$1,350,000	$1,350,000
239	**Dickinson State University**				
	• Adds funding for a campus equalization payment based on a new student credit-hour funding method		$2,236,064		$2,236,064
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	5.00	$3,054,133		$3,054,133
240	**Mayville State University**				
	• Adds funding for a campus equalization payment based on a new student credit-hour funding method		$904,705		$904,705
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	3.00	$1,713,173		$1,713,173

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for the old gymnasium replacement project		$5,800,000		$5,800,000
	• Adds **one-time funding** for campus drainage improvements		$2,267,000		$2,267,000
241	**Minot State University**				
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	3.00	$4,725,919		$4,725,919
	• Adds **one-time funding** for the plant services building project		$1,821,905	$1,785	$1,823,690
242	**Valley City State University**				
	• Adds funding for a campus equalization payment based on a new student credit-hour funding method		$1,961,854		$1,961,854
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	3.00	$2,448,427		$2,448,427
	• Adds **one-time funding** for the Vangstad Hall renovation project		$3,636,466		$3,636,466
	• Adds **one-time funding** for a hillside slope stabilization project		$505,800	$100,000	$605,800
243	**Dakota College at Bottineau**				
	• Adds funding for a campus equalization payment based on a new student credit-hour funding method		$968,128		$968,128
	• Adds funding for inflationary and initiative adjustments for cost-to-continue items, salary increases, health insurance increases, retirement contribution increases, operating expense increases, and student mental health and campus security initiatives	4.00	$918,511		$918,511
	• Adds **one-time funding** for a campus backup generator		$395,600		$395,600
	• Provides **one-time funding** from special funds for locally funded projects			$7,600,789	$7,600,789
244	**Forest Service**				
	• Adds funding and 1 new FTE position for a forest restoration initiative	1.00	$387,704		$387,704
	• Adds funding for salary, health insurance, and retirement contribution increases		$266,894		$266,894
250	**State Library**				
	• Increases federal funding for online library resources			$200,000	$200,000
	• Adds **one-time funding** for library repair and maintenance grants		$275,000		$275,000
	• Increases state aid to libraries to provide a total of $1,766,500		$266,500		$266,500
252	**School for the Deaf**				
	• Removes 2011-13 one-time funding for extraordinary repairs		($103,800)	($894,730)	($998,530)

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for extraordinary repairs, including dormitory and kitchen repairs and sidewalk improvements			$1,002,259	$1,002,259
	• Adds funding for professional fees and extraordinary repairs, including a campus fire alarm upgrade, entrance security, and power plant upgrades		$142,561		$142,561
	• Removes 2011-13 funding for equipment and information technology equipment		($54,129)	($41,700)	($95,829)
	• Adds funding for equipment and information technology equipment			$65,500	$65,500
	• Increases funding for operating expenses			$232,568	$232,568
	• Adds funding to increase a former part-time teaching position to provide one adult services position	0.67		$75,178	$75,178
253	**North Dakota Vision Services - School for the Blind**				
	• Removes 2011-13 one-time funding for equipment and a facility master plan		($70,000)		($70,000)
	• Removes 2011-13 funding for extraordinary repairs		($7,453)	($32,047)	($39,500)
	• Adds ongoing funding for extraordinary repairs		$35,364		$35,364
	• Adds **one-time funding** for equipment			$20,200	$20,200
	• Adds **one-time funding** for elevator installation		$241,500		$241,500
	• Adds **one-time funding** for window replacement		$189,000		$189,000
	• Adds **one-time funding** for extraordinary repairs			$90,129	$90,129
270	**Department of Career and Technical Education**				
	• Provides funding to maintain the reimbursement percentage paid to support career and technical education programs		$500,000		$500,000
	• Provides funding for new or expansion of existing programs		$500,000		$500,000
	• Provides funding for online and interactive video delivery of programs		$150,000		$150,000
	• Provides funding for the development of a pilot program to interactively deliver a career and technical education program		$150,000		$150,000
	• Provides funding for the development of a 14-school emerging technology consortium for future cost reduction and efficient use of expensive instructional equipment		$205,000		$205,000
	• Provides funding for the establishment of a new virtual area center		$1,000,000		$1,000,000
	• Removes a .50 FTE administrative assistant II position	(0.50)	($46,892)		($46,892)
HEALTH AND HUMAN SERVICES					
301	**State Department of Health**				
	• Removes 2011-13 one-time funding for an Environmental Protection Agency (EPA) lawsuit contingency		($500,000)	($500,000)	($1,000,000)
	• Removes 2011-13 one-time funding for matching funds for an ST-elevated myocardial infarction (STEMI) response program		($600,000)		($600,000)

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Removes 2011-13 one-time federal fiscal stimulus funds			($3,492,228)	($3,492,228)
	• Removes 2011-13 funding for bond payments		($357,220)	($349,763)	($706,983)
	• Removes 2011-13 funding for extraordinary repairs			($316,329)	($316,329)
	• Removes 2011-13 funding for equipment			($974,761)	($974,761)
	• Adds **one-time** federal fiscal stimulus funds for an immunization registry system			$155,000	$155,000
	• Adds **one-time funding** for an EPA lawsuit contingency		$500,000		$500,000
	• Adds **one-time funding** for a food and lodging licensing management system		$110,000		$110,000
	• Decreases funding for continuing programs, including reductions in the tobacco prevention and control, operating expenses, and grants line items and increases in the capital assets and women, infants, and children (WIC) food payments line items		$544,485	($18,002,550)	($17,458,065)
	• Adds funding for bond payments, extraordinary repairs, equipment, and information technology equipment		$562,908	$969,380	$1,532,288
	• Decreases federal funding for the hospital preparedness program			($67,348)	($67,348)
	• Adds federal funding for a chronic disease coordination program			$979,076	$979,076
	• Adds funding for FTE positions in air quality (1 FTE), laboratory services (1 FTE), municipal facilities (3 FTE), waste management (1 FTE), and water quality (3 FTE) to meet increased demands in the oil-impacted areas and to provide $1,184,000 from the general fund for grants to local public health units in the oil-impacted areas	9.00	$2,945,604	$390,490	$3,336,094
	• Adds funding to contract with the UND School of Medicine and Health Sciences to perform autopsies in the eastern part of the state		$640,000		$640,000
	• Increases funding for the universal vaccine program to provide a total of $2.5 million from the general fund		$1,000,000		$1,000,000
	• Adds funding for 1 FTE position to implement a community paramedic/community health care worker pilot project, including funding of $141,600 for educational startup costs	1.00	$276,600		$276,600
	• Increases funding for local public health units to provide a total of $3,750,000 from the general fund. The additional funds are to be distributed to public health units in non-oil-producing counties.		$750,000		$750,000
	• Increases funding for the physician and mid-level practitioner loan programs		$231,788	($75,000)	$156,788
	• Increases funding from the community health trust fund for dental loan repayment programs			$80,000	$80,000
	• Increases funding for the veterinarian loan repayment program to provide a total of $485,000 from the general fund		$350,000	($310,000)	$40,000
	• Increases funding for rural emergency medical services grants to provide a total of $7.34 million, of which $1.25 million is from the insurance tax distribution fund		$2,350,000		$2,350,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Increases funding for statutory changes in Workforce Safety and Insurance rate recalculations for volunteer workers		$84,000		$84,000
	• Adds federal funding for a school health program			$34,300	$34,300
	• Increases funding for colorectal screening grants to provide a total of $602,600 from the general fund		$125,000		$125,000
	• Removes federal funding for arsenic trioxide grants			($3,450,000)	($3,450,000)
305	**Tobacco Prevention and Control Advisory Committee**				
	• No major changes for this agency				
313	**Veterans' Home**				
	• Removes 2011-13 funding for capital assets, including buildings, bond payments, extraordinary repairs, and equipment		($127,189)	($676,711)	($803,900)
	• Adds **one-time funding** for the demolition of the old Veterans' Home		$560,500	$560,500	$1,121,000
	• Adds funding for bond payments			$408,840	$408,840
	• Adds funding for equipment			$71,200	$71,200
	• Adds funding for a chain link fence		$21,000		$21,000
	• Decreases funding for various operating expenses		($265,718)	($217,717)	($483,435)
316	**Indian Affairs Commission**				
	• Removes 2011-13 one-time funding for a suicide prevention grant		($75,000)		($75,000)
	• Adds funding for 1 new FTE Native American health system program administrator position	1.00	$184,284		$184,284
321	**Department of Veterans' Affairs**				
	• Removes 2011-13 one-time funding provided for a discharge project		($22,000)		($22,000)
	• Removes 2011-13 one-time funding provided for stand down events		($20,000)		($20,000)
	• Removes 2011-13 one-time funding provided for a website upgrade		($15,593)		($15,593)
	• Removes 2011-13 one-time funding provided in lieu of post war trust fund income		($210,000)		($210,000)
	• Removes 2011-13 one-time funding provided for transport vans		($50,000)		($50,000)
	• Adds **one-time funding** to continue the website upgrade		$15,000		$15,000
	• Adds funding for an FTE national service officer position	1.00	$115,978		$115,978
325	**Department of Human Services**				
	• Adds general fund support as a result of a reduction in the state's federal medical assistance percentage (FMAP)		$93,347,906	($93,364,313)	($16,407)
	• Adds funding for cost, caseload, and utilization changes for major grant programs, including Medicaid, long-term care, developmental disabilities (DD), basic care, foster care, child care, subsidized adoption, supplemental nutrition assistance program, temporary assistance for needy families, etc.		$48,381,687	($38,578,906)	$9,802,781

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides funding for providing Medicaid benefits to individuals anticipated to be currently eligible for benefits but who have not requested services		$4,536,578	$4,536,618	$9,073,196
	• Provides funding for intermediate care facilities for the intellectually disabled serving behaviorally challenging children		$1,438,782	$1,299,692	$2,738,474
	• Provides increased funding for the high-risk sexual offender treatment program relating to anticipated increased referrals to the program		$313,883		$313,883
	• Provides increased funding for DD corporate guardianship services		$179,379		$179,379
	• Provides funding to contract with a vendor for an eight-bed transitional living facility at the Lake Region Human Service Center		$401,414	$328,326	$729,740
	• Provides funding for temporary staff in several program areas at the Southeast Human Service Center		$399,753	$5,144	$404,897
	• Provides funding to contract with a vendor for a 16-bed transitional living facility to support individuals with serious mental illness and chronic addiction at the Southeast Human Service Center		$975,000	$325,000	$1,300,000
	• Provides funding for additional FTE positions for providing DD case management services at the Southeast Human Service Center (The department is to utilize FTE positions from within the department's currently authorized FTE level.)		$137,341	$103,611	$240,952
	• Provides funding to support 1 FTE position for the partnership program and to convert 3 temporary employees to FTE positions for mental illness case management services at the Southeast Human Service Center (The department is to utilize FTE positions from within the department's currently authorized FTE level.)		$222,649		$222,649
	• Provides funding to increase short-term crisis residential bed capacity at the West Central Human Service Center		$324,156		$324,156
	• Provides funding to increase long-term crisis residential bed capacity at the West Central Human Service Center		$407,941	$361,759	$769,700
	• Provides funding to expand contracts for medical detoxification services at the Badlands Human Service Center		$30,000		$30,000
	• Adds funding for providing 4 percent inflationary increases to human services providers for each year of the 2013-15 biennium		$40,870,206	$40,416,214	$81,286,420
	• Adds funding for providing a 50 cent per hour wage passthrough to staff at nursing and basic care facilities, qualified service providers (QSPs), and DD service providers		$14,870,897	$12,740,167	$27,611,064
	• Adds funding for implementing a travel component to the payment system for QSPs for round trips over 20 miles		$1,714,301	$552,432	$2,266,733
	• Adds funding for expanding home-delivered meals to the service payments for elderly and disabled (SPED) and expanded SPED programs (Funding is for 18 months of the biennium.)		$66,587	$2,374	$68,961

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for providing extended personal care services in the SPED program (Funding is for 18 months of the biennium.)		$128,982	$6,792	$135,774
	• Adds funding for providing extended personal care with supervision services under the home and community-based services waiver (Funding is for 18 months of the biennium.)		$70,556	$70,556	$141,112
	• Provides funding to enhance services provided to adoptive families to maintain adoptive placements and permanence		$133,520	$71,896	$205,416
	• Provides additional funding for peer support services		$300,000		$300,000
	• Provides funding for expanding the Aging Services Division's guardianship services		$1,000,000		$1,000,000
	• Adds funding to increase the personal care allowance for individuals in nursing facilities and psychiatric treatment facilities and supplemental security income clients from $50 to $65		$594,512	$523,663	$1,118,175
	• Adds funding to increase the personal care allowance for individuals in basic care facilities and intermediate care facilities for the intellectually disabled from $85 to $100		$278,850	$85,155	$364,005
	• Provides additional funding for centers for independent living for a total of $2,544,539		$800,000		$800,000
	• Provides additional funding for senior services providers for congregate meals		$800,000		$800,000
	• Provides funding to continue payments to critical access hospitals for outpatient laboratory and care provided by certified registered nurse anesthetists		$643,047	$643,047	$1,286,094
	• Adds funding to rebase rural health clinics to Medicare rates		$694,289	$699,586	$1,393,875
	• Adds funding for facilitators in each quadrant of the state to serve as a resource for individuals with a traumatic brain injury		$320,000		$320,000
	• Adds funding for 2-1-1 services		$150,000		$150,000
	• Provides additional funding for the Healthy Families program for a total of $750,000		$250,000		$250,000
	• Reduces Medicaid grants as a result of updated premium rates from the Centers for Medicare and Medicaid Services		($573,588)	($644,123)	($1,217,711)
	• Adds **one-time funding** for salary enhancements for staff in Williston, Minot, and Dickinson		$3,253,008	$514,992	$3,768,000
	• Adds **one-time funding** for replacement of the field services electronic health records system		$5,000,000		$5,000,000
	• Adds **one-time funding** for analyzing the feasibility of removing the remaining department systems that run on the mainframe to a new application or a new operating environment		$148,907	$661,093	$810,000
	• Provides base funding for equipment over $5,000		$440,413	$216,160	$656,573

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides base funding for extraordinary repairs at the Southeast Human Service Center ($34,345), State Hospital ($910,454), and Developmental Center ($601,495)		$1,546,294		$1,546,294
	• Adds **one-time funding** for street reconstruction at the State Hospital		$864,714		$864,714
	• Adds **one-time funding** for demolition of the Refectory Building at the Developmental Center		$240,000		$240,000
	• Adds **one-time funding** for demolition of the Pleasant View Building at the Developmental Center		$120,000		$120,000
360	**Protection and Advocacy Project**				
	• Removes 1 vacant FTE position related to the Help America Vote Act (Funds related to the position are now provided to various organizations through grants to provide voter training.)	(1.00)			
380	**Job Service North Dakota**				
	• Increases funding for Workforce 20/20 from $1,531,160 to $1,541,924		$10,764		$10,764
	• Provides **one-time funding** for increasing salaries and benefits for employees in the Williston office			$127,829	$127,829
	• Deletes 11 FTE positions	(11.00)	($42,367)	($1,411,592)	($1,453,959)
	• Adjusts funding for operating expenses to reflect inflationary adjustments and other budget changes for the 2013-15 biennium		$7,650	($440,920)	($433,270)
	• Includes funding for an unemployment insurance modernization information technology project, also known as the Wyoming, Colorado, Arizona, and North Dakota (WyCAN) unemployment insurance modernization project			$17,707,000	$17,707,000
	• Includes funding for the Workforce Data Quality Initiative (the agency's portion of the statewide longitudinal data system)			$700,000	$700,000
	• Includes funding for a Workforce Investment Act demonstration project--SkillBuild ND--for addressing needs in the oil and gas and construction industries			$1,547,246	$1,547,246
	• Removes federal fiscal stimulus funding appropriated for the 2011-13 biennium			($1,500,000)	($1,500,000)
	• Provides for the continuation of federal fiscal stimulus funds not expended in the 2011-13 biennium			$496,496	$496,496
REGULATORY					
401	**Insurance Commissioner, including insurance tax payments to fire departments**			($1,000,000)	($1,000,000)
	• Removes 2011-13 one-time funding relating to the implementation of the health care reform law and any future regulations				
	• Removes 2011-13 one-time funding for information technology equipment			($70,000)	($70,000)
	• Provides funding to increase grants to fire districts from the insurance tax distribution fund			$800,000	$800,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
405	**Industrial Commission**				
	• Provides **one-time funding** for potential litigation and other administrative proceedings relating to the regulation of hydraulic fracturing		$1,000,000		$1,000,000
	• Provides **one-time funding** for housing allowances for employees in oil-impacted areas		$400,000		$400,000
	• Provides additional funding for increased State Fleet Services rates		$244,872		$244,872
	• Decreases funding for bond payments to reflect bonds which have matured			($5,579,764)	($5,579,764)
	• Adds 2 FTE engineer technician positions for field inspections which were authorized as contingent FTE positions for the 2011-13 biennium	2.00	$390,820		$390,820
	• Adds 4 FTE engineering technician positions, 1 FTE geology analyst position, and 1 FTE account budget specialist position in the Bismarck office	6.00	$930,223		$930,223
	• Adds 1 FTE geologist position to conduct preapplication waste disposal site reviews	1.00	$215,251		$215,251
	• Adds 3 FTE petroleum engineer field inspector positions, 3 FTE engineering technician field inspector positions, and 1 FTE engineering technician position for the core library	7.00	$1,356,581		$1,356,581
	• Adds 1 FTE petroleum engineer production supervisor position, 1 FTE engineering technician measurement analyst position, 1 FTE audit/legal administrative assistant position, and 1 FTE filing/reception administrative assistant position	4.00	$534,900		$534,900
	• Adds 3 contingent FTE engineering technician field inspector positions upon notification to OMB that the number of wells capable of production or injection exceeds 15,000	3.00	$586,230		$586,230
	• Adds a .69 FTE administrative assistant position to a .31 FTE position currently authorized to create a full-time position for the Industrial Commission office	0.69		$78,159	$78,159
	• Removes 1 FTE position and funding provided for carbon dioxide storage administration for the 2011-13 biennium	(1.00)		($532,000)	($532,000)
	• Adds funding for leasing additional space for new FTE positions		$224,868		$224,868
	• Adds **one-time funding** for studies on oil-bearing rocks ($80,000) and temperature profiles ($50,000)		$130,000		$130,000
	• Adds **one-time funding** for architectural services to develop a plan for expanding the core library		$25,000		$25,000
406	**Labor Commissioner**				
	• Adds funding for 1 new FTE compliance investigator position	1.00	$91,150	$19,813	$110,963
408	**Public Service Commission**				
	• Provides **one-time funding** for a hydraulic soil probe		$10,080	$17,920	$28,000
	• Provides funding for increased travel costs		$54,956	$11,199	$66,155
	• Provides funding for additional legal fees relating to grain elevator insolvency cases		$86,000	$64,000	$150,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
412	**Aeronautics Commission**				
	• Adjusts funding for operating expenses to reflect inflationary adjustments and other budget changes for the 2013-15 biennium			($281,000)	($281,000)
	• Increases funding for the air carrier airport grant program from $3.2 million, of which $550,000 is from the general fund, to $4 million, of which $550,000 is from the general fund			$800,000	$800,000
	• Increases funding for the general aviation airport grant program from $2,430,000 to $4 million			$1,570,000	$1,570,000
	• Removes 2011-13 funding for grants to airports for installation of ADS-B navigational systems			($600,000)	($600,000)
	• Removes 2011-13 funding for grants to airports for automated weather observing systems			($1,000,000)	($1,000,000)
	• Removes 2011-13 funding for grants to airports for airport master plans			($1,610,000)	($1,610,000)
	• Adds funding for grants to airports for wildlife hazard assessments			$300,000	$300,000
	• Adds funding for grants to airports for seal coats			$800,000	$800,000
	• Increases funding for aviation education grants from $200,000 to $400,000			$200,000	$200,000
	• Adds funding for installation of collision avoidance equipment on the agency's aircraft			$60,000	$60,000
	• Adds funding for extraordinary repairs at the airport at the International Peace Garden			$330,000	$330,000
413	**Department of Financial Institutions**				
	• Adds funding for information technology costs related to utilization of the National Mortgage Licensing System for all consumer licensing			$136,000	$136,000
414	**Securities Commissioner**				
	• Adds **one-time funding** for retirement leave payouts		$38,927		$38,927
	• Adds funding from the investor education and technology fund for the replacement of agency computers and software upgrades			$25,850	$25,850
471	**Bank of North Dakota**				
	• Removes 2011-13 one-time funding for a loan to the Western Area Water Supply Authority		($25,000,000)	($10,000,000)	($35,000,000)
	• Provides for transfers to the partnership in assisting community expansion (PACE) fund ($28 million), Ag PACE fund ($2 million), biofuels PACE fund ($2 million), and beginning farmer revolving loan program ($6 million) from the Bank of North Dakota's current earnings and undivided profits			$38,000,000	$38,000,000
	• Removes funding for transfers to the PACE fund ($6 million), Ag PACE fund ($1 million), biofuels PACE fund ($1 million), and beginning farmer revolving loan program ($1.4 million)		($9,400,000)		($9,400,000)

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides additional funding for increased operating expenses			$1,931,000	$1,931,000
	• Adds funding to replace information technology equipment and software			$495,000	$495,000
	• Adds funding to replace equipment over $5,000			$250,000	$250,000
	• Adds 1 FTE loan officer position	1.00		$217,702	$217,702
	• Adds 1 FTE compliance officer	1.00		$165,534	$165,534
	• Adds 1 FTE collection officer	1.00		$120,462	$120,462
473	**Housing Finance Agency**				
	• Decreases federal funds received for Housing and Urban Development grants			($2,709,120)	($2,709,120)
	• Increases funding for program outreach			$131,000	$131,000
	• Removes 2011-13 one-time funding for the law enforcement pilot program			($2,950,000)	($2,950,000)
	• Decreases funding for costs associated with agency loans			($1,293,545)	($1,293,545)
475	**Mill and Elevator Association**				
	• Increases funding for inflationary adjustments and production increases			$1,352,131	$1,352,131
	• Adds 1 FTE second shift supervisor position	1.00		$194,488	$194,488
	• Adds 1 FTE information system analyst position	1.00		$144,413	$144,413
	• Adds 1 FTE car checker position	1.00		$121,374	$121,374
	• Adds 1 FTE sales representative position	1.00		$162,403	$162,403
485	**Workforce Safety and Insurance**				
	• Adds funding for 7 new FTE positions, including a claims adjuster II, claims supervisor, vocational rehabilitation supervisor, medical case manager supervisor, underwriter, compliance officer, and loss control specialist	7.00		$1,303,717	$1,303,717
	• Transfers 4 FTE positions to the Information Technology Department	(4.00)		($753,274)	($753,274)
	• Adjusts funding for operating expenses to reflect inflationary adjustments and other budget changes for the 2013-15 biennium			($4,779,795)	($4,779,795)
	• Adds funding for a data warehouse project			$2,000,000	$2,000,000
	• Adds funding for a web portal project			$1,500,000	$1,500,000
	• Adds funding for a policy replacement project			$1,225,000	$1,225,000
PUBLIC SAFETY					
504	**Highway Patrol**				
	• Adds 15 FTE sworn officer positions	15.00	$3,410,578	$433,191	$3,843,769
	• Adds funding for increases in State Fleet Services vehicle rental rates		$1,541,000	$231,000	$1,772,000
	• Adds **one-time funding** for housing subsidies for employees living in areas affected by energy development		$261,000	$39,000	$300,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for Phase I of the new law enforcement training academy facility projects		$5,786,000	$865,000	$6,651,000
	• Adds **one-time funding** for emergency lighting equipment upgrades		$585,000	$87,000	$672,000
	• Adds **one-time funding** to replace agency taser equipment		$176,000	$26,000	$202,000
	• Adds **one-time funding** to purchase two trailer scale systems		$131,000	$19,000	$150,000
	• Adds **one-time funding** for extraordinary repairs to the law enforcement training academy facility		$105,000	$16,000	$121,000
530	**Department of Corrections and Rehabilitation**				
	Juvenile Services				
	• Adds **one-time funding** for information technology upgrades		$137,400		$137,400
	• Adds **one-time funding** for extraordinary repairs		$112,197		$112,197
	• Adds **one-time funding** for housing and salary adjustments for employees in oil-impacted areas		$78,385		$78,385
	• Adds **one-time funding** for equipment		$11,000		$11,000
	• Adds base funding for extraordinary repairs at the Youth Correctional Center		$312,803		$312,803
	Adult Services				
	• Adds 11 FTE correctional officer positions and 3 FTE correctional caseworker positions	14.00	$1,538,482		$1,538,482
	• Adds 6 FTE parole officer positions	6.00	$955,752		$955,752
	• Provides additional funding for transitional housing and programs for a total of $21.2 million		$1,106,678		$1,106,678
	• Provides additional funding for the contract to house female prisoners for a total of $8.9 million		$507,521		$507,521
	• Adds **one-time funding** for information technology upgrades		$515,000		$515,000
	• Adds **one-time funding** for extraordinary repairs		$1,171,099		$1,171,099
	• Adds **one-time funding** for capital projects		$349,950		$349,950
	• Adds **one-time funding** for housing and salary adjustments for employees in oil-impacted areas		$187,967		$187,967
	• Adds **one-time funding** for equipment		$243,900	$298,000	$541,900
	• Adds base funding for extraordinary repairs at the James River Correctional Center		$125,080		$125,080
	• Adds base funding for extraordinary repairs at the State Penitentiary		$558,267		$558,267
540	**Adjutant General, including the National Guard and Department of Emergency Services**				
	• Adds 4 new FTE communications specialist positions in the State Radio Communications Center	4.00	$386,048	$42,894	$428,942

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds 1 new FTE maintenance position for the Fargo Armed Forces Reserve Center	1.00	$39,027	$79,236	$118,263
	• Deletes 1 vacant FTE position	(1.00)		($117,513)	($117,513)
	• Adds funding for a temporary information technology technician FTE position to assist in the rollout of the computer-aided dispatch functionality to local public safety agencies		$91,520		$91,520
	• Adds funding for a temporary FTE position for administration of the military funeral honors program		$130,020		$130,020
	• Adds funding for a temporary FTE position for support at the Veterans' Cemetery			$83,160	$83,160
	• Adds funding for increased Civil Air Patrol operational costs due to fuel and equipment use increases		$40,000		$40,000
	• Adds funding from the state disaster relief fund for contracted volunteer disaster management services and long-term case management throughout the state			$400,000	$400,000
	• Increases funding from the general fund for the National Guard tuition program from $2,407,500 to $2,517,500		$110,000		$110,000
	• Adds funding for maintenance requirements for new State Radio towers completed in the 2011-13 biennium and the first year of the 2013-15 biennium		$360,000		$360,000
	• Provides ongoing funding for city-owned armory rental payments. The Legislative Assembly provided $60,000 of one-time funding for the 2011-13 biennium for increased city-owned armory rental payments.		$60,000		$60,000
	• Provides additional funding for special assessment and tax payments, including $35,900 for an increase in special assessments in Bismarck, $2,000 for a new special assessment in Williston, and $5,000 for an increase in the payment in lieu of taxes at Camp Grafton		$42,900		$42,900
	• Provides **one-time funding** for State Radio facilities ($960,000) and an equipment ($241,240) expansion project		$1,201,240		$1,201,240
	• Provides **one-time funding** for a computer-aided dispatch upgrade project		$340,000		$340,000
	• Provides **one-time funding** for completion of the statewide seamless base map project		$1,300,000	$500,000	$1,800,000
	• Provides **one-time funding** for four to six new State Radio towers		$1,500,000		$1,500,000
	• Provides **one-time funding** for a voice and incident recorder for State Radio		$150,000		$150,000
	• Provides **one-time funding** for replacement of the current fire suppression systems located in the State Radio Communications Center with a chemical-based system		$210,000		$210,000
	• Provides **one-time funding** from the state disaster relief fund for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs			$1,500,000	$1,500,000
	• Provides **one-time funding** to continue the veterans' bonus payment program through the 2013-15 biennium		$600,000		$600,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
AGRICULTURE AND ECONOMIC DEVELOPMENT					
601	**Department of Commerce**				
	• Provides funding for the State Data Center which includes 1 FTE demographer position	1.00	$516,752		$516,752
	• Continues funding for the North Dakota Trade Office at $2.6 million				
	• Provides funding for a child care facility grant program for the purpose of grants of up to $250,000 to political subdivisions for new and expanded licensed child care facilities and essential equipment associated with the facilities		$5,000,000		$5,000,000
	• Provides **one-time funding** from the general fund for a research North Dakota grant program		$12,000,000		$12,000,000
	• Provides **one-time funding** of $5 million, $1 million of which is from the general fund and $4 million from the strategic investment and improvements fund, for the unmanned aerial system grant program		$1,000,000	$4,000,000	$5,000,000
	• Provides a **one-time transfer** from the general fund to the workforce enhancement fund which enables two-year colleges to create or enhance training programs that address private sector employers' workforce needs		$2,000,000		$2,000,000
	• Provides **one-time funding** from the general fund for tourism large infrastructure grants to attract, retain, and entertain North Dakota citizens and visitors to the state		$1,325,000		$1,325,000
	• Provides **one-time funding** from the general fund for the North Dakota planning initiative program that will contract with planning professionals to provide statewide technical assistance, award grants, and provide technical tools to communities for use in infrastructure planning, engineering, land use, or other appropriate growth implementation plans		$1,000,000		$1,000,000
	• Provides **one-time funding** for a study with the Upper Great Plains Transportation Institute for updating and maintaining reports for the transportation infrastructure needs of the state		$350,000		$350,000
	• Increases funding from the general fund for the InnovateND program from $400,000 to $500,000		$100,000		$100,000
	• Increases funding from the general fund for Operation Intern from $900,000 to $1,500,000		$600,000		$600,000
	• Adds funding for increasing tourism-related marketing and research		$1,500,000		$1,500,000
602	**Department of Agriculture**				
	• Adds funding to hire an emergency program specialist to fill an existing vacant FTE position		$30,000		$30,000
	• Adds funding to increase animal disease investigating and surveillance		$30,000		$30,000
	• Adds funding from the environment and rangeland protection fund to hire a new administrative assistant to assist in livestock development duties. An existing vacant FTE position will be used for this position.			$20,000	$20,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for energy development mediation services		$50,000		$50,000
	• Adds funding to provide a grant to the centennial farms program		$80,000		$80,000
	• Adds funding for information technology desktop support services		$48,000		$48,000
	• Replaces a portion of funding from the game and fish fund with funding from the general fund		$100,000	($100,000)	$0
627	**Upper Great Plains Transportation Institute**				
	• Adds 1 FTE instructional designer position	1.00	$145,659		$145,659
	• Adds 1 FTE technical engineer position	1.00	$204,249		$204,249
	• Provides funding from the general fund for matching funds required for the United States Department of Transportation University Transportation Center program grants awarded in 2012		$750,000		$750,000
628	**Branch Research Centers**				
	• Adds 1 FTE crop protection specialist	1.00	$200,000		$200,000
	• Adds 3 FTE research technician positions (one at each--Carrington Research Extension Center, Central Grasslands Research Extension Center, and North Central Research Extension Center)	3.00	$450,000		$450,000
	• Removes 2011-13 funding for capital bond payments		($149,600)		($149,600)
	• Adjusts funding for equipment over $5,000 (Funding from the general fund is increased from $400,000 to $500,000.)		$100,000	($893,600)	($793,600)
	• Removes 2011-13 one-time funding for operating expenses at the Dickinson Research Extension Center		($800,000)		($800,000)
	• Provides ongoing funding from the general fund for operating expenses at the Dickinson Research Extension Center addressing the oil revenue shortfall		$800,000		$800,000
	• Adjusts funding due to increased revenue collections at branch research centers		($221,967)	$1,735,236	$1,513,269
630	**NDSU Extension Service**				
	• Adds 1 FTE area livestock specialist position (State Board of Agricultural Research and Education initiative)	1.00	$220,000		$220,000
	• Provides funding for operating support for livestock production economics (State Board of Agricultural Research and Education initiative)		$150,000		$150,000
	• Provides funding for the weed science program and 1 FTE crop protection technician position (State Board of Agricultural Research and Education initiative)	1.00	$150,000		$150,000
	• Provides **one-time funding** for 4-H camp capital projects		$500,000	$1,400,000	$1,900,000
	• Provides **one-time funding** for information technology equipment over $5,000 for the replacement of outdated, unsupported videoconferencing systems used by extension programs, including training, education, marketing, and seminars		$110,000		$110,000
	• Removes base funding for equipment over $5,000			($600,000)	($600,000)

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides funding for summer internships, with a 1-to-1 other fund matching requirement (State Board of Agricultural Research and Education initiative)		$250,000		$250,000
	• Provides funding for partial salary support for the existing integrated pest management and plant diagnostic laboratory coordinator (State Board of Agricultural Research and Education initiative)		$150,000		$150,000
	• Provides funding for partial salary support for the existing state water quality specialist (State Board of Agricultural Research and Education initiative)		$150,000		$150,000
	• Increases funding for the soil conservation committee for technical assistance grants (State Board of Agricultural Research and Education initiative)		$75,000		$75,000
638	**Northern Crops Institute**				
	• Removes 2011-13 funding for equipment over $5,000		($8,000)	($48,000)	($56,000)
	• Provides funding for equipment over $5,000		$38,780	$159,070	$197,850
	• Provides **one-time funding** for updates to feed mill equipment		$100,000		$100,000
640	**NDSU Main Research Center**				
	• Adds 1 FTE nematologist position (State Board of Agricultural Research and Education initiative)	1.00	$235,000		$235,000
	• Adds 1 FTE nematologist technician position (State Board of Agricultural Research and Education initiative)	1.00	$120,000		$120,000
	• Provides funding for the North Dakota Agricultural Weather Network and 1 FTE crop development technician position (State Board of Agricultural Research and Education initiative)	1.00	$300,000		$300,000
	• Removes funding for a .52 FTE State Data Center position (The program was transferred to the Department of Commerce.)	(0.52)	($142,837)		($142,837)
	• Removes 2011-13 one-time funding for special assessments		($82,402)		($82,402)
	• Removes 2011-13 one-time funding for capital projects		($6,608,025)	($2,502,931)	($9,110,956)
	• Provides **one-time funding** for major capital projects--construction of agronomy laboratories at the Carrington and Hettinger Research Extension Centers		$4,300,000		$4,300,000
	• Provides **one-time funding** for veterinary diagnostic equipment		$400,000		$400,000
	• Provides ongoing funding for equipment over $5,000			$2,477,259	$2,477,259
	• Removes funding from the general fund for capital bond payments		($421,690)		($421,690)
649	**Agronomy Seed Farm**				
	• Adjusts funding for equipment over $5,000			($24,803)	($24,803)
665	**State Fair Association**				
	• Removes funding for 2011-13 bond payments		($210,000)		($210,000)
	• Adds **one-time funding** for flood damage repair		$3,500,000		$3,500,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides funding to increase exhibitor premium payments from $520,000 to $546,000		$26,000		$26,000
670	**Racing Commission**				
	• Adds salary funding for a permanent director position		$39,469		$39,469
NATURAL RESOURCES					
701	**State Historical Society**				
	• Adds **one-time funding** for compensation adjustments or housing allowances for employees in oil-impacted areas		$50,000		$50,000
	• Adds **one-time funding** for traveling exhibits		$250,000		$250,000
	• Adds **one-time funding** for historic site exhibits		$65,000		$65,000
	• Adds **one-time funding** for the state's 125th anniversary celebration		$150,000		$150,000
	• Adds **one-time funding** for completion of the development of eighth grade curriculum for North Dakota studies		$150,000		$150,000
	• Adds the following 6 FTE positions: 1 FTE technology coordinator 1 FTE exhibit and collections specialist 1 FTE education programs developer 1 FTE multimedia/web developer 1 FTE visitor services security officer 1 FTE archives specialist	6.00	$881,218		$881,218
	• Adds funding to increase seasonal temporary salaries by $1 per hour per year during the 2013-15 biennium		$183,549		$183,549
	• Adds funding for maintenance in the expanded exhibit area in the Heritage Center		$60,000		$60,000
709	**Council on the Arts**				
	• Adds **one-time funding** to update a statewide cultural guide		$10,000		$10,000
	• Provides additional funding for increased operating expenses		$13,448		$13,448
	• Decreases federal funding available from the National Endowment for the Arts			($100,000)	($100,000)
	• Adds funding to continue grant programs at current levels		$50,000		$50,000
720	**Game and Fish Department**				
	• Provides funding for department facility repairs			$485,891	$485,891
	• Provides funding for fishing area projects ($467,980), shooting range improvements ($425,000), and wildlife management area improvements ($148,170)			$1,041,150	$1,041,150
	• Increases funding for Missouri River law enforcement activities to provide total funding of $280,902			$80,902	$80,902
	• Increases funding for noxious weed control to provide total funding of $650,000			$50,000	$50,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for the expansion of a heated storage building at the Lonetree Wildlife Management Area			$150,000	$150,000
	• Adds **one-time funding** for a rental allowance program for employees living in areas affected by oil and gas development			$200,000	$200,000
750	**Parks and Recreation Department**				
	• Adds **one-time funding** to update strategic master plans in several state parks		$100,000		$100,000
	• Adds **one-time funding** for the community grant program		$400,000		$400,000
	• Adds **one-time funding** for capital projects at various state parks		$2,930,000	$800,000	$3,730,000
	• Adds **one-time funding** for extraordinary repairs at various state parks			$182,800	$182,800
	• Adds **one-time funding** for equipment			$300,000	$300,000
	• Adds funding to increase temporary salaries by $1 per hour per year for the 2013-15 biennium		$264,000		$264,000
	• Adds funding for seasonal crews for maintaining trail systems		$65,200		$65,200
	• Adds funding to convert a long-time temporary administrative assistant position to an FTE position	1.00	$87,172		$87,172
	• Adds funding to increase the operational grant to the International Peace Garden for a total of $933,688 for the 2013-15 biennium		$200,000		$200,000
	• Adds funding for increased operating costs		$88,113	$300,000	$388,113
	• Adds base funding for equipment ($450,000) and extraordinary repairs ($875,094)		$1,325,094		$1,325,094
	• Removes 2011-13 funding for capital assets		($5,516,735)	($1,380,240)	($6,896,975)
770	**State Water Commission**				
	• Removes one-time federal fiscal stimulus funds continued from the 2009-11 biennium for the Southwest Pipeline Project's water treatment plant			($7,271,773)	($7,271,773)
	• Removes 2011-13 one-time funding for water projects			($500,000)	($500,000)
	• Removes 2011-13 funding for capital projects and equipment		($66,252)	($98,283,302)	($98,349,554)
	• Increases various operating expenses, including utilities by $3.7 million and professional services by $14.3 million		($32,748)	$18,786,767	$18,754,019
	• Adds funding for capital projects, bond payments, and equipment		$74,252	$236,681,029	$236,755,281
	• Increases grants due to an increase in funds available in the resources trust fund		($74,181)	$150,389,267	$150,315,086
	• Increases funding for motor pool and travel		$201,545		$201,545
	• Increases funding for information technology equipment, software, and network services		$191,008		$191,008
	• Increases funding for overtime and temporary salaries to assist with increased workload in administration and seasonal field operations		$48,180		$48,180

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds 1 FTE water resource engineer position to address the increase in water permit applications	1.00	$164,430		$164,430
	• Adds 1 FTE water resource project manager position to address the backlog of conditional water permit inspections	1.00	$143,026		$143,026
	• Adds 1 FTE engineering technician position to support the operations of the Devils Lake Outlets	1.00		$118,051	$118,051
	• Adjusts the funding source of the water development director position added during the 2011-13 biennium from the resources trust fund to the general fund		$250,187	($250,187)	$0
	• Provides funding from the resources trust fund to the community water facility revolving loan program administered by the Bank of North Dakota to supplement United States Department of Agriculture Rural Development financing for community water projects			$15,000,000	$15,000,000
	• Adds **one-time funding** to replace an excavator		$243,200		$243,200
	• Adds **one-time funding** to remodel office space		$45,000		$45,000
TRANSPORTATION					
801	**Department of Transportation**				
	• Adds 16 FTE positions, including 5 engineers, 4 transportation technicians, 4 motor vehicle licensing specialists, 2 driver's license supervisors, and 1 accounting/budget specialist	16.00		$2,357,876	$2,357,876
	• Continues the same level of **one-time funding** as provided during the 2011-13 biennium for the county and township road reconstruction program for areas affected by oil and gas development			$142,000,000	$142,000,000
	• Adds **one-time funding** for enhanced state highway investments			$1,161,600,000	$1,161,600,000
	• Adds funding for salary enhancements for employees in oil and gas-producing areas			$2,544,999	$2,544,999
	• Adds funding for rental assistance for employees in oil and gas-producing areas			$1,100,000	$1,100,000
	• Adds funding to continue the Highway Building asbestos abatement project			$6,000,000	$6,000,000
	• Adds funding to replace the motor vehicle registration and titling system			$9,663,500	$9,663,500
	• Adds funding to implement an automated vehicle locating system			$394,375	$394,375
	• Adds **one-time funding** from the general fund to match a federal TIGER III grant to rebuild a segment of railroad track near Churchs Ferry		$10,000,000		$10,000,000

SECTION E - ELEMENTARY AND SECONDARY EDUCATION

SUMMARY OF KEY RECOMMENDATIONS E-1

STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION - COMPARISON OF 2013-15 EXECUTIVE BUDGET TO 2011-13 APPROPRIATION AND ESTIMATED EXPENDITURES E-3

PER STUDENT STATE SCHOOL AID PAYMENTS AND WEIGHTED STUDENT UNITS FOR THE 2011-13 AND 2013-15 BIENNIUMS E-5

ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

STATE SCHOOL AID

The 2013-15 biennium executive budget recommendation provides funding of $1.87 billion, of which $1.02 billion is from the general fund, $714.2 million from the property tax relief sustainability fund, and $140.3 million from the state tuition fund for the state school aid program. The following schedule summarizes state school aid program funding:

	2011-13 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2013-15 Executive Budget (Amounts Shown in Millions)
State school aid	$918.4[1]	$869.0	$1,787.4[2]
Education jobs fund program	21.2	(21.2)	
Transportation aid payments	48.5	5.0	53.5
Rapid enrollment grants	5.0	12.0	17.0
Special education - Contracts	16.0	.5	16.5
Mill levy reduction grants	341.8	(341.8)	[2]
Total	$1,350.9	$523.5	$1,874.4
General fund	$1,223.1	($203.2)	$1,019.9
Federal funds	21.2	(21.2)	
State tuition fund	101.6	38.7	140.3
Oil and gas impact grant fund	5.0	(5.0)	
Property tax relief sustainability fund		714.2	714.2
Total	$1,350.9	$523.5	$1,874.4

[1]In addition, the Legislative Assembly in 2011 authorized the Department of Public Instruction to continue up to $9.5 million of estimated excess funding for state school aid and transportation aid payments from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments ($9 million) and adult education learning center grants ($500,000).

[2]The 2013-15 executive budget recommends the implementation of integrated formula payments totaling $1.79 billion to provide school funding and property tax relief.

The executive budget recommendation provides **integrated formula payments** totaling $1.79 billion, an increase of $527.2 million from the state school aid and mill levy grants, totaling $1.26 billion provided during the 2011-13 biennium. The increase of $527.2 million includes increases in funding of $714.2 million from the property tax relief sustainability fund and $38.7 million from the state tuition fund and a decrease in funding from the general fund of $225.7 million. Integrated formula payments include $714.2 million from the property tax relief sustainability fund for an increase in the mill levy buydown from 75 mills to 135 mills for the 2013-15 biennium, an increase of $372.4 million from the $341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium.

The executive budget recommendation for state school aid follows the recommendations of research done by Lawrence O. Picus and Associates and presented to the North Dakota Commission on Education Improvement in 2008.

The executive budget recommendation for the state school aid program:

- Increases the per student payment rates from $3,910 and $3,980 during the 2011-13 biennium to $8,810 and $9,092 during the 2013-15 biennium to include property tax relief. Mill levy reduction grants are discontinued.
- Revises the state school aid program formula to provide that total formula payments are reduced by a 50-mill levy local property tax contribution and by 75 percent of other local revenue. Equity payments and high valuation offsets are discontinued.
- Includes transition maximum funding limits and transition minimum funding guarantees.
- Reduces the data collection weighting factor from .006 to .003.
- Increases rapid enrollment grants by $12 million to provide $17 million from the general fund.

ONE-TIME FUNDING

The executive budget recommendation for the Department of Public Instruction does not include any one-time funding.

OTHER RECOMMENDATIONS

The executive budget recommendation also provides for:

- **Information technology** - Provides $719,000 from the general fund for information technology maintenance to update the state automated reporting system (STARS) ($529,000) and the federal grants management system ($190,000).
- **Governor's School program** - Provides $460,000 from the general fund for support of the Governor's School program, the same level of funding provided in the 2011-13 biennium.
- **Adult education grants** - Provides $3,110,411 from the general fund for adult education grants, the same level of funding provided in the 2011-13 biennium.
- **National writing projects** - Provides $173,000 from the general fund for national writing projects, an increase of $15,000 from the 2011-13 biennium appropriation of $158,000.
- **North Dakota Museum of Art** - Provides $415,000 from the general fund for support of the North Dakota Museum of Art educational outreach initiative, an increase of $35,000 from the 2011-13 biennium appropriation of $380,000.
- **Teacher center network** - Provides $360,000 from the general fund for the teacher center network, the same level of funding provided in the 2011-13 biennium.

- **North Dakota LEAD Center** - Provides $260,000 from the general fund for support of the North Dakota LEAD Center, the same level of funding provided in the 2011-13 biennium.
- **North Central Council for School Television** - Provides $535,000 from the general fund for support of the North Central Council for School Television, an increase of $50,000 from the 2011-13 biennium appropriation of $485,000.
- **Mentorship grant program** - Provides $2.3 million from the general fund for a teacher mentoring program, the same level of funding provided in the 2011-13 biennium.
- **Continuing education grants** - Provides $150,000 from the general fund for continuing education grants, an increase of $50,000 from the 2011-13 biennium appropriation of $100,000.
- **Atlantik-Brucke teacher exchange program** - Provides $105,000 from the general fund for a teacher exchange program, the same level of funding provided in the 2011-13 biennium.
- **North Dakota Young Entrepreneur education program** - Provides $120,000 from the general fund for a business education program, the same level of funding provided in the 2011-13 biennium.
- **National board certification** - Provides $120,000 from the general fund for teacher stipends and assessment fees for national board certification, a decrease of $65,000 from the 2011-13 biennium appropriation of $185,000 from the national board certification fund.
- **Curriculum alignment grant program** - Provides $100,000 from the general fund for a program to improve the alignment of language arts between high schools and institutions of higher education, the same level of funding provided in the 2011-13 biennium.
- **Preschool continuing education grants program** - Provides $150,000 from the general fund for continuing education grants for preschool teachers, the same level of funding provided in the 2011-13 biennium.
- **Prekindergarten space grant program** - Provides $125,000 from the general fund for grants of up to $5,000 per classroom to assist schools in making safety compliant space available for licensed prekindergarten programs, the same level of funding provided in the 2011-13 biennium.
- **Alternative education program grants** - Removes $300,000 provided from the general fund during the 2011-13 biennium for the provision of alternative education services to students in grades 6 through 8. The Legislative Assembly in 2011 approved a weighting factor of .15 for students who are enrolled in an **alternative middle school program** for at least 15 hours per week effective July 1, 2013, through June 30, 2015.
- **Gearing Up for Kindergarten** - Provides $815,000 from the general fund for the Gearing Up for Kindergarten program provided by the North Dakota State University Extension Service, an increase of $190,000 from the 2011-13 biennium appropriation of $625,000.
- **Teacher and principal evaluation system** - Provides $400,000 from the general fund for the statewide deployment of a new teacher and principal evaluation system.
- **Common core standards grants** - Provides $500,000 from the general fund for a new program to provide grants to facilitate statewide implementation of common core standards.

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

	2011-13 Appropriation	2011-13 Estimated Expenditures	2013-15 Executive Budget	2013-15 Executive Budget Increase (Decrease) Compared to 2011-13 Estimated Expenditures	2013-15 Executive Budget Increase (Decrease) Compared to 2011-13 Appropriation
State school aid program					
State school aid - Integrated formula payments	$918,459,478 [1]	$918,459,478 [1]	$1,787,400,000 [2]	$868,940,522	$868,940,522
Federal education jobs fund program payments	21,242,838 [3]	21,242,838 [3]		(21,242,838)	(21,242,838)
Transportation aid payments	48,500,000	48,500,000	53,500,000	5,000,000	5,000,000
Rapid enrollment grants	5,000,000	5,000,000	17,000,000	12,000,000	12,000,000
Special education - Contracts	16,000,000	16,000,000	16,500,000	500,000	500,000
Mill levy reduction grants	341,790,000 [4]	341,790,000 [4]	[2]	(341,790,000)	(341,790,000)
Total - State school aid program	$1,350,992,316	$1,350,992,316	$1,874,400,000	$523,407,684	$523,407,684
General fund	$1,223,111,478	$1,223,111,478	$1,019,900,162	($203,211,316)	($203,211,316)
Federal funds	21,242,838	21,242,838		(21,242,838)	(21,242,838)
Property tax relief sustainability fund			714,173,838	714,173,838	714,173,838
Oil and gas impact grant fund	5,000,000	5,000,000		(5,000,000)	(5,000,000)
State tuition fund	101,638,000	101,638,000	140,326,000	38,688,000	38,688,000
Total	$1,350,992,316	$1,350,992,316	$1,874,400,000	$523,407,684	$523,407,684
Other grants - General fund					
Teacher center network	$360,000	$360,000	$360,000		
School food services	1,380,000	1,380,000	1,380,000		
Adult education grants	3,110,411 [1]	3,110,411 [1]	3,110,411		
LEAD Center	260,000	260,000	260,000		
Governor's School	460,000	460,000	460,000		
National writing projects	158,000	158,000	173,000	$15,000	$15,000
Rural art outreach project	380,000	380,000	415,000	35,000	35,000
North Central Council for School Television	485,000	485,000	535,000	50,000	50,000
Teacher mentoring program	2,300,000	1,900,000	2,300,000	400,000	
Continuing education grants	100,000	100,000	150,000	50,000	50,000
Atlantik-Brucke teacher exchange program	105,000	105,000	105,000		
North Dakota Young Entrepreneur education program	120,000	120,000	120,000		
"We the People" program	22,000	22,000	20,000	(2,000)	(2,000)
Teacher and principal evaluation system			400,000	400,000	400,000
Curriculum alignment grants	100,000	100,000	100,000		
Preschool continuing education grants	150,000	150,000	150,000		
Prekindergarten space grants	125,000	125,000	125,000		
Alternative education program grants	300,000	300,000		(300,000)	(300,000)
Gearing Up for Kindergarten	625,000	625,000	815,000	190,000	190,000
Common core standards			500,000	500,000	500,000
National board certification			120,000	120,000	120,000
Total - Other grants - General fund	$10,540,411	$10,140,411	$11,598,411	$1,458,000	$1,058,000
Other grants - Other funds					
Federal grants	$293,818,982	$293,818,982	$261,706,744	($32,112,238)	($32,112,238)

	2011-13 Appropriation	2011-13 Estimated Expenditures	2013-15 Executive Budget	2013-15 Executive Budget Increase (Decrease) Compared to 2011-13 Estimated Expenditures	2013-15 Executive Budget Increase (Decrease) Compared to 2011-13 Appropriation
National board certification	185,000	185,000		(185,000)	(185,000)
Displaced homemaker program	250,000	250,000	225,000	(25,000)	(25,000)
Total - Other grants - Other funds	$294,253,982	$294,253,982	$261,931,744	($32,322,238)	($32,322,238)
Total state school aid and other grants - All funds	$1,655,786,709	$1,655,386,709	$2,147,930,155	$492,543,446	$492,143,446
Agency administration					
Administration (salaries, operating, equipment) - General fund	$10,328,762	$10,328,762	$11,811,289	$1,482,527	$1,482,527
Administration (salaries, operating, equipment) - Other funds	34,068,603 [3]	34,068,603 [3]	34,979,851	911,248	911,248
Total - Agency administration - All funds	$44,397,365	$44,397,365	$46,791,140	$2,393,775	$2,393,775
Total Department of Public Instruction - All funds	$1,700,184,074	$1,699,784,074	$2,194,721,295	$494,937,221	$494,537,221
General fund	$1,243,980,651	$1,243,580,651	$1,043,309,862	($200,270,789)	($200,670,789)
Other funds	456,203,423	456,203,423	1,151,411,433	695,208,010	695,208,010
Total	$1,700,184,074	$1,699,784,074	$2,194,721,295	$494,937,221	$494,537,221
FTE	99.75	99.75	99.75	0.00	0.00

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

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

[2] The 2013-15 executive budget recommends the implementation of a new integrated formula payment to provide school funding. In addition to state school aid, the integrated formula payment includes property tax relief totaling $714.2 million, an increase of $372.4 million from the $341.8 million provided for mill levy reduction grants during the 2011-13 biennium. The 2013-15 executive recommendation for state school aid included in the integrated formula payments totals $1.07 billion, an increase of $154.8 million from the 2011-13 biennium.

[3] Federal H.R.1586--signed into law in August 2010--provided an extension of the American Recovery and Reinvestment Act of 2009 federal medical assistance percentages as well as additional funding for elementary and secondary education. North Dakota's share of the additional elementary and secondary education funding--known as the education jobs fund program--was anticipated to total $21,517,716, of which $21,242,838 is to be distributed to school districts through the state's funding formula and $274,878 was available to the Department of Public Instruction for administration of the program. The funding was to be made available to school districts for use in hiring or rehiring school employees during the 2010–11 school year; therefore, the 2011-13 executive budget recommended and the Legislative Assembly in 2011 approved an emergency clause to allow funds to begin to be distributed during the 2010-11 school year. The Department of Public Instruction received Emergency Commission approval in September and December of 2011 to increase federal funds spending authority by $316,875 and $910, respectively, from the United States Department of Education for education jobs fund payments to provide a total of $21,835,501 in federal education jobs fund program payments.

[4] The Legislative Assembly in 2011 appropriated $341,790,000 from the general fund for mill levy reduction grants during the 2011-13 biennium and provided for the deposit of $341.8 million from the state's share of oil and gas tax collections in the property tax relief sustainabiltiy fund for continuing property tax relief in the 2013-15 biennium. The 2013-15 biennium executive recommendation includes funding for property tax relief from the property tax relief sustainability fund in state school aid payments.

PER STUDENT STATE SCHOOL AID PAYMENTS AND WEIGHTED STUDENT UNITS FOR THE 2011-13 AND 2013-15 BIENNIUMS

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

[1]Estimated.

[2]The 2013-15 executive recommendation includes integrated formula payments to provide both adequacy-based funding for kindergarten through grade 12 education and property tax relief.

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

SECTION F - HIGHER EDUCATION

SUMMARY OF KEY RECOMMENDATIONS F-1

FULL-TIME EQUIVALENT STUDENT ENROLLMENTS F-3

TUITION RATES F-4

HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

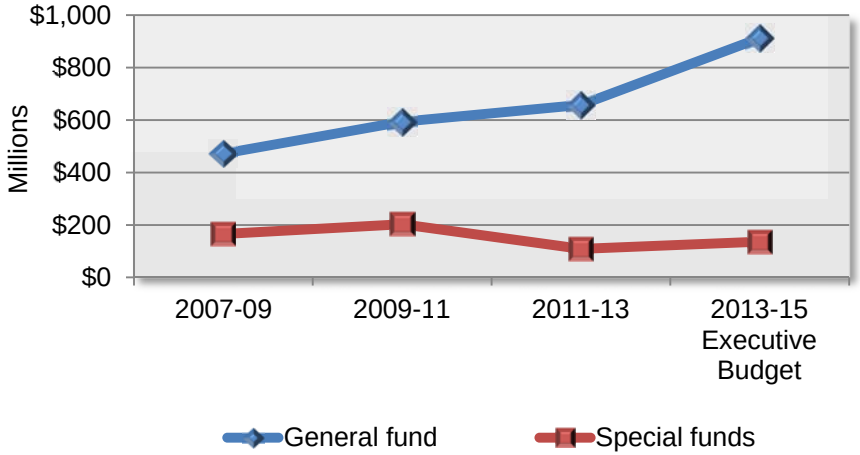
The 2013-15 executive budget recommends the following higher education funding changes compared to 2011-13 legislative appropriations for higher education:

- Increase **general fund** support by $254,777,963 as follows:

	2011-13 Legislative Appropriations	2013-15 Executive Recommendation	Increase (Decrease)	
Ongoing general fund appropriations	$606,525,437	$695,735,688	$89,210,251	14.7%
One-time general fund appropriations	51,260,357	216,828,069	165,567,712	323.0%
Total	$657,785,794	$912,563,757	$254,777,963	38.7%

- Increase support from **special funds** by $27,338,182, or 25.1 percent. Special funds support relates primarily to major capital projects funded from local sources or through the issuance of revenue bonds.
- Adjust the authorized number of **full-time equivalent (FTE) positions** from 2,303.74 to 2,344.46 to reflect the number of FTE positions supported by the general fund.

Higher Education Appropriations



Biennium	General Fund	Special Funds	Total
2007-09	$472,036,237	$165,419,701	$637,455,938
2009-11	$593,355,047	$202,764,364	$796,119,411
2011-13	$657,785,794	$108,817,759	$766,603,553
2013-15 - Executive budget	$912,563,757	$136,155,941	$1,048,719,698

Key recommendations include:

1. Funding of $21,090,261 from the general fund for **campus equalization payments** based on a new student credit-hour funding formula. The formula determines the base student credit-hour of funding provided to each campus within one of three tier levels. The formula provides equalization payments to provide all campuses within a tier the same student credit-hour funding level.
2. Funding of $55,069,176 is provided for an **inflationary and initiative factor adjustment** for each institution to provide funding for cost-to-continue items, operating inflation, salary increases, health insurance increases, retirement contribution increases, and campus security and mental health initiatives.
3. Funding of $216,828,069 is provided for **one-time general fund appropriations**, including:

Major capital projects	$166,913,263
Higher education challenge fund	30,000,000
Deferred maintenance pool	10,000,000
University of North Dakota School of Medicine and Health Sciences - Startup costs related to the continued implementation of the health care workforce initiative plan	7,414,806
New academic and technical program startup pool	1,500,000
Campus master planning	1,000,000
Total	$216,828,069

4. Funding of $21,245,679 from the general fund for the **student financial assistance grant program**. This represents an increase of $1,871,657 from the 2011-13 biennium appropriation of $19,374,022. The increased funding would be used to expand the program to provide assistance to part-time students and to increase the maximum grant level award to $1,650 per year.
5. One-time funding of $30 million from the general fund to establish a **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. For every two private dollars donated to an institution, a match of one dollar would be provided from the fund.
6. One-time funding of $1.5 million from the general fund for a **new academic and technical program startup pool** to provide funds to University System institutions for startup costs for initiating new programs or expanding existing programs.
7. Funding of $13.7 million from the general fund for the **career and technical education and academic scholarship program**. This represents an increase of $3.7 million of funding as compared to the

2011-13 biennium general fund appropriation of $10 million. The additional funding would be used to increase the scholarship award levels by $1,000 per year, from $1,500 to $2,500.

8. Funding of $4,103,047, of which $3,637,740 is from the general fund and $465,307 is from other funds, for the **professional student exchange program**. This level represents a total funds increase of $781,609 from the 2011-13 legislative appropriation of $3,321,438. The increased funding would be used to continue the same number of students in the program.

9. Funding of $649,267 from the general fund for the **Native American scholarship program**. This level represents an increase of $75,000 from the 2011-13 legislative appropriation of $574,267. The increased funding would provide for an additional 15 graduate students each year.

10. A **system information technology services pool** of $38,792,946, of which $38,253,509 is from the general fund and $539,437 is from special funds, is provided for support of the ConnectND system; Higher Education Computer Network; Advanced Learning Technologies, including the Interactive Video Network; the On-line Dakota Information Network; and other related technology initiatives. This level of funding represents an increase of $2,786,279 from the 2011-13 biennium appropriation of $36,006,667. Of the $2,786,279, $536,534 is to continue fiscal year 2012 salary and retirement contribution increases, $819,859 is for operating inflation, and $1,429,886 is for salary, health insurance, and retirement contribution increases in the 2013-15 biennium.

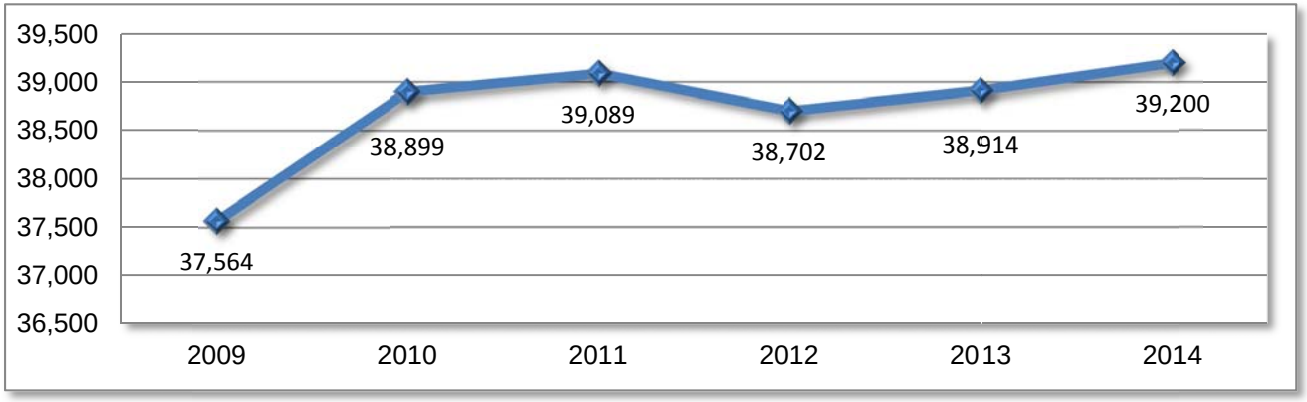
11. Funding of $330,718,845 is provided for **capital assets**, including:

	General Fund	Special Funds	Total
Major capital projects	$166,913,263	$132,206,029[1]	$299,119,292
Capital construction lease payments	10,436,045		10,436,045
Base campus extraordinary repairs	10,717,902		10,717,902
Systemwide deferred maintenance pool	10,000,000		10,000,000
Special assessment payments	445,606		445,606
Total	$198,512,816	$132,206,029	$330,718,845

[1]Includes authority to issue $27,487,262 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 ENROLLMENTS[1]



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

[1]State 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 one FTE student. The information presented in this schedule for the fall 2009 through fall 2012 semesters was provided by the North Dakota University System office. The estimates for the fall 2013 and fall 2014 semesters were provided by representatives of University System institutions.

[2]Reflects revised enrollment.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2009-10 through 2012-13. The Legislative Assembly in 2001 removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. House Bill No. 1035 (2011) continues this authority through June 30, 2013. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2009-10[1]	2010-11[1]	2011-12	2012-13
Bismarck State College[2]				
Undergraduate				
Resident	$3,364	$3,364	$3,364	$3,364
	0.0%	0.0%	0.0%	0.0%
Minnesota resident[3]	$4,188	$4,382	$4,627	$4,793
	2.8%	4.6%	5.6%	3.6%
Contiguous state/province[4]	$4,205	$4,205	$4,205	$4,205
	0.0%	0.0%	0.0%	0.0%
Other nonresident	$8,982	$8,982	$8,982	$8,982
	0.0%	0.0%	0.0%	0.0%
Dakota College at Bottineau				
Undergraduate				
Resident	$3,120	$3,120	$3,120	$3,120
	0.0%	0.0%	0.0%	0.0%
Minnesota resident[3]	$4,188	$4,382	$4,627	$4,793
	2.8%	4.6%	5.6%	3.6%
South Dakota and Montana residents	$3,901	$3,901	$3,901	$3,901
	0.0%	0.0%	0.0%	0.0%
All Canadian provinces[5]	$3,120	$3,120	$3,120	$3,120
	0.0%	0.0%	0.0%	0.0%
Other nonresident	$4,680	$4,680	$4,680	$4,680
	0.0%	0.0%	0.0%	0.0%
Dickinson State University				
Undergraduate				
Resident	$4,160	$4,306	$4,414	$4,524
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$4,350	$4,578	$4,797	$5,027
	3.6%	5.2%	4.8%	4.8%
Contiguous state/province[4]	$5,200	$5,382	$5,517	$5,655
	3.5%	3.5%	2.5%	2.5%
Other nonresident[6]	$11,106	$11,496	$11,784	$6,786
	3.5%	3.5%	2.5%	(42.4%)
Lake Region State College[7]				
Undergraduate				
Resident	$3,065	$3,065	$3,065	$3,065
	0.0%	0.0%	0.0%	0.0%
Minnesota resident[3]	$3,065	$3,065	$3,065	$3,065
	(24.8%)	0.0%	0.0%	0.0%
Contiguous state/province[4]	$3,065	$3,065	$3,065	$3,065
	0.0%	0.0%	0.0%	0.0%

Institution	2009-10[1]	2010-11[1]	2011-12	2012-13
Other nonresident	$3,065	$3,065	$3,065	$3,065
	0.0%	0.0%	0.0%	0.0%
International students	$7,662	$7,662	$7,662	$7,662
	0.0%	0.0%	0.0%	0.0%
Mayville State University				
Undergraduate				
Resident	$4,124	$4,268	$4,375	$4,484
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$4,314	$4,537	$4,707	$4,983
	3.7%	5.2%	3.7%	5.9%
Contiguous state/province[4]	$5,156	$5,335	$5,468	$5,605
	3.5%	3.5%	2.5%	2.5%
All Canadian provinces except Saskatchewan and Manitoba	$6,180	$6,403	$6,562	$6,727
	3.4%	3.6%	2.5%	2.5%
Other nonresident	$6,180	$6,403	$6,562	$6,727
	3.4%	3.6%	2.5%	2.5%
International students	$11,012	$11,396	$11,680	$11,973
	3.5%	3.5%	2.5%	2.5%
Minot State University[8]				
Undergraduate				
Resident	$4,325	$4,476	$4,588	$4,703
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$4,325	$4,476	$4,588	$4,703
	(0.9%)	3.5%	2.5%	2.5%
Contiguous state/province[4]	$4,325	$4,476	$4,588	$4,703
	(17.2%)	3.5%	2.5%	2.5%
Other nonresident	$4,325	$4,476	$4,588	$4,703
	(61.2%)	3.5%	2.5%	2.5%
Graduate				
Resident	$5,720	$5,920	$6,068	$6,220
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$5,720	$5,920	$6,068	$6,220
	(15.2%)	3.5%	2.5%	2.5%
Contiguous state/province[4]	$5,720	$5,920	$6,068	$6,220
	(31.0%)	3.5%	2.5%	2.5%
Other nonresident	$5,720	$5,920	$6,068	$6,220
	(61.2%)	3.5%	2.5%	2.5%
North Dakota State University				
Undergraduate (basic rate)[9]				
Resident	$5,448	$5,639	$6,135	$6,135
	3.5%	3.5%	8.8%	0.0%
Minnesota resident[3]	$5,706	$6,002	$6,417	$6,708
	3.7%	5.2%	6.9%	4.5%
Contiguous state/province[4]	$8,172	$8,458	$9,203	$9,203
	3.5%	3.5%	8.8%	0.0%

Institution	2009-10[1]	2010-11[1]	2011-12	2012-13
Other nonresident	$14,547	$15,055	$16,381	$16,381
	3.5%	3.5%	8.8%	0.0%
Graduate (basic rate)[9]				
Resident	$5,843	$6,048	$6,580	$6,580
	3.5%	3.5%	8.8%	0.0%
Minnesota resident[3]	$7,073	$7,415	$7,795	$8,153
	4.9%	4.8%	5.1%	4.6%
Contiguous state/province[4]	$8,764	$9,071	$9,870	$9,870
	3.5%	3.5%	8.8%	0.0%
Other nonresident	$15,600	$16,147	$17,569	$17,569
	3.5%	3.5%	8.8%	0.0%
North Dakota State College of Science[10,11]				
Undergraduate				
Resident	$3,368	$3,368	$3,368	$3,368
	0.0%	0.0%	0.0%	0.0%
Minnesota resident[3]	$4,187	$4,382	$4,629	$4,793
	2.7%	4.7%	5.6%	3.5%
Contiguous state/province[4]	$4,209	$4,209	$4,209	$4,209
	0.0%	0.0%	0.0%	0.0%
Other nonresident	$8,991	$8,991	$8,991	$8,991
	0.0%	0.0%	0.0%	0.0%
Business and industry partnership program[12]				
Resident	$3,368	$3,368	$3,368	$3,368
	0.0%	0.0%	0.0%	0.0%
Minnesota resident[3]	$4,187	$4,382	$4,629	$4,793
	2.7%	4.7%	5.6%	3.5%
Contiguous state/province[4]	$3,368	$3,368	$3,368	$3,368
	0.0%	0.0%	0.0%	0.0%
Other nonresident	$3,368	$3,368	$3,368	$3,368
	0.0%	0.0%	0.0%	0.0%
University of North Dakota				
Undergraduate				
Resident	$5,461	$5,652	$5,793	$5,938
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$5,706	$6,002	$6,417	$6,708
	3.7%	5.2%	6.9%	4.5%
Contiguous state/province[4]	$8,191	$8,478	$8,690	$8,907
	3.5%	3.5%	2.5%	2.5%
Other nonresident	$14,580	$15,091	$15,468	$15,854
	3.5%	3.5%	2.5%	2.5%
Graduate				
Resident	$5,874	$6,080	$6,232	$6,388
	3.5%	3.5%	2.5%	2.5%

Institution	2009-10[1]	2010-11[1]	2011-12	2012-13
Minnesota resident[3]	$7,073	$7,415	$7,795	$8,153
	4.9%	4.8%	5.1%	4.6%
Contiguous state/province[4]	$8,810	$9,119	$9,348	$9,582
	3.5%	3.5%	2.5%	2.5%
Other nonresident	$15,683	$16,233	$16,639	$17,055
	3.5%	3.5%	2.5%	2.5%
School of Law[13]				
Resident	$6,596	$6,826	$6,997	$7,172
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$9,893	$10,240	$10,495	$10,758
	3.5%	3.5%	2.5%	2.5%
Contiguous state/province[4]	$9,893	$10,240	$10,495	$10,758
	3.5%	3.5%	2.5%	2.5%
Other nonresident	$17,610	$18,227	$18,682	$19,149
	3.5%	3.5%	2.5%	2.5%
School of Medicine and Health Sciences				
Resident	$23,303	$24,119	$24,722	$25,340
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$25,634	$26,532	$27,194	$27,874
	3.5%	3.5%	2.5%	2.5%
Other nonresident	$43,134	$44,644	$45,760	$46,904
	3.5%	3.5%	2.5%	2.5%
Physical therapy[14]				
Resident	$10,770	$11,147	$11,426	$11,712
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$10,770	$11,147	$11,426	$11,712
	3.5%	3.5%	2.5%	2.5%
Contiguous state/province[4]	$14,901	$15,423	$15,809	$16,204
	3.5%	3.5%	2.5%	2.5%
Other nonresident	$14,901	$15,423	$15,809	$16,204
	3.5%	3.5%	2.5%	2.5%
Valley City State University[15]				
Undergraduate				
Resident	$4,283	$4,433	$4,544	$4,657
	3.5%	3.5%	2.5%	2.5%
Minnesota resident[3]	$4,480	$4,712	$4,889	$5,175
	3.7%	5.2%	3.8%	5.8%
Contiguous state/province[4]	$5,354	$5,541	$5,680	$5,822
	3.5%	3.5%	2.5%	2.5%
Other nonresident	$11,435	$11,835	$12,131	$12,434
	3.5%	3.5%	2.5%	2.5%
Graduate				
Resident	$5,698	$5,897	$6,044	$6,195
	3.5%	3.5%	2.5%	2.5%

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

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

[2]Bismarck 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.

[3]Under the current North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate. Beginning with the 2006-07 academic year, the 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.

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

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

[6]Beginning 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.

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

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

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

[10]Beginning 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:

	2009-10	2010-11	2011-12	2012-13
Undergraduate				
Contiguous state/province	$3,368	$3,368	$3,368	$3,368
Other nonresidents	$3,368	$3,368	$3,368	$3,368

[11]The 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.

[12]Beginning 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.

[13]The University of North Dakota School of Law implemented a per credit tuition model beginning in the 2008-09 academic year. The institution charges a per credit (part-time) tuition rate for all credit-hours. The tuition rates shown 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.

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

[15]Valley 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.

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

SECTION G - HUMAN SERVICES

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DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Provides a total general fund appropriation of $1,176.9 million, $235.9 million, or 25.1 percent, more than the $941.0 million appropriated for the 2011-13 biennium.
- Adds $93.3 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. The schedule below presents recent and projected FMAPs for North Dakota.

Federal Fiscal Year	North Dakota's FMAP	North Dakota's Enhanced FMAP
2008	63.75	N/A
2009	63.15	69.95
2010	63.01	69.95
2011	60.35 (fourth quarter)	69.95 (first quarter) 66.95 (second quarter) 64.95 (third quarter)
2012	55.40 (actual)	N/A
2013	52.27 (actual)	N/A
2014	50.00 (estimate)	N/A
2015	50.00 (estimate)	N/A

- Provides $81.3 million, of which $40.9 million is from the general fund, for 4 percent per year **inflationary increases** for human service providers. The Legislative Assembly in 2011 approved a 3 percent per year inflationary increase for providers excluding physicians.
- Reduces salaries and wages by $4,283,030 from the general fund in anticipation of savings from **vacant positions and employee turnover**.

PROGRAM AND POLICY

- Reduces funding for **temporary assistance for needy families (TANF)** costs by $2.2 million to provide a total of $14.5 million, of which $0.4 million is from the general fund, for the 2013-15 biennium. The recommended general fund appropriation of $0.4 million is a decrease of $5.1 million from the funding appropriated for the 2011-13 biennium. The reduction is based on the number of recipients and average monthly payments during the 2011-13 biennium, both of which are lower than anticipated.
- Provides $184.0 million for **inpatient hospital services** in the medical assistance program, a decrease of $11.7 million, or 6 percent, compared to the projected expenditures for the 2011-13 biennium of $195.7 million.
- Provides $73.3 million for **outpatient hospital services** in the medical assistance program, an increase of $1.2 million, or 2 percent, compared to the projected expenditures for the 2011-13 biennium of $72.1 million.
- Provides $44.9 million for **prescription drugs** in the medical assistance program, an increase of $4.9 million, or 12 percent, compared to the projected expenditures for the 2011-13 biennium of $40.0 million.
- Includes $29,487,399, of which $28,352,679 is from the general fund and $1,134,720 is from estate collections, for making Medicare Part D prescription drug **"clawback" payments** to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid. The amount provided is an increase of $3,179,920 from the 2011-13 biennium appropriation of $26,307,479, of which $25,152,575 was from the general fund. The increase is due to the FMAP decrease and an increase in the number of dual-eligibles.
- Provides $26.1 million for **premiums** in the medical assistance program, an increase of $2.8 million, or 12 percent, compared to the projected expenditures for the 2011-13 biennium of $23.3 million.
- Provides $20.0 million for **psychiatric residential treatment facilities** in the medical assistance program, a decrease of $0.2 million, or 1 percent, compared to the projected expenditures for the 2011-13 biennium of $20.2 million.
- Provides $33.3 million for **Healthy Steps**--the children's health insurance program--an increase of $7.3 million, or 28 percent, compared to the projected expenditures for the 2011-13 biennium appropriation of $26.0 million. The executive budget recommends maintaining the Healthy Steps income eligibility level at 160 percent of the federal poverty level based on net income.
- Provides $501.3 million for **nursing facility care**, an increase of $41.5 million, or 9 percent, compared to the 2011-13 biennium appropriation of $459.8 million.
- Provides $36.3 million for **basic care**, of which $22.9 million is from the general fund, an increase of $10.3 million, of which $8.1 million is from the general fund, compared to the 2011-13 biennium appropriation.
- Provides $15.9 million for **service payments for elderly and disabled (SPED)** and **expanded SPED** programs, $1.2 million more than the $14.7 million appropriated for the 2011-13 biennium. The executive budget includes funding of $68,961, of which $66,587 is from the general fund, for expanding home-delivered meals to the SPED and expanded SPED programs and funding of $135,744, of which $128,982 is from the general fund, for providing extended personal care services in the SPED program.

- Provides $27.9 million for the Medicaid **personal care option**, $1.3 million less than the $29.2 million appropriated for the 2011-13 biennium. The general fund share of the 2013-15 biennium appropriation is $13.9 million, $1.0 million more than the $12.9 million appropriated for the 2011-13 biennium.
- Provides $502.4 million for **developmental disabilities (DD) services grants**, of which $247.0 million is from the general fund. Compared to the 2011-13 biennium, the 2013-15 biennium funding is an increase of $105.4 million, of which $72.8 million is from the general fund.
- Provides $27.6 million, of which $14.9 million is from the general fund, for providing a **50 cent per hour wage passthrough** to staff at nursing and basic care facilities, qualified service providers (QSPs), and DD service providers.
- Provides $2.3 million, of which $1.7 million is from the general fund, for implementing a **travel reimbursement component in the payment system for QSPs** for round trips over 20 miles.
- Provides $300,000 of additional funding from the general fund for **peer support services**.
- Provides $1 million from the general fund for expanding the Aging Services Division's **guardianship services** program.
- Provides $800,000 of additional funding from the general fund for **centers for independent living** for a total of $2,544,539.
- Provides $800,000 of additional funding from the general fund for senior services providers for **congregate meals**.
- Provides funding of $320,000 from the general fund for facilitators in each quadrant of the state to serve as a resource for individuals with a **traumatic brain injury**.
- Provides funding of $150,000 from the general fund for **2-1-1 services**.
- Increases funding from the general fund by $250,000, from $500,000 to $750,000, for the **Healthy Families program**.
- Provides funding of $205,416, of which $133,520 is from the general fund, to enhance **services** provided to **adoptive** families to maintain adoptive placements and permanence.

STATE HOSPITAL

- Provides $910,454 from the general fund for **extraordinary repairs**.
- Provides $251,413 from the general fund for **equipment** over $5,000.
- Provides **one-time funding** of $864,714 from the general fund for street reconstruction.

DEVELOPMENTAL CENTER

- Provides $601,495 from the general fund for **extraordinary repairs**.
- Provides $152,000 from the general fund for **equipment** over $5,000.
- Provides **one-time funding** of $360,000 from the general fund for demolition of the Refectory Building ($240,000) and the Pleasant View Building ($120,000).

HUMAN SERVICE CENTERS

- Provides $729,740, of which $401,414 is from the general fund, for contracting for an eight-bed transitional living facility (Lake Region Human Service Center).
- Provides $404,897, of which $399,753 is from the general fund, for temporary staff in several programs due to client service demand (Southeast Human Service Center).
- Provides $1,300,000, of which $975,000 is from the general fund, for contracting for a 16-bed transitional living facility (Southeast Human Service Center).
- Provides $240,952, of which $137,341 is from the general fund, for providing DD case management services (Southeast Human Service Center).
- Provides $222,649 from the general fund, to support 1 full-time equivalent (FTE) position for the partnership program and to convert 3 temporary employees to FTE positions for mental illness case management services (Southeast Human Service Center). (The department is to provide the FTE positions from within the department's authorized FTE level.)
- Provides $324,156 from the general fund to increase short-term crisis residential bed capacity (West Central Human Service Center).
- Provides $769,700, of which $407,041 is from the general fund, to increase long-term crisis residential bed capacity (West Central Human Service Center).
- Provides $30,000 from the general fund for medical detoxification services (Badlands Human Service Center).

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The 2013-15 executive budget recommendation includes funding of $14,505,536, $2,233,714 less than the 2011-13 appropriation, for the temporary assistance for needy families (TANF) program. The reduction is based on the actual number of TANF recipients and average monthly payments during the 2009-11 biennium, both of which are lower than budgeted.

The 2013-15 executive budget recommendation includes funding to serve an estimated average monthly caseload of 1,799. The September 2012 caseload was 1,675.

The 2013-15 executive budget recommendation anticipates monthly assistance payments to average $336 per case for the 2013-15 biennium. The average payment per case in September 2012 was $284.

The following schedule compares the 2009-11 and 2011-13 biennium appropriations to the 2013-15 executive budget:

	2009-11 Biennium Appropriation	2011-13 Biennium Appropriation	2013-15 Executive Budget Recommendation	2013-15 Executive Budget Increase (Decrease) Compared to 2011-13 Appropriation
TANF				
Federal funds	$9,380,305	$1,734,750	$1,393,447	($341,303)
General fund	5,531,958	5,531,958	445,001	(5,086,957)
Retained funds[1]	6,174,667	5,785,053	8,979,599	3,194,546
Other funds - Child support collections	3,320,992	3,687,489	3,687,489	0
Total - TANF	$24,407,922	$16,739,250	$14,505,536	($2,233,714)

[1]These funds are federal funds received for administrative costs incurred by the counties that the state retains per the "swap" agreement with the counties.

The Department of Human Services anticipates receiving $26,399,809 of federal TANF block grant funds for each year of the 2013-15 biennium. The department projects carrying forward $13,595,969 of federal TANF block grant funds from the 2011-13 biennium to the 2013-15 biennium. The executive budget recommends spending $64,977,946 of the federal TANF block grant funds in 2013-15. The department anticipates carrying forward $1,417,641 of federal TANF block grant funds from the 2013-15 biennium to the 2015-17 biennium.

MEDICAL SERVICES FUNDING

The 2013-15 executive budget recommendation for medical services includes a total of $603.3 million. Of this total, $244.9 million is from the general fund. The actual number of eligible individuals was 66,608 in July 2011 and 66,423 in October 2012.

The schedule below summarizes medical services funding, excluding funding for nursing facility care and other long-term care services, community-based developmental disabilities services, and the Healthy Steps program.

	2007-09 Actual Expenditures	2009-11 Actual Expenditures	2011-13 Appropriation	2011-13 Projected Expenditures[1]	2013-15 Executive Budget	2013-15 Increase (Decrease) to 2011-13 Projected
General fund	$95,602,239	$117,318,330	$197,027,430	$215,401,989	$244,944,194	$29,542,205
Federal funds	253,015,435	353,949,706	331,723,708	325,557,288	317,884,077	(7,673,211)
Other funds	20,820,318	33,445,834	34,835,764	41,060,368	40,444,669	(615,699)
Total	$369,437,992	$504,713,870	$563,586,902	$582,019,645	$603,272,940	$21,253,295

[1]Based upon actual expenditures incurred through September 2012.

Federal Medical Assistance Percentage

The federal medical assistance percentage (FMAP) for the medical assistance program is:

Federal Fiscal Year	FMAP	Fiscal Relief and American Recovery and Reinvestment Act of 2009 (ARRA) FMAP
2002	69.87%	
2003	68.36%	72.82%[1]
2004	68.31%	71.31%[1]
2005	67.49%	
2006	65.85%	
2007	64.72%	
2008	63.75%	
2009	63.15%	69.95%
2010	63.01%	69.95%
2011	60.35%	69.95% (1st quarter - October 2010-December 2010) 66.95% (2nd quarter - January 2011-March 2011) 64.95% (3rd quarter - April 2011-June 2011)
2012	55.40%	
2013	52.27%	
2014	50.00%[2]	
2015	50.00%[2]	

[1]The federal fiscal relief FMAP was in effect for five quarters--April 2003 through June 2004.

[2]Estimate.

Inflationary Adjustments

The following schedule compares recent inflationary adjustments provided to the inflationary adjustments recommended in the executive budget:

	Actual		Actual		Recommended	
	July 2009 Inflationary Adjustment	July 2010 Inflationary Adjustment	July 2011 Inflationary Adjustment	July 2012 Inflationary Adjustment	July 2013 Inflationary Adjustment	July 2014 Inflationary Adjustment
Inpatient hospital	0.00%[1]	6.00%	3.00%[3]	3.00%[3]	4.00%	4.00%
Outpatient hospital	0.00%[1]	6.00%	3.00%[3]	3.00%[3]	4.00%	4.00%
Home health	6.00%	6.00%	3.00%[3]	3.00%[3]	4.00%	4.00%
Dental services	0.00%[1]	6.00%	3.00%[3]	3.00%[3]	4.00%	4.00%
Drugs	4.00% brand name[2]	4.00% brand name[2]	4.00% brand name[2]	4.00% brand name[2]	4.40% brand name[2]	4.21% brand name[2]
	2.00% generic[2]	2.00% generic[2]	2.00% generic[2]	2.00% generic[2]	(6.48%) generic[2]	(6.98%) generic[2]
Physician services	0.00%[1]	6.00%	0.00%[3]	0.00%[3]	4.00%	4.00%

[1]The Legislative Assembly in 2009 provided funding to provide a 6 percent inflationary increase in the second year of the 2009-11 biennium for rebased services (hospitals, physicians, chiropractors, and ambulances) and dentists and a 6 percent per year inflationary increase for providers of other services.

[2]Inflation is based upon federal national health expenditure data.

[3]The Legislative Assembly in 2011 provided funding to provide a 3 percent inflationary increase for each year of the biennium for all providers, excluding physicians.

Detailed Summary

The following schedule compares the 2009-11 biennium actual expenditures and 2011-13 biennium projected expenditures for medical services to the 2013-15 executive budget recommendation:

	2009-11 Actual Expenditures	2011-13 Projected Expenditures[1]	Percentage Change From Previous Biennium	2013-15 Executive Budget	Percentage of Total	2013-15 Executive Budget Increase (Decrease) to 2011-13	Percentage Increase (Decrease)
Inpatient hospital	$146,595,451	$195,703,008	33.50%	$184,035,186	30.51%	($11,667,822)	(5.96%)
Outpatient hospital	65,067,022	72,118,976	10.84%	73,265,840	12.14%	1,146,864	1.59%
Home health	2,268,720	4,260,569	87.80%	4,256,401	0.71%	(4,168)	(0.10%)
Premiums	23,449,392	23,336,092	(0.48%)	26,136,120	4.33%	2,800,028	12.00%
Physician services	104,344,110	111,321,011	6.69%	121,591,536	20.16%	10,270,525	9.23%
Drugs (net)	36,356,671	40,026,855	10.09%	44,866,905	7.44%	4,840,050	12.09%
Durable medical equipment	8,379,748	7,791,420	(7.02%)	8,497,208	1.41%	705,788	9.06%
Psychiatric residential treatment facilities	18,839,810	20,196,377	7.20%	20,035,748	3.32%	(160,629)	(0.80%)
Rural health clinics/federally qualified health centers	8,198,854	8,923,280	8.84%	12,160,867	2.02%	3,237,587	36.28%
Indian Health Service	30,701,460	30,278,567	(1.38%)	30,329,520	5.03%	50,953	0.17%
Chiropractic services	1,313,875	1,489,342	13.35%	1,580,512	0.26%	91,170	6.12%
Dental	23,476,409	25,920,910	10.41%	29,011,103	4.81%	3,090,193	11.92%
Hospice services	623,902	784,108	25.68%	734,930	0.12%	(49,178)	(6.27%)
Other, excluding Healthy Steps	35,098,446	39,869,130	13.59%	46,771,064	7.75%	6,901,934	17.31%
Total	$504,713,870	$582,019,645	15.32%	$603,272,940	100.00%	$21,253,295	3.65%
General fund	$117,318,330	$215,401,989	83.60%	$244,944,194	40.60%	$29,542,205	13.71%
Federal funds	353,949,706	325,557,288	(8.02%)	317,884,077	52.69%	(7,673,211)	(2.36%)
Other funds	33,445,834	41,060,368	22.77%	40,444,669	6.70%	(615,699)	(1.50%)
Total	$504,713,870	$582,019,645	15.32%	$603,272,940	100.00%	$21,253,295	3.65%

[1]Based upon actual expenditures incurred through September 2012.

LONG-TERM CARE SERVICES FUNDING

The 2013-15 executive budget recommendation for long-term care services totals $1,109.7 million. Of this total, $561.8 million is from the general fund. The schedule below summarizes the total funding recommended for long-term care services:

	2007-09 Actual Expenditures	2009-11 Actual Expenditures	2011-13 Legislative Appropriation	2011-13 Projected Expenditures[1]	2013-15 Executive Budget	2013-15 Increase (Decrease) to 2011-13 Projected
General fund	$230,810,581	$545,278,971	$428,448,186	$497,900,422	$561,778,122	$63,877,700
Federal funds	424,986,082	265,331,023	516,704,994	431,391,546	544,776,382	113,384,836
Other funds	3,422,194	6,992,089	4,021,846	3,741,888	3,107,026	(634,862)
Total	$659,218,857	$817,602,083	$949,175,026	$933,033,856	$1,109,661,530	$176,627,674

[1]Based upon actual expenditures incurred through September 2012.

Federal Medical Assistance Percentage

The federal medical assistance percentage (FMAP) for long-term care services is the same as medical services programs.

Inflationary Adjustments

The following schedule compares recent inflationary adjustments provided to the inflationary adjustments recommended in the executive budget:

	Actual		Actual		Recommended	
	July 2009 Inflationary Adjustment	July 2010 Inflationary Adjustment	July 2011 Inflationary Adjustment	July 2012 Inflationary Adjustment	July 2013 Inflationary Adjustment	July 2014 Inflationary Adjustment
Nursing facilities	6.00%	6.00%	3.00%	3.00%	4.00%	4.00%
Basic care	6.00%	6.00%	3.00%	3.00%	4.00%	4.00%
Service payments for elderly and disabled (SPED)	6.00%	6.00%	3.00%	3.00%	4.00%	4.00%
Expanded SPED	6.00%	6.00%	3.00%	3.00%	4.00%	4.00%
Home and community-based services waiver	6.00%	6.00%	3.00%	3.00%	4.00%	4.00%
Targeted case management	6.00%	6.00%	3.00%	3.00%	4.00%	4.00%

Detail Summary

The following schedule compares 2009-11 expenditures and 2011-13 projected expenditures for long-term care services to the 2013-15 executive budget recommendation:

	2009-11 Actual Expenditures	2011-13 Projected Expenditures[1]	Percentage Change From Previous Biennium	2013-15 Executive Budget	Percentage of Total	2013-15 Executive Budget Increase (Decrease) to 2011-13 Projected	2013-15 Increase (Decrease) to 2011-13 Projected
Nursing homes	$393,467,811	$429,270,848	9.10%	$501,294,823	45.16%	$72,023,975	16.78%
Basic care assistance	22,595,867	27,933,163	23.62%	36,280,327	3.27%	8,347,164	29.88%
SPED	11,664,664	11,047,383	(5.29%)	14,533,161	1.31%	3,485,778	31.55%
Expanded SPED	679,041	831,924	22.51%	1,326,945	0.12%	495,021	59.50%
Home and community-based services waiver	8,367,383	9,523,539	13.82%	12,933,078	1.17%	3,409,539	35.80%
Technology dependent waiver	239,694	271,625	13.32%	394,440	0.04%	122,815	45.21%
Children's medically fragile waiver	54,586	111,552	104.36%	141,288	0.01%	29,736	26.66%
Targeted case management	1,277,897	1,542,762	20.73%	1,735,896	0.16%	193,134	12.52%
Personal care option	23,002,492	24,002,242	4.35%	27,867,758	2.51%	3,865,516	16.10%
Program of all-inclusive care for the elderly	4,573,974	6,592,613	44.13%	10,312,381	0.93%	3,719,768	56.42%
Children's hospice waiver	0	25,159	N/A	121,797	0.01%	96,638	384.11%
Community of care program	128,466	120,000	(6.59%)	120,000	0.01%	0	0.00%
Personal needs allowance	77,576	108,000	39.22%	178,875	0.02%	70,875	65.63%
DD community-based care	351,472,632	421,653,046	19.97%	502,420,761	45.28%	80,767,715	19.16%
Total	$817,602,083	$933,033,856	14.12%	$1,109,661,530	100.00%	$176,627,674	18.93%
Federal funds	$545,278,971	$497,900,422	(8.69%)	$544,776,382	49.09%	$46,875,960	9.41%
General fund	265,331,023	431,391,546	62.59%	561,778,122	50.63%	130,386,576	30.22%
Other funds	6,992,089	3,741,888	(46.48%)	3,107,026	0.28%	(634,862)	(16.97%)
Total	$817,602,083	$933,033,856	14.12%	$1,109,661,530	100.00%	$176,627,674	18.93%

[1]Based upon actual expenditures incurred through September 30, 2012.

Individual Program Summary

The following schedule compares the 2013-15 executive budget recommendation to the 2011-13 biennium original appropriations for individual programs:

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds	Other Funds	Total Funds
Nursing homes							
2013-15 executive recommendation	$251,553,861	$249,740,962	$0	$0	$0	$0	$501,294,823
2011-13 original appropriation	256,475,703	202,407,983	746,786	0	0	205,548	459,836,020
Increase (decrease)	($4,921,842)	$47,332,979	($746,786)	$0	$0	($205,548)	$41,458,803
Basic care assistance							
2013-15 executive recommendation	$10,972,215	$22,927,750	$0	$2,284,362	$0	$96,000	$36,280,327
2011-13 original appropriation	8,779,531	14,812,502	0	2,284,362	0	96,000	25,972,395
Increase (decrease)	$2,192,684	$8,115,248	$0	$0	$0	$0	$10,307,932
SPED							
2013-15 executive recommendation	$0	$13,806,497	$0	$0	$726,664	$0	$14,533,161
2011-13 original appropriation	0	13,093,838	0	0	689,150	0	13,782,988
Increase (decrease)	$0	$712,659	$0	$0	$37,514	$0	$750,173
Expanded SPED							
2013-15 executive recommendation	$0	$1,326,945	$0	$0	$0	$0	$1,326,945
2011-13 original appropriation	0	942,224	0	0	0	0	942,224
Increase (decrease)	$0	$384,721	$0	$0	$0	$0	$384,721
Home and community-based services waiver							
2013-15 executive recommendation	$6,488,455	$6,444,623	$0	$0	$0	$0	$12,933,078
2011-13 original appropriation	5,322,229	4,216,157	0	0	0	0	9,538,386
Increase (decrease)	$1,166,226	$2,228,466	$0	$0	$0	$0	$3,394,692
Technology dependent waiver							
2013-15 executive recommendation	$197,704	$196,736	$0	$0	$0	$0	$394,440
2011-13 original appropriation	279,100	221,036	0	0	0	0	500,136
Increase (decrease)	($81,396)	($24,300)	$0	$0	$0	$0	($105,696)
Children's medically fragile waiver							
2013-15 executive recommendation	$70,888	$70,400	$0	$0	$0	$0	$141,288
2011-13 original appropriation	177,752	141,028	0	0	0	0	318,780
Increase (decrease)	($106,864)	($70,628)	$0	$0	$0	$0	($177,492)
Targeted case management							
2013-15 executive recommendation	$871,123	$864,773	$0	$0	$0	$0	$1,735,896
2011-13 original appropriation	874,327	690,422	0	0	0	0	1,564,749
Increase (decrease)	($3,204)	$174,351	$0	$0	$0	$0	$171,147
Personal care option							
2013-15 executive recommendation	$13,983,705	$13,884,053	$0	$0	$0	$0	$27,867,758
2011-13 original appropriation	16,263,600	12,886,305	0	0	0	0	29,149,905
Increase (decrease)	($2,279,895)	$997,748	$0	$0	$0	$0	($1,282,147)

Program of all-inclusive care for the elderly							
2013-15 executive recommendation	$5,172,835	$5,139,546	$0	$0	$0	$0	$10,312,381
2011-13 original appropriation	5,224,270	4,146,710	0	0	0	0	9,370,980
Increase (decrease)	($51,435)	$992,836	$0	$0	$0	$0	$941,401
DD community-based care							
2013-15 executive recommendation	$255,404,500	$247,016,261	$0	$0	$0	$0	$502,420,761
2011-13 original appropriation	222,764,726	174,231,307	0	0	0	0	396,996,033
Increase (decrease)	$32,639,774	$72,784,954	$0	$0	$0	$0	$105,424,728
Community of care program							
2013-15 executive recommendation	$0	$120,000	$0	$0	$0	$0	$120,000
2011-13 original appropriation	0	120,000	0	0	0	0	120,000
Increase (decrease)	$0	$0	$0	$0	$0	$0	$0
Personal needs allowance							
2013-15 executive recommendation	$0	$178,875	$0	$0	$0	$0	$178,875
2011-13 original appropriation	0	108,000	0	0	0	0	108,000
Increase (decrease)	$0	$70,875	$0	$0	$0	$0	$70,875
Children's hospice waiver							
2013-15 executive recommendation	$61,096	$60,701	$0	$0	$0	$0	$121,797
2011-13 original appropriation	543,756	430,674	0	0	0	0	974,430
Increase (decrease)	($482,660)	($369,973)	$0	$0	$0	$0	($852,633)
Total - Long-term care programs							
2013-15 executive recommendation	$544,776,382	$561,778,122	$0	$2,284,362	$726,664	$96,000	$1,109,661,530
2011-13 original appropriation	516,704,994	428,448,186	746,786	2,284,362	689,150	301,548	949,175,026
Increase (decrease)	$28,071,388	$133,329,936	($746,786)	$0	$37,514	($205,548)	$160,486,504

HEALTHY STEPS FUNDING
(CHILDREN'S HEALTH INSURANCE PROGRAM)

The 2013-15 executive budget recommendation for the Healthy Steps program includes a total of $33.3 million. Of this total, $11.6 million is from the general fund. Compared to the 2011-13 biennium appropriation, the executive budget is recommending an increase of $5.8 million, $3.1 million of which is from the general fund.

The executive budget recommends maintaining eligibility requirements for the program at 160 percent of the federal poverty level based on net income and serving a monthly average caseload of 4,456 children for the 2013-15 biennium. In October 2012, 3,999 children were covered by the program. The 2013-15 executive budget includes funding for a monthly premium increase of $39.12, or 14.35 percent, over the 2011-13 budgeted premium.

The schedule below compares the 2013-15 executive budget recommendation to 2011-13 projected expenditures:

	2007-09 Actual Expenditures	2009-11 Actual Expenditures	2011-13 Projected Expenditures[1]	2013-15 Executive Budget	2013-15 Executive Budget Increase (Decrease) to 2011-13 Projected	2013-15 Executive Budget Percentage Increase (Decrease) to 2011-13 Projected
General fund	$4,641,900	$5,281,676	$8,303,092	$11,627,907	$3,324,815	40.04%
Federal funds	13,579,869	14,369,495	17,732,807	21,716,163	3,983,356	22.46%
Total	$18,221,769	$19,651,171	$26,035,899	$33,344,070	$7,308,171	28.07%

[1]Based upon actual expenditures incurred through September 2012.

Federal Medical Assistance Percentage and North Dakota's Allocation

The schedule below summarizes the federal medical assistance percentage (FMAP) and North Dakota's allocation of federal funds for the Healthy Steps program:

Federal Fiscal Year Ending	FMAP[1]	North Dakota Allocation
September 30, 2000	79.29%	$5,656,000
September 30, 2001	78.99%	$6,576,000
September 30, 2002	78.91%	$5,333,000
September 30, 2003	77.85%	$5,437,000
September 30, 2004	77.82%	$5,437,000
September 30, 2005	77.24%	$6,384,719
September 30, 2006	76.10%	$6,346,156
September 30, 2007	75.30%	$7,737,529
September 30, 2008	74.63%	$11,017,680[2]
September 30, 2009	74.21%	$15,821,554
September 30, 2010	74.11%	$16,595,628
September 30, 2011	72.25%	$15,257,665
September 30, 2012	68.78%	$16,063,553
September 30, 2013 (estimates)	66.59%	$17,204,487
September 30, 2014 (estimates)	65.00%	$18,311,337
September 30, 2015 (estimates)	65.00%	$18,311,337

[1]The federal fiscal relief FMAP was in effect for five quarters--April 2003 through June 2004.

[2]This amount includes one-time additional federal funding of $3,128,684.

Children Enrolled and Premium Rates

The schedule below summarizes the average number of children enrolled each year, premium expenditures, and premium rates in effect for the majority of the year for the majority of children covered:

State Fiscal Year Ending	Monthly Average Children Enrolled	Premium Expenditures	Monthly Average Premium Rates
June 30, 2000	1,168	$1,321,417	$108.64
June 30, 2001	2,092	$2,955,445	$110.35
June 30, 2002	2,534	$3,823,196	$127.17
June 30, 2003	2,099	$3,213,705	$127.67
June 30, 2004	2,301	$4,220,838	$154.30
June 30, 2005	2,322	$4,348,931	$154.78
June 30, 2006	3,278	$7,156,204	$181.90
June 30, 2007	3,764	$8,285,245	$183.45
June 30, 2008	4,006	$9,725,149	$202.32
June 30, 2009	3,470	$8,496,620	$204.03
June 30, 2010	3,368	$9,262,366	$229.15
June 30, 2011	3,718	$10,388,805	$232.82
June 30, 2012	3,872	$12,668,649	$272.69
June 30, 2013	4,085[1]	$13,367,250[1]	$272.67[1]
June 30, 2014	4,348[1]	$16,267,955[1]	$311.79[1]
June 30, 2015	4,564[1]	$17,076,115[1]	$311.79[1]

[1]Estimate.

DEVELOPMENTAL DISABILITIES

The following schedule compares the executive budget recommended funding levels for developmental disabilities (DD) programs to previous biennial appropriations:

DEVELOPMENTAL DISABILITIES PROGRAMS FOR THE 2013-15 BIENNIUM AS RECOMMENDED IN THE GOVERNOR'S BUDGET COMPARED TO THE 2005-07 THROUGH 2011-13 APPROPRIATIONS

	2005-07 Biennium Appropriations	2007-09 Biennium Appropriations	2009-11 Biennium Appropriations	2011-13 Biennium Appropriations	2013-15 Executive Budget Recommendation	2013-15 Executive Budget Increase (Decrease) Compared to 2011-13 Appropriations
Developmental Center						
Total appropriation (excluding capital improvements)	$41,832,051	$46,788,914	$52,792,908	$49,725,776	$52,088,975	$2,363,199
Less estimated income	30,799,576	33,330,132	39,506,611	30,721,449	28,064,218	(2,657,231)
General fund	$11,032,475	$13,458,782	$13,286,297	$19,004,327	$24,024,757	$5,020,430
Department of Human Services						
DD grants						
Day supports	$31,024,005	$39,272,074	$51,867,987	$62,031,254	$77,675,602	$15,644,348
Transitional community living	11,769,990	14,006,195	17,418,837	21,014,522	23,145,119	2,130,597
Minimally supervised living	9,910,283	16,164,937	21,216,554	29,821,096	37,131,902	7,310,806
Supported living arrangement	655,326	784,988	1,163,767	1,314,023	1,388,827	74,804
Congregate care	3,295,933	3,782,788	3,613,328	4,507,088	5,400,388	893,300
Family subsidy	1,496,194	1,592,071	1,746,336	901,200	442,212	(458,988)
Infant development	4,356,827	10,885,129	13,630,303	12,172,112	14,190,869	2,018,757
Family support services - In-home support	7,314,107	8,775,281	12,755,898	16,570,451	28,643,624	12,073,173
Family support services - Family care option	439,670	794,373	733,290	952,008	737,868	(214,140)
Family support services - Family care option III	1,504,498	5,756,429	4,625,280	5,796,714	7,468,122	1,671,408
Individual supervised living arrangement	47,130,906	59,063,409	77,425,367	84,253,112	103,362,026	19,108,914
Specialized placements	993,153	1,233,638	1,482,017	1,597,120	1,781,770	184,650
Title XIX waivered services	1,116,374	1,018,176	1,242,518	1,132,416	1,316,969	184,553
Extended services	4,246,699	4,862,296	5,782,794	6,060,636	6,647,802	587,166
Adult education transition services	49,180	125,414	102,894	90,068	155,916	65,848
Self-directed supports	2,918,221	4,272,942	4,422,573	4,698,204	8,307,634	3,609,430
Extended home health care[1]	0	0	0	4,207,790	7,415,148	3,207,358
Parenting support[1]	0	0	0	101,148	171,285	70,137
Autism spectrum disorder waiver	0	0	1,038,000	1,860,324	2,011,178	150,854
Developmental Center transition funds	50,000	0	0	0	0	0
DD funding buckets[2]	0	0	7,828,457	8,422,628	9,066,764	644,136
Subtotal	$128,271,366	$172,390,140	$228,096,200	$267,503,914	$336,461,025	$68,957,111
Community ICF care	83,107,954	100,922,835	113,446,346	129,492,119	165,959,736	36,467,617
Total - DD grants	$211,379,320	$273,312,975	$341,542,546	$396,996,033	$502,420,761	$105,424,728
Less estimated income	136,827,159	177,760,375	230,812,205 [3]	222,764,726	255,404,500	32,639,774
General fund - DD grants	$74,552,161	$95,552,600	$110,730,341	$174,231,307	$247,016,261	$72,784,954

	2005-07 Biennium Appropriations	2007-09 Biennium Appropriations	2009-11 Biennium Appropriations	2011-13 Biennium Appropriations	2013-15 Executive Budget Recommendation	2013-15 Executive Budget Increase (Decrease) Compared to 2011-13 Appropriations
Total - Vocational rehabilitation - Supported employment	$230,089	$261,634	$256,713	$560,000	$600,000	$40,000
Less estimated income	230,089	261,634	256,713	560,000	600,000	40,000
General fund	$0	$0	$0	$0	$0	$0
Additional Department of Human Services						
DD costs						
Central office	$5,290,006	$6,077,151	$8,926,443	$10,970,048	$10,991,817	$21,769
Regional human service centers	12,877,811	11,821,503	13,486,487	14,734,650	15,822,464	1,087,814
Total additional DD costs	$18,167,817	$17,898,654	$22,412,930	$25,704,698	$26,814,281	$1,109,583
Less estimated income	11,175,602	10,256,397	12,844,385	14,331,237	14,134,971	(196,266)
General fund - Additional DD costs	$6,992,215	$7,642,257	$9,568,545	$11,373,461	$12,679,310	$1,305,849
Developmentally disabled facility loan funds - Strategic investment and improvements fund	$1,652,538 [4]	$0 [4]	$0 [4]	$0 [4]	$0 [4]	$0
Protection and Advocacy Project	$3,720,979	$4,130,475	$4,713,318	$5,104,253	$5,886,347	$782,094
Less estimated income	2,908,886	3,201,334	2,987,503	3,118,888	3,233,612	114,724
General fund	$812,093	$929,141	$1,725,815	$1,985,365	$2,652,735	$667,370
Grand total - DD services	$276,982,794	$342,392,652	$421,718,415	$478,090,760	$587,810,364	$109,719,604
Less grand total estimated income	183,593,850	224,809,872	286,407,417	271,496,300	301,437,301	29,941,001
Grand total - General fund - DD services	$93,388,944	$117,582,780	$135,310,998	$206,594,460	$286,373,063	$79,778,603

NOTE: The amounts shown for the 2005-07, 2007-09, 2009-11, and 2011-13 bienniums are the adjusted appropriations.

[1]Prior to the 2011-13 appropriation, these services were previously included in family support services - in-home support amounts.

[2]Enhanced funding for various critical needs provided to children and adults with disabilities.

[3]Includes Bank of North Dakota loan funds of $1,190,654.

[4]Beginning in the 2005-07 biennium, the developmentally disabled facility loan fund payments to the common schools trust fund are made pursuant to a continuing appropriation.

Recent inflationary adjustments for DD services compared to inflationary adjustments proposed in the executive budget are listed below:

Actual		Executive Recommendation	
July 1, 2003	0.00%	July 1, 2013	4.00%
July 1, 2004	0.00%	July 1, 2014	4.00%
July 1, 2005	2.65%		
July 1, 2006	2.65%		
July 1, 2007	4.00%		
July 1, 2008	5.00%		
July 1, 2009	6.00%		
July 1, 2010	6.00%		
July 1, 2011	3.00%		
July 1, 2012	3.00%		

MENTAL HEALTH SERVICES
EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2013-15 BIENNIUM
COMPARED TO THE 2005-07 THROUGH 2011-13 BIENNIUM LEGISLATIVE APPROPRIATIONS

	2005-07 Adjusted Appropriations	2007-09 Adjusted Appropriations	2009-11 Adjusted Appropriations	2011-13 Adjusted Appropriations	2013-15 Executive Budget Recommendation	2013-15 Executive Budget Increase (Decrease) Compared to 2011-13 Adjusted Appropriations
State Hospital						
Traditional services	$33,970,200	$42,557,545	$46,489,131	$60,108,132	$60,587,792	$479,660
Secure services	5,459,220	9,570,984	10,480,123	10,944,114	11,126,676	182,562
Capital improvements	1,383,634	6,253,803	4,618,531	2,566,251	1,775,168	(791,083)
Total	$40,813,054	$58,382,332	$61,587,785	$73,618,497	$73,489,636	($128,861)
Less estimated income	10,856,247	10,395,697	13,742,143	20,146,403	19,254,163	(892,240)
General fund	$29,956,807	$47,986,635	$47,845,642	$53,472,094	$54,235,473	$763,379
Department of Human Services						
Central office - Mental health	$2,493,459	$2,193,011	$3,557,993	$5,031,091	$5,113,200	$82,109
Central office - Community treatment - Sexual offender population		2,774,562	1,864,831	1,863,135	2,290,297	427,162
Human service centers - Mental health	28,244,485 [1]	34,425,447 [1]	39,219,482 [1]	47,191,373 [1]	51,342,471 [1]	4,151,098
Total	$30,737,944	$39,393,020	$44,642,306	$54,085,599	$58,745,968	$4,660,369
Less estimated income	16,710,321	15,139,316	19,142,496	27,996,823	24,507,132	(3,489,691)
General fund	$14,027,623	$24,253,704	$25,499,810	$26,088,776	$34,238,836	$8,150,060
Grand total - Mental health services	$71,550,998	$97,775,352	$106,230,091	$127,704,096	$132,235,604	$4,531,508
Less grand total estimated income	27,566,568	25,535,013	32,884,639	48,143,226	43,761,295	(4,381,931)
Grand total - General fund - Mental health	$43,984,430	$72,240,339	$73,345,452	$79,560,870	$88,474,309	$8,913,439

[1]The comparison of funding for human service centers/mental health services is:

	2005-07 Adjusted Appropriations	2007-09 Adjusted Appropriations	2009-11 Adjusted Appropriations	2011-13 Adjusted Appropriations	2013-15 Executive Budget Recommendation	Increase (Decrease) Compared to 2011-13 Appropriations
General fund	$13,079,962	$20,607,368	$21,810,375	$21,925,613	$28,835,904	$6,910,291
Other funds	15,164,523	13,818,079	17,409,107	25,265,760	22,506,567	(2,759,193)
Total	$28,244,485	$34,425,447	$39,219,482	$47,191,373	$51,342,471	$4,151,098

SECTION H - CAPITAL CONSTRUCTION

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CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The executive budget recommendation includes a total of $2,420,838,182 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 H-2	$181,949,213	$164,618,429	$346,567,642
Extraordinary repairs - See the extraordinary repairs schedule on page H-3	42,389,701	18,107,551	60,497,252
Department of Transportation bond payments		2,028,019	2,028,019
Department of Transportation contractor payments		757,927,471	757,927,471
Department of Transportation infrastructure investment		996,800,000	996,800,000
State Water Commission bond payments		75,250,000	75,250,000
Water projects		161,407,281	161,407,281[1]
Institutions of higher education special assessments	445,606		445,606
State agency special assessments	110,046	20,000	130,046
Payment in lieu of taxes	40,000	1,000,000[2]	1,040,000[2]
ConnectND bond payments		2,504,100	2,504,100
Other bond payments - See the lease payment schedule beginning on page H-8	15,646,617	594,148	16,240,765
Total	$240,581,183	$2,180,256,999	$2,420,838,182

[1]This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project. In addition, the executive budget includes $529.9 million for local cost-share and water project grants.

[2]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 2013-15 biennium under the agency's continuing appropriation for building maintenance.

LEASE PAYMENTS

The executive budget recommendation includes a total of $15,631,926 from the general fund for 2013-15 biennium lease payments for repayment of notes issued to finance capital projects. Funding is included in the budgets for the North Dakota University System, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, branch research centers, Main Research Center, and Veterans' Home.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax. This maximum for the 2013-15 biennium is estimated to be $63,705,560 based on projected sales, use, and motor vehicle excise tax collections included in the 2013-15 executive budget.

The executive budget recommendation does not include 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 EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2013-15 BIENNIUM COMPARED TO 2011-13 LEGISLATIVE APPROPRIATIONS

			2013-15 Executive Budget Recommendations			2011-13 Legislative Appropriations		
Bill No.	Agency or Institution	Project	General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2003	Bismarck State College (227)	Communications and Fine Arts Center	$13,300,000					
SB 2003	Lake Region State College (228)	Erlandson Technical Center remodel and addition	5,947,562					
SB 2003	Williston State College (229)	Campus Drive project	1,800,000					
		Stevens Hall renovation	12,242,478					
SB 2003	University of North Dakota (UND) (230)	College of Business and Public Administration building renovation and addition (reauthorization)		$20,500,000				
		Indoor track and football practice field (reauthorization		19,500,000				
		Law school building renovation	12,000,000					
		Purchase resident apartment building that is currently being leased (revenue bonds)			$8,300,000			
		School of Medicine and Health Sciences renovation and addition	68,300,000					
		Student housing facility (revenue bonds)			19,187,262			
SB 2003	North Dakota State University (NDSU) (235)	Low rise lavatory project - Phase I		1,000,000				
		Low rise lavatory project - Phase II		1,030,000				
		Memorial Union food court		975,000				
		Nutrition dietetics and hospitality laboratory		750,000				
		Science, technology, engineering, and mathematics classroom and laboratory building	29,600,000					
		Sanford Health Athletic Complex renovation (reauthorization)		35,404,356				
SB 2003	North Dakota State College of Science (238)	Old Main renovation	8,511,452					
		Football complex renovation (reauthorization)		1,350,000				
SB 2003	Mayville State University (240)	Campuswide drainage improvements	2,267,000					
		Old gymnasium replacement and improvements	5,800,000					
SB 2003	Minot State University (241)	Plant services building	1,821,905	1,785				
		Renovation of campus athletic facilities		11,800,000				
SB 2003	Valley City State University (242)	Hillside slope stabilization project	505,800	100,000				
		Vangstad Hall renovation	3,636,466					
		W. E. Osmon Fieldhouse addition - Phase II		4,706,837				
SB 2003	Dakota College at Bottineau (243)	Campus backup generator	395,600					
		Gross Hall updates		732,460				
		Mead Hall updates		1,171,586				
		Milligan Hall remodel project		896,743				
		Old Main building renovation		4,800,000				
SB 2003	North Dakota Forest Service (244)	Nursery freezer conversion and shop facility	785,000					
SB 2011	Highway Patrol (504)	Law enforcement training academy facility - Phase	5,786,000	865,000				
SB 2015	Department of Corrections and Rehabilitation (530)	Missouri River Correctional Center flood hazard mitigation	349,950					
HB 1016	Adjutant General (540)	Federal construction projects		22,000,000				
		State Radio expansion project	960,000					
		State Radio fire suppression project	210,000					
SB 2020	NDSU Extension Service (630)	4-H camp	500,000	1,400,000				
SB 2020	NDSU Main Research Center (640)	Agronomy laboratories at selected branch centers	4,300,000					
HB 1017	Game and Fish Department (720)	Heated storage building expansion at Lonetree Wildlife Management Area		150,000				
		Land acquisition		800,000				

Bill No.	Agency or Institution	Project	2013-15 Executive Budget Recommendations General Fund	2013-15 Executive Budget Recommendations Special Funds	2013-15 Executive Budget Recommendations Bonding	2011-13 Legislative Appropriations General Fund	2011-13 Legislative Appropriations Special Funds	2011-13 Legislative Appropriations Bonding
HB 1019	Parks and Recreation Department (750)	Fort Stevenson State Park administration office, visitor contact facility	750,000					
		Little Missouri State Park asphalt roads	960,000					
		Lake Sakakawea State Park campground comfort stations	300,000	200,000				
		Lewis and Clark State Park campsite expansion	520,000					
		Icelandic State Park Interpretive Center, Heritage Center completion		200,000				
		Lake Sakakawea State Park marina dock purchase	400,000	400,000				
SB 2012	Department of Transportation (801)	Land and buildings		5,197,400				
		Radio sites		1,200,000				
Total 2013-15 executive budget recommendation			$181,949,213	$137,131,167	$27,487,262			
Total 2011-13 legislative appropriations						$62,686,828 [1]	$92,796,336 [1]	$40,225,000 [1]

[1] Represents the total appropriation for major new capital construction provided by the Legislative Assembly in 2011. Please refer to the Legislative Council's *Analysis of Legislative Changes to the Executive Budget 2011-13 Biennium* for details regarding the 2011-13 appropriations. The Legislative Assembly in 2011 authorized the State Board of Higher Education to issue $40,225,000 of revenue bonds.

EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2013-15 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs:

Agency or Institution	2013-15 Executive Budget Recommendations General Fund	Special Funds	Total
Office of Management and Budget (110)			
Electrical improvements	$180,000		$180,000
Electrical shaft door repair	110,000		110,000
Exterior restoration and cleaning of legislative and judicial wings	1,500,000		1,500,000
Life safety improvements	500,000		500,000
Mechanical improvements	458,793		458,793
North and west parking lots remodel project	4,000,000		4,000,000
Repair, replacement, and cleaning of terrazzo in Capitol	1,200,000		1,200,000
South entrance remodel project	1,000,000		1,000,000
Total - Office of Management and Budget	$8,948,793		$8,948,793
Information Technology Department (112)			
Center for Distance Education repairs	$8,111		$8,111
Total - Information Technology Department	$8,111		$8,111
State Auditor (117)			
Renovate vault area to provide a conference room	$40,000		$40,000
Total - State Auditor	$40,000		$40,000
North Dakota University System office (215)			
Systemwide deferred maintenance pool	$10,000,000		$10,000,000
Total - North Dakota University System office	$10,000,000		$10,000,000
Bismarck State College (227)			
Mechanical and electrical upgrades	$140,000		$140,000
Miscellaneous small projects under $50,000	67,673		67,673
Total - Bismarck State College	$207,673		$207,673
Lake Region State College (228)			
Small projects under $50,000	$155,367		$155,367
Total - Lake Region State College	$155,367		$155,367
Williston State College (229)			
Interior finishes	$100,000		$100,000
Mechanical and electrical upgrades	97,801		97,801
Total - Williston State College	$197,801		$197,801
University of North Dakota (230)			
Building exterior projects	$925,000		$925,000
Interior finishes	450,000		450,000
Mechanical and electrical upgrades	1,250,000		1,250,000
Miscellaneous small projects under $50,000	115,556		115,556

Agency or Institution	2013-15 Executive Budget Recommendations General Fund	Special Funds	Total
Paving and area lighting	750,000		750,000
Structural repairs	100,000		100,000
Utilities and infrastructure	723,765		723,765
Total - University of North Dakota	$4,314,321		$4,314,321
North Dakota State University (235)			
Building exterior projects	$1,000,000		$1,000,000
Interior finishes	100,000		100,000
Mechanical and electrical upgrades	500,000		500,000
Miscellaneous small projects	132,244		132,244
Paving and area lighting	100,000		100,000
Structural repairs	100,000		100,000
Utilities and infrastructure	800,000		800,000
Total - North Dakota State University	$2,732,244		$2,732,244
North Dakota State College of Science (238)			
Building exterior projects	$313,317		$313,317
Interior finishes	200,000		200,000
Mechanical and electrical upgrades	125,000		125,000
Miscellaneous small projects under $50,000	215,396		215,396
Paving and area lighting	55,000		55,000
Utilities and infrastructure	45,000		45,000
Total - North Dakota State College of Science	$953,713		$953,713
Dickinson State University (239)			
Interior finishes	$327,244		$327,244
Miscellaneous small projects	21,834		21,834
Utilities and infrastructure	60,000		60,000
Total - Dickinson State University	$409,078		$409,078
Mayville State University (240)			
Building exterior projects	$139,649		$139,649
Miscellaneous small projects under $50,000	139,648		139,648
Total - Mayville State University	$279,297		$279,297
Minot State University (241)			
Exterior window replacement - Old Main	$899,620		$899,620
Total - Minot State University	$899,620		$899,620
Valley City State University (242)			
Building exterior projects	$96,623		$96,623
Interior finishes	200,000		200,000
Mechanical and electrical upgrades	61,696		61,696
Paving and area lighting	50,000		50,000
Total - Valley City State University	$408,319		$408,319

Agency or Institution	2013-15 Executive Budget Recommendations General Fund	Special Funds	Total
Dakota College at Bottineau (243)			
Interior finishes	$115,507		$115,507
Total - Dakota College at Bottineau	$115,507		$115,507
Forest Service (244)			
Hahn's Bay vault toilet and Pelican Sandy boat ramp	$19,962		$19,962
New irrigation well	25,000		25,000
Total - Forest Service	$44,962		$44,962
School for the Deaf (252)			
Campus fire alarm system upgrade	$44,700		$44,700
Enhance entrance security, including door locks, openers, and security software	40,000		40,000
Power plant upgrades	41,562		41,562
Blackhurst Dormitory mechanical and electrical improvements		$714,224	714,224
Smith Building kitchen improvements		141,225	141,225
Inflation adjustment for Blackhurst Dormitory and Smith Building		65,535	65,535
Bid and construction professional fees		21,275	21,275
Kitchen cooler replacement and ADA sidewalk improvements		60,000	60,000
Total - School for the Deaf	$126,262	$1,002,259	$1,128,521
North Dakota Vision Services - School for the Blind (253)			
Rooftop air-conditioner and carpet replacement	$35,364		$35,364
South wing elevator	241,500		241,500
Garage exhaust and makeup air system		$15,000	15,000
Garage unit heaters		11,136	11,136
West wing rooftop air-conditioner	7	7,993	8,000
Site storm drainage utilities		56,000	56,000
West wing window replacement	189,000		189,000
Total - North Dakota Vision Services - School for the Blind	$465,871	$90,129	$556,000
State Department of Health (301)			
Add north laboratory to generator	$4,200	$27,800	$32,000
Upgrade access hardware and carpet	4,200	23,300	27,500
Connect annex air-conditioner to generator	4,200	20,800	25,000
Repairs to prevent freezing and overheating and landscaping	4,200	7,650	11,850
Gutter covers and pallet racking	3,811	5,189	9,000
Install air-conditioning and repair and paint walls	4,200	11,300	15,500
Install exterior window and kneeholes at benches	4,200	21,300	25,500
Repair driveway and parking lots and striping	4,200	23,800	28,000
Replace boilers in north laboratory	8,400	41,600	50,000
Replace humidifier, water softener	4,200	25,300	29,500
Replace Environmental Training Center window and recarpet office	1,000	7,000	8,000
Roof repair and replacement	3,517	16,483	20,000
Seal coat brick exterior of Environmental Training Center	1,000	6,000	7,000
Upgrade data systems and replace building signs	4,200	26,300	30,500
Total - State Department of Health	$55,528	$263,822	$319,350

Agency or Institution	2013-15 Executive Budget Recommendations General Fund	Special Funds	Total
Veterans' Home (313)			
Demolish old Veterans' Home and provide cold storage building	$560,500	$560,500	$1,121,000
Chain link fence	21,000		21,000
Total - Veterans' Home	$581,500	$560,500	$1,142,000
Department of Human Services (325)			
Drainage landscaping - Southeast Human Service Center	$34,345		$34,345
Street reconstruction - State Hospital	864,714		864,714
Various projects - State Hospital	910,454		910,454
Demolition - Pleasant View Building - Developmental Center	120,000		120,000
Demolition - Refectory Building - Developmental Center	240,000		240,000
Various projects - Developmental Center	601,495		601,495
Total - Department of Human Services	$2,771,008		$2,771,008
Aeronautics Commission (412)			
International Peace Garden airport runway rejuvenation		$100,000	$100,000
International Peace Garden airport lighting and fencing		230,000	230,000
Total - Aeronautics Commission		$330,000	$330,000
Highway Patrol (504)			
Repairs to law enforcement training academy facility	$105,000	$16,000	$121,000
Total - Highway Patrol	$105,000	$16,000	$121,000
Department of Corrections and Rehabilitation (530)			
State Penitentiary repair and maintenance projects	$981,696		$981,696
James River Correctional Center repair and maintenance projects	872,750		872,750
Youth Correctional Center repair and maintenance projects	425,000		425,000
Total - Department of Corrections and Rehabilitation	$2,279,446		$2,279,446
Adjutant General (540)			
Federal construction projects		$8,000,000	$8,000,000
Total - Adjutant General		$8,000,000	$8,000,000
North Dakota State University Main Research Center (640)			
Building exterior repair	$268,093		$268,093
Interior repair	268,093		268,093
Mechanical/electrical repair	268,093		268,093
Paving and area lighting	134,046		134,046
Structural repair	134,047		134,047
Utilities/infrastructure	268,093		268,093
Total - North Dakota State University Main Research Center	$1,340,465		$1,340,465
State Fair Association (665)			
Flood damage repairs at the fairgrounds	$3,500,000		$3,500,000
Total - State Fair Association	$3,500,000		$3,500,000

Agency or Institution	2013-15 Executive Budget Recommendations General Fund	Special Funds	Total
State Historical Society (701)			
Historic site repairs	$259,721		$259,721
Historic site exhibits	65,000		65,000
Traveling exhibits	250,000		250,000
Total - State Historical Society	$574,721		$574,721
Game and Fish Department (720)			
Department facility repairs		$485,891	$485,891
Fishing area projects		467,980	467,980
Shooting range improvements		425,000	425,000
Miscellaneous repairs and maintenance		135,000	135,000
Wildlife management area improvements		148,170	148,170
Total - Game and Fish Department		$1,662,041	$1,662,041
Parks and Recreation Department (750)			
Beaver Lake State Park repairs and maintenance	$84,000		$84,000
Cross Ranch State Park repairs and maintenance	37,800		37,800
Fort Abraham Lincoln State Park repairs and maintenance	32,500		32,500
Fort Ransom State Park repairs and maintenance	95,000		95,000
Fort Stevenson State Park repairs and maintenance	71,500	$10,000	81,500
Grahams Island State Park repairs and maintenance	70,000		70,000
Icelandic State Park repairs and maintenance	77,800		77,800
Lake Metigoshe State Park multi trails rehabilitation	13,000		13,000
Lake Sakakawea State Park repairs and maintenance	112,200	42,800	155,000
Lewis and Clark State Park repairs and maintenance	82,794	90,000	172,794
Little Missouri State Park repairs and maintenance	107,200		107,200
Turtle River State Park shingle replacement	51,300	40,000	91,300
Sewer lift station repairs at various state parks	40,000		40,000
Total - Parks and Recreation Department	$875,094	$182,800	$1,057,894
Department of Transportation (801)			
Asbestos abatement in Highway Building		$6,000,000	$6,000,000
Total - Department of Transportation		$6,000,000	$6,000,000
Total 2013-15 executive budget recommendation - Extraordinary repairs	$42,389,701	$18,107,551	$60,497,252

CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Estimated Payments	2013-15 Estimated Payments			
1985 Legislative Assembly approved: Developmental Center - Renovations ($3,900,000) State Penitentiary - Phase II construction ($7,500,000) State Hospital - Renovations ($3,400,000) 1991 Legislative Assembly approved: Department of Human Services - Southeast Human Service Center ($2,475,000)	1998 Series B State Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds) - Used to refinance 1991 Series A and 1992 Series A - The 1991 Series A issue was used to refund the 1986 Series A (2011)	$17,275,000	$11,340,000	$1,838,699	$0	$0	$0	$0	$0
1993 Legislative Assembly approved: North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments ($8,423,061) Minot State University - Memorial Library renovation ($2,550,000) Job Service North Dakota - Grand Forks office building ($1,735,000) Adjutant General - Grand Forks Armory ($375,000)	2012 Series A facilities improvement refunding bonds used to refund the 2002 Series C lease revenue refunding bonds used to refund 1993 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2013)	13,333,061[1]	10,665,000	2,296,973	2,315,238	969,000	4,180,000	950,000	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Estimated Payments	2013-15 Estimated Payments			
Youth Correctional Center - Building demolition and asbestos removal ($250,000)									
1995 Legislative Assembly approved:									
Bismarck State College - Science and mathematics center ($8,060,000)	2012 Series A facilities improvement refunding bonds used to refund the 2002 Series D lease revenue refunding bonds used to refund 1995 Series A State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2015)	15,326,769[2]	16,425,000	2,868,259	2,970,820	2,562,500	7,915,000	3,655,000	1,265,000
University of North Dakota (UND) - Abbott Hall renovations ($2,371,769)									
North Dakota State University (NDSU) - Emission control renovations on power plant ($2,145,000)									
Dickinson State University - Klinefelter Hall renovations ($2,750,000)									
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	1,631,463	1,968,785	2,002,200	7,330,000	5,800,000	4,140,000
Minot State University - Moore Hall renovation ($4,000,000)									
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation ($1,400,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Estimated Payments	2013-15 Estimated Payments			
1999 Legislative Assembly approved: NDSU - Animal facility ($2,207,500) Youth Correctional Center - Pine Cottage ($1,475,000) 1999 Legislative Assembly approved: Williston State College - Health and Wellness Center ($3,000,000) 2001 Legislative Assembly approved: Minot State University - Old Main renovation ($7,850,000)	2006 Series B State Building Authority revenue refunding bonds (4.15% - 16-year bonds) - Used to refund a portion of the 2001 Series A State Building Authority revenue bonds (2022) - Remaining 2001 Series A State Building Authority revenue bonds (4.13% to 4.35%) (2010)	10,850,000[5]	9,770,000	1,862,150	2,069,940	2,085,494	9,650,000	8,325,000	6,870,000
2001 Legislative Assembly approved: State Department of Health - Laboratory addition ($2,700,000) Job Service North Dakota - Bismarck service delivery office ($2,302,000)	2010 Series A and 2010 Series B bonds refunded the 2002 Series A State Building Authority revenue bonds (2% to 4% - 12-year bonds) (2022)	5,002,000[6]	6,035,000	901,381	934,068	923,550	4,560,000	3,885,000	3,190,000
2003 Legislative Assembly approved: State Department of Health - Morgue and storage annex ($960,000) Department of Correc-tions and Rehabilitation - James River Correctional Center food service/laundry renovations - Phase II ($2,662,890)	2012 Series A facilities improvement refunding bonds used to refund the 2003 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2021)	11,645,237[7]	13,080,000[8]	2,023,087	2,081,316	1,764,426	9,680,000	7,280,000	5,825,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Estimated Payments	2013-15 Estimated Payments			
Dickinson State University - Murphy Hall - Phase I addition ($5,882,047)									
Mayville State University - Steamline replacement - Phase II ($1,355,000)									
Valley City State University - Graichen Gymnasium elevator and emergency exits ($785,300)									
2005 Legislative Assembly approved:									
Office of Management and Budget - Fire suppression system ($3,155,000)	2005 Series A State Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000[9]	5,338,237	6,067,482	6,082,438	34,500,000	30,740,000	26,845,000
Attorney General's office - Crime Laboratory addition and renovation ($3,632,691)									
NDSU - Hazardous material handling and storage facility ($3,500,000)									
North Dakota State College of Science - Electrical distribution ($736,000)									
Dickinson State College - Murphy Hall ($4,100,557)									
Minot State University - Bottineau - Thatcher Hall addition ($2,500,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
				2009-11 Actual Payments	2011-13 Estimated Payments	2013-15 Estimated Payments			
Department of Corrections and Rehabilitation - James River Correctional Center ET Building improvements ($980,000)									
Department of Corrections and Rehabilitation - James River Correctional Center programs building code improvements ($584,000)									
North Central Research Center - Agronomy laboratory and greenhouse ($440,000)									
Central Grasslands Research Center - Office addition ($270,000)									
Main Research Center - Greenhouse complex ($2,000,000)									
State Historical Society - Chateau de Mores Interpretive Center ($1,100,000)									
State Historical Society and Heritage Center - Research collections expansion ($5,500,000)									
Parks and Recreation Department - Turtle River State Park administrative office ($350,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments 2009-11 Actual Payments	Lease Payments 2011-13 Estimated Payments	Lease Payments 2013-15 Estimated Payments	Outstanding Principal Balance June 30, 2011	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015
2009 Legislative Assembly approved:									
Veterans' Home ($2,355,000) - Series A	2010 Series A taxable facilities improvement bonds (recovery zone economic development bonds) (3.5% to 6.25% - 20-year bonds) (2030)	2,355,000	2,355,000	0	116,340	142,615	2,355,000	2,355,000	2,355,000
Veterans' Home - ($630,000) - Series B	2010 Series B State Building Authority facilities improvement bonds (2% to 4% - 12-year bonds) - Used to fund a portion of the Veterans' Home project and to refund a portion of the 2002 Series A bond - Job Service North Dakota and State Department of Health (2022)	630,000	630,000	0	260,922	266,225	390,000	135,000	0
Total		$116,047,815	$118,005,000	$18,760,249	$18,784,911	$16,798,448	$80,560,000	$63,125,000	$50,490,000
Breakdown of payments									
General fund				$17,036,150[10]	$16,926,806[10]	$15,631,926[10]			
Agency contributions				1,724,099	1,858,105	1,166,522			
Total				$18,760,249	$18,784,911	$16,798,448			

[1]House Bill No. 1020 (1993) included a section stating up to a total of $1,990,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the $1,990,000 by each entity is:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium
Minot State University	Library renovation	$255,000	$255,000
Job Service North Dakota	Grand Forks office building	1,735,000	
Total		$1,990,000	$255,000

In addition to the $2,550,000 appropriated from bond proceeds for the Minot State University Memorial Library renovation, House Bill No. 1020 also appropriated $4,800,000 from federal or other funds. The total amount appropriated for the library renovation was $7,350,000.

Job Service North Dakota makes the entire bond payment, principal and interest, on the $1,735,000 for the Grand Forks office building.

[2]Senate Bill No. 2030 (1995) included a section stating up to a total of $2,206,769 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the $2,206,769 by each institution is:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium
Bismarck State College	Science and mathematics center	$1,060,000	$1,060,000
UND	Abbott Hall renovation	871,769	871,769
Dickinson State University	Klinefelter Hall renovation	275,000	275,000
Total		$2,206,769	$2,206,769

In addition to the $2,371,769 appropriated from bond proceeds for the UND Abbott Hall renovation, Senate Bill No. 2030 also appropriated $1,771,769 from federal or other funds. The total amount appropriated for the renovation of Abbott Hall was $4,143,538.

[3]Senate Bill No. 2003 (1997) included a section stating that up to a total of $300,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the renovation of Bute Gym. The bill also authorized an animal research facility at NDSU and a renovation to the Ed James Wing of the medical school building at UND. The 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).

[4]House Bill No. 1022 (1999) authorized an animal research facility at NDSU, renovation of Pine Cottage at the Youth Correctional Center, and the Health and Wellness Center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (see 2001 Series A bond issue).

In addition to the $2,207,500 appropriated from bond proceeds for the NDSU animal research facility, House Bill No. 1022 also appropriated $2,207,500 of federal or other funds. The total amount appropriated for the animal research facility was $4,415,000.

In addition to the $1,475,500 appropriated from bond proceeds for the Youth Correctional Center Pine Cottage project, House Bill No. 1022 also appropriated $500,000 of federal or other funds. The total amount appropriated for the Pine Cottage project was $1,975,000.

[5]House Bill No. 1022 (1999) included a section stating up to a total of $3 million from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the $3 million, $1.5 million is to be provided for the project before construction may begin, and the remaining $1.5 million is to be paid in 10 annual payments of $150,000. Because $1.5 million was available prior to construction, the State Building Authority only bonded for $3 million of the $4.5 million project. Williston State College will have paid $1.5 million by the end of the 2009-11 biennium.

Senate Bill No. 2023 (2001) included a section stating $2,299,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the renovation of Old Main. Minot State University's local responsibility is to be paid in 10 annual payments with each of the first 2 annual payments being $315,000 and each of the remaining 8 annual payments being $208,625. Minot State University will have paid $2,229,000 by the end of the 2011-13 biennium with $0 remaining.

[6]Senate Bill No. 2023 (2001) included a section stating $2,302,000 (Job Service North Dakota) and $1,755,000 (State Department of Health) must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the two projects.

The State Department of Health received authority from the Emergency Commission to receive and spend federal funds in the amount of $823,878 in the capital improvements line item for the laboratory addition. The request was needed to cover the increase in the per square footage costs of $338,817 and for the 1,700 square feet of additional space at $485,061.

[7]House Bill No. 1023 (2003) appropriated $4,237,755 of special funds for the issuance of bonds for projects at the State Department of Health and the Department of Corrections and Rehabilitation. Of that amount, $614,865 for the State Department of Health was paid for with bioterrorism program dollars rather than by bonding.

House Bill No. 1003 (2003) appropriated $8,022,347 of special funds for the issuance of bonds for three University System projects by the State Building Authority. In addition, $830,000 of capital bond payments from the 2001-03 biennium was used for bond issuance buydown. Dickinson State University also provided $250,000 during the 2005-07 biennium to assist in the retirement of the bonds.

[8]This bond issuance included funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds for the Department of Corrections and Rehabilitation in the amount of $105,326. Bonds sold to finance the project under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings.

This bond issuance does not include the $20 million of bonding for the Information Technology Department for ConnectND. These bonds will be repaid from charges collected by the Information Technology Department from higher education and other state agencies for the ConnectND project. In September 2003 the Industrial Commission issued 2003 Series C bonds, totaling $20 million, at an interest rate of 3.86 percent, for a period of 10 years with annual debt service of approximately $2.7 million.

This bond issuance does not include the bonding of $2 million authorized in Senate Bill No. 2416 (2003) for two State Historical Society projects (Chateau de Mores and Fort Abercrombie Interpretive Centers), which are to be paid from federal, local, or donated funds collected by the State Historical Society. The State Building Authority did not issue bonds for these projects because the State Historical Society did not have adequate funding for the debt service.

[9]Senate Bill No. 2023 (2005) included a section stating that $300,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the project costs associated with the construction of the State Historical Society projects. The State Historical Society's $33,333 biennial payments (nine payments) began with the 2007-09 biennium.

This bond issuance also included funding for the 2005-07 biennium state facility energy improvement capital projects in the amount of $2,331,554. Bonds sold to finance the projects under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings. The debt service and principal balance for these energy conservation projects are not included in this schedule.

[10]North Dakota Century Code Section 54-17.2-23 provided 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The Legislative Assembly in 1993 repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 percent to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1995 decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1997 decreased the maximum that lease payments can total for a biennium from 11 percent of a 1 percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 2001 clarified the statute to provide the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session.

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected fund portion of the bond payments for the 2011-13 through 2019-21 bienniums and what the 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax is projected to generate (using the December 2012 revenue forecast for the 2011-13 and 2013-15 bienniums and the December 2012 revenue forecast with a 4 percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2011-13	$18,784,911*	$1,858,105	$16,926,806	$34,236,400	$17,309,594
2013-15	$16,798,448*	$1,166,522	$15,631,926	$63,705,560	$48,073,634
2015-17	$14,640,819*	$1,102,644	$13,538,175	$66,253,782	$52,715,607
2017-19	$12,802,722*	$1,146,911	$11,655,811	$68,903,934	$57,248,123
2019-21	$11,148,742*	$1,140,293	$10,008,449	$71,660,091	$61,651,642

*The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. The 1998 Series B bond issuance was paid off during the 2009-11 biennium. During the 2011-13 biennium, the 2002 Series C, 2002 Series D, and 2003 Series B bond issues were refunded into the 2012 Series A bond issue. During the 2013-15 biennium, the 2002 Series C portion of the 2012 Series A bond issue will be paid off. During the 2015-17 biennium, the 2002 Series D portion of the 2012 Series A bond issue will be paid off. During the 2017-19 biennium, the 2006 Series A bond issue will be paid off.

SECTION I - STATE EMPLOYEES

SUMMARY OF KEY RECOMMENDATIONS I-1

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HISTORY OF STATE EMPLOYEE SALARY INCREASES I-14

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STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

PERFORMANCE-BASED SALARY INCREASES

The executive budget recommendation provides funding for state employee salary increases based on documented performance effective July 1, 2013, and July 1, 2014. Salary increases are not to be the same percentage increase for each employee. Employees that meet and exceed performance standards are eligible for an increase of 3 to 5 percent. Employees whose documented performance levels do not meet standards are not eligible for any salary increase. Specific language regarding the salary increases is included in Section 9 of 2013 House Bill No. 1015--the appropriation bill for the Office of Management and Budget (OMB).

MARKET EQUITY SALARY INCREASES

Classified employees below their respective market policy point are eligible to receive between a 1 and 4 percent adjustment to their salaries effective July 1, 2013, and July 1, 2014, to ensure market competitiveness.

RETIREMENT CONTRIBUTIONS

The executive budget includes a recommended increase in contributions to the retirement system of 2 percent on January 1, 2014, and another 2 percent increase on January 1, 2015. For each increase, it is recommended employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent.

SPECIAL ONE-TIME ADJUSTMENTS

The executive budget recommendation includes one-time funding for compensation enhancements for employees in the following agencies serving areas affected by oil and gas development:

Agency	General Fund	Special Funds	Total
Attorney General	$78,210		$78,210
Tax Department	99,884		99,884
Department of Human Services	3,253,008	$514,992	3,768,000
Job Service North Dakota		127,829	127,829
Department of Corrections and Rehabilitation	188,352		188,352
State Historical Society (as salary enhancement or housing assistance)	50,000		50,000
Department of Transportation		2,544,999	2,544,999
Total	$3,669,454	$3,187,820	$6,857,274

HIGHER EDUCATION

The executive budget recommendation authorizes the State Board of Higher Education in Section 16 of 2013 Senate Bill No. 2003 to adjust full-time equivalent (FTE) positions as needed, subject to the availability of funds, for institutions under its control. The State Board of Higher Education is to report any adjustments to OMB prior to the submission of the 2015-17 budget request. The executive budget recommendation does not provide higher education institutions with specific funding for salary or health insurance increases. The increases are to be provided from total funding recommended for the North Dakota University System. The executive budget funding level for University System institutions includes an increase for an inflationary factor adjustment which is based in part on 4 percent annual salary increases and health insurance premium increases.

EXECUTIVE BRANCH ELECTED OFFICIALS

The executive budget recommendation provides funding for executive branch elected officials' salary increases equal to 4 percent of salaries effective July 1, 2013, and 4 percent effective July 1, 2014. Statutory changes necessary to adjust elected officials' salaries are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges' salary increases of 5 percent for each year of the biennium. Salary increases for Supreme Court justices are also 5 percent for each year of the biennium. Salary increases for other employees of the judicial branch are included at the same level as provided for other unclassified state employees, or from 3 to 5 percent based on market and documented performance effective July 1, 2013, and July 1, 2014. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule and market equity as requested by the judicial branch.

HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides $981.69 per month for employee health insurance (an increase of $95.07, or 10.7 percent, compared to the 2011-13 premium of $886.62). A recent history of monthly health insurance premiums provided for each employee is listed below.

1995-97	$265
1997-99	$301
1999-2001	$350
2001-03	$409
2003-05	$489
2005-07	$554
2007-09	$658
2009-11	$826
2011-13	$887
2013-15 executive recommendation	$982

The executive budget also included a funding pool of $2 million in OMB's appropriation in 2013 House Bill No. 1015 to allocate to state agencies for temporary employees that qualify for health insurance under the federal Affordable Care Act.

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program remains at $1.54 per month.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2013-15 executive budget. The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases.

	General Fund	Special Funds	Total
Performance-based salary increase - From 3 to 5 percent July 2013 and from 3 to 5 percent July 2014	$34,879,548	$31,770,687	$66,650,235
Market equity salary increases - Classified employees - Up to 4 percent July 2013 and up to 4 percent July 2014	16,327,721	10,291,435	26,619,156
Market equity salary increases - Other agencies, including:			
Judicial branch	1,313,756		1,313,756
Attorney General	85,401	480,717	566,118
Legislative Council	100,000		100,000
Health insurance premium increase	11,127,312	9,700,989	20,828,301
Health insurance pool for temporary employees	1,000,000	1,000,000	2,000,000
State share of retirement contribution increase, excluding higher education	5,325,703	4,643,043	9,968,746
Total	$70,159,441	$57,886,871	$128,046,312

FULL-TIME EQUIVALENT POSITIONS

The executive budget recommendation for the 2013-15 biennium includes a total of 11,504.73 FTE positions, 164.57 FTE positions more than the 2011-13 authorized level. The recommendation includes the addition of 223.36 new FTE positions and the deletion of 58.79 FTE positions. The cost of the 223.36 new FTE positions totals $26,448,789 for the 2013-15 biennium, including retirement and health insurance increases. Of this amount, $19,208,811 is from the general fund. Funding reductions relating to the 58.79 deleted FTE positions total $3,922,783. Of this amount, $557,738 is from the general fund.

ANALYSIS OF NEW FTE POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS RECOMMENDED IN THE 2013-15 EXECUTIVE BUDGET

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
			GENERAL GOVERNMENT				
18.00	18.00	0.00	**101 - Governor's office**				18.00
28.00	31.00	3.00	**108 - Secretary of State**				31.00
			Adds:				
			2.00 FTE positions in the business registration unit	$197,428		$197,428	
			1.00 FTE position in the business information unit	95,087		95,087	
			3.00	$292,515	$0	$292,515	
131.50	131.50	0.00	**110 - Office of Management and Budget**				131.50
336.30	340.30	4.00	**112 - Information Technology Department**				336.30
			Transfers:				
			1.00 FTE position from Workforce Safety and Insurance		$148,497	$148,497	
			1.00 FTE position from Workforce Safety and Insurance		147,888	147,888	
			1.00 FTE position from Workforce Safety and Insurance		256,999	256,999	
			1.00 FTE position from Workforce Safety and Insurance		214,848	214,848	
			4.00	$0	$768,232	$768,232	
50.80	52.80	2.00	**117 - State Auditor**				57.80
			Adds:				
			1.00 FTE minerals royalty auditor		$167,851	$167,851	
			1.00 FTE information systems auditor	$127,547		127,547	
			2.00	$127,547	$167,851	$295,398	
7.00	8.00	1.00	**120 - State Treasurer**				9.00
			Adds:				
			1.00 FTE account budget specialist	$156,779	$0	$156,779	.
204.00	211.50	7.50	**125 - Attorney General**				214.50
			Adds:				
			1.00 FTE criminal investigator II	$173,601		$173,601	
			1.00 FTE criminal investigator I	146,072		146,072	
			1.00 FTE criminal intelligence analyst	129,661		129,661	
			1.00 FTE criminal intelligence analyst	131,791		131,791	
			1.00 FTE forensic scientist I	126,166		126,166	
			1.00 FTE forensic scientist I	131,953		131,953	
			1.00 FTE administrative assistant II	109,826		109,826	
			1.00 FTE Assistant Attorney General		$202,569	202,569	
			1.00 FTE criminal investigator I	141,484		141,484	
			1.00 FTE criminal investigator I	141,484		141,484	

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
			1.00 FTE criminal investigator I		141,484	141,484	
			1.00 FTE administrative assistant II		101,737	101,737	
			1.00 FTE administrative assistant II		101,782	101,782	
			1.00 FTE administrative assistant II		101,708	101,708	
			1.00 FTE administrative assistant II	101,737		101,737	
			1.00 FTE forensic scientist I	125,159		125,159	
			Deletes:				
			(1.50) FTE administrative assistant II		(141,285)	(141,285)	
			(1.00) FTE criminal investigator II		(142,778)	(142,778)	
			(1.00) FTE criminal investigator I		(170,077)	(170,077)	
			(1.00) FTE criminal intelligence analyst		(126,462)	(126,462)	
			(1.00) FTE criminal intelligence analyst		(128,574)	(128,574)	
			(1.00) FTE forensic scientist I		(122,998)	(122,998)	
			(1.00) FTE forensic scientist I		(128,735)	(128,735)	
			(1.00) FTE administrative assistant II		(106,799)	(106,799)	
			7.50	$1,458,934	($418,428)	$1,040,506	
134.00	134.00	0.00	**127 - Tax Department**				134.00
5.00	5.00	0.00	**140 - Office of Administrative Hearings**				5.00
34.00	34.00	0.00	**160 - Legislative Council**				34.00
344.00	359.00	15.00	**180 - Judicial branch**				359.00
			Adds:				
			8.00 FTE deputy clerks of court	$1,075,288		$1,075,288	
			2.00 FTE juvenile court officers	342,092		342,092	
			1.00 FTE court facilitator	216,733		216,733	
			4.00 FTE technology coordinators	631,444		631,444	
			15.00	$2,265,557	$0	$2,265,557	
30.00	33.00	3.00	**188 - Commission on Legal Counsel for Indigents**				35.00
			Adds:				
			1.00 FTE attorney II	$196,639		$196,639	
			2.00 FTE legal assistants	235,486		235,486	
			3.00	$432,125	$0	$432,125	
18.00	18.00	0.00	**190 - Retirement and Investment Office**				18.00
33.00	33.00	0.00	**192 - Public Employees Retirement System**				33.00
1,373.60	1,409.10	35.50	**TOTAL GENERAL GOVERNMENT**	$4,733,457	$517,655	$5,251,112	1,416.10
			OTHER EDUCATION				
99.75	99.75	0.00	**201 - Department of Public Instruction**				99.75

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
24.75	31.00	6.25	**226 - Department of Trust Lands**				34.00
			Adds:				
			1.00 FTE grants administrator	$169,129		$169,129	
			1.00 FTE account budget specialist	146,157		146,157	
			1.00 FTE land management specialist	156,854		156,854	
			1.00 FTE mineral title specialist	156,779		156,779	
			1.00 FTE audit technician	114,519		114,519	
			1.00 FTE administrative assistant	106,602		106,602	
			0.25 FTE administrative assistant	47,775		47,775	
			6.25	$897,815	$0	$897,815	
29.75	29.75	0.00	**250 - State Library**				29.75
43.94	44.61	0.67	**252 - School for the Deaf**				46.29
			Adds:				
			0.67 FTE position to convert teaching position to adult services position	$0	$75,813	$75,813	
29.50	29.50	0.00	**253 - North Dakota Vision Services - School for the Blind**				29.50
27.50	27.00	(0.50)	**270 - State Board for Career and Technical Education**				27.00
			Deletes:				
			(0.50) FTE administrative assistant	($46,892)	$0	($46,892)	
255.19	261.61	6.42	**TOTAL OTHER EDUCATION**	$850,923	$75,813	$926,736	266.29
			HEALTH AND WELFARE				
344.00	354.00	10.00	**301 - State Department of Health**				358.00
			Adds:				
			1.00 FTE air quality environmental scientist II		$131,974	$131,974	
			1.00 FTE laboratory administrative assistant II	$101,638		101,638	
			1.00 FTE municipal facilities environmental engineer II	143,374		143,374	
			1.00 FTE municipal facilities environmental engineer II	143,374		143,374	
			1.00 FTE municipal facilities environmental scientist II	124,777		124,777	
			1.00 FTE waste management environmental scientist II		124,777	124,777	
			1.00 FTE water quality environmental scientist II	131,974		131,974	
			1.00 FTE water quality environmental scientist II	131,974		131,974	
			1.00 FTE water quality environmental scientist II	131,974		131,974	
			1.00 FTE community paramedic coordinator	138,273		138,273	
			10.00	$1,047,358	$256,751	$1,304,109	
5.00	5.00	0.00	**305 - Tobacco Prevention and Control Executive Committee**				8.00
120.72	120.72	0.00	**313 - Veterans' Home**				120.72

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
4.00	5.00	1.00	**316 - Indian Affairs Commission**				5.00
			Adds:				
			1.00 FTE Native American health system program administrator	$158,003	$0	$158,003	
7.00	8.00	1.00	**321 - Department of Veterans' Affairs**				12.00
			Adds:				
			1.00 FTE national service officer	$110,632	$0	$110,632	
487.60	490.60	3.00	**325 - Department of Human Services (excluding State Hospital and Developmental Center)**				490.60
			Adds:				
			3.00 FTE positions due to department reorganization				
392.76	392.55	(0.21)	**Department of Human Services - Developmental Center**				392.55
			Deletes:				
			(0.21) FTE positions due to department reorganization				
460.51	457.45	(3.06)	**Department of Human Services - State Hospital**				457.45
			Deletes:				
			(3.06) FTE positions due to department reorganization				
856.48	856.48	0.00	**Department of Human Services - Human service centers**				862.48
2,197.35	2,197.08	(0.27)	(0.27) Department of Human Services subtotal	$0	$0	$0	2,203.08
28.50	27.50	(1.00)	**360 - Protection and Advocacy Project**				27.50
			Deletes:				
			(1.00) FTE position related to Help America Vote Act (Funds related to position are now provided to various organizations through grants to provide voter training.)	$0	$0	$0	
261.76	250.76	(11.00)	**380 - Job Service North Dakota**				261.76
			Deletes:				
			(11.00) FTE positions	($42,367)	($1,411,592)	($1,453,959)	
2,968.33	2,968.06	(0.27)	**TOTAL HEALTH AND WELFARE**	$1,273,626	($1,154,841)	$118,785	2,996.06
			REGULATORY				
49.50	49.50	0.00	**401 - Insurance Department**				49.50
74.06 [2]	98.75	24.69	**405 - Industrial Commission**				98.75
			Adds:				
			13.00 FTE engineering technicians (includes 2 FTE contingent positions from 2011-13	$1,909,024		$1,909,024	
			3.00 FTE petroleum engineer	460,695		460,695	
			2.00 FTE petroleum engineer	387,736		387,736	
			1.00 FTE engineering technician	134,469		134,469	

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
			1.00 FTE geologist	164,137		164,137	
			1.00 FTE administrative assistant	106,602		106,602	
			1.00 FTE administrative assistant	87,170		87,170	
			0.69 FTE administrative assistant	80,936		80,936	
			0.65 FTE account budget specialist	85,066		85,066	
			0.35 FTE account budget specialist	45,805		45,805	
			1.00 FTE petroleum engineer (contingent position from 2011-13)	145,150		145,150	
			1.00 FTE petroleum engineer (contingent position from 2011-13)	121,589		121,589	
			Deletes:				
			(1.00) FTE carbon dioxide storage facility administrator	(117,485)		(117,485)	
			24.69	$3,610,894	$0	$3,610,894	
12.00	13.00	1.00	**406 - Labor Commissioner**				12.00
			Adds:				
			1.00 FTE compliance investigator	$86,176	$20,385	$106,561	
43.00	43.00	0.00	**408 - Public Service Commission**				46.00
			Adds:				
			1.00 FTE chief inspector	$113,201	$169,802	$283,003	
			1.00 FTE public utility analyst III	199,345		199,345	
			Deletes:				
			(1.00) FTE weights and measures inspector I	(107,044)		(107,044)	
			(1.00) FTE weights and measures inspector I	(101,113)		(101,113)	
			0.00	$104,389	$169,802	$274,191	
6.00	6.00	0.00	**412 - Aeronautics Commission**				6.00
29.00	29.00	0.00	**413 - Department of Financial Institutions**				29.00
9.00	9.00	0.00	**414 - Securities Department**				10.00
176.50	179.50	3.00	**471 - Bank of North Dakota**				179.50
			Adds:				
			1.00 FTE loan officer		$221,670	$221,670	
			1.00 FTE compliance officer		169,075	169,075	
			1.00 FTE collection officer		123,609	123,609	
			3.00	$0	$514,354	$514,354	
46.00	46.00	0.00	**473 - Housing Finance Agency**				46.00
131.00	135.00	4.00	**475 - Mill and Elevator Association**				135.00
			Adds:				
			1.00 FTE second shift supervisor		$198,253	$198,253	
			1.00 FTE sales representative		165,916	165,916	

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)		Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
			1.00	FTE information system analyst		147,769	147,769	
			1.00	FTE car checker		124,499	124,499	
			4.00		$0	$636,437	$636,437	
247.14	250.14	3.00		**485 - Workforce Safety and Insurance**				263.14
				Adds:				
			1.00	FTE claims adjuster II		$156,853	156,853	
			1.00	FTE claims supervisor		199,517	199,517	
			1.00	FTE vocational rehabitation counselor III		18,244	18,244	
			1.00	FTE medical case manager supervisor (registered nurse III)		196,639	196,639	
			1.00	FTE underwriter		156,854	156,854	
			1.00	FTE compliance officer I		146,260	146,260	
			1.00	FTE loss control specialist (safety consultant)		169,290	169,290	
				Transfers:				
			(1.00)	FTE position to the Information Technology Department		(148,497)	(148,497)	
			(1.00)	FTE position to the Information Technology Department		(147,888)	(147,888)	
			(1.00)	FTE position to the Information Technology Department		(256,999)	(256,999)	
			(1.00)	FTE position to the Information Technology Department		(214,848)	(214,848)	
			3.00		$0	$275,425	$275,425	
823.20	858.89	35.69		**TOTAL REGULATORY**	$3,801,459	$1,616,403	$5,417,862	874.89
				PUBLIC SAFETY				
198.00	213.00	15.00		**504 - Highway Patrol**				213.00
				Adds:				
			1.00	FTE Highway Patrol officer I	$125,903	$18,813	$144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			1.00	FTE Highway Patrol officer I	125,903	18,813	144,716	
			15.00		$1,888,545	$282,195	$2,170,740	

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
794.29	814.29	20.00	**530 - Department of Corrections and Rehabilitation**				820.29
			Adds:				
			5.00 FTE parole officers	$719,909		$719,909	
			1.00 FTE parole officer	133,935		133,935	
			3.00 FTE correctional caseworkers	346,013		346,013	
			11.00 FTE correctional officers	1,191,131		1,191,131	
			20.00	$2,390,988	$0	$2,390,988	
242.00	246.00	4.00	**540 - Adjutant General**				260.00
			Adds:				
			1.00 FTE communications specialist I	$89,957	$9,995	$99,952	
			1.00 FTE communications specialist I	89,957	9,995	99,952	
			1.00 FTE communications specialist II	103,067	11,452	114,519	
			1.00 FTE communications specialist II	103,067	11,452	114,519	
			1.00 FTE maintenance position	39,027	79,236	118,263	
			Deletes:				
			(1.00) FTE position		(117,513)	(117,513)	
			4.00	$425,075	$4,617	$429,692	
1,234.29	1,273.29	39.00	**TOTAL PUBLIC SAFETY**	$4,704,608	$286,812	$4,991,420	1,293.29
			AGRICULTURE AND ECONOMIC DEVELOPMENT				
68.25	69.25	1.00	**601 - Department of Commerce**				69.25
			Adds:				
			1.00 FTE demographer	$279,102	$0	$279,102	
77.00	77.00	0.00	**602 - Department of Agriculture**				77.00
30.00	0.00	(30.00)	**616 - State Seed Department**				0.00
			The State Seed Department spends its funding pursuant to a continuing appropriation; therefore, its FTE positions are no longer specifically authorized by the Legislative Assembly.				
51.75 [3]	53.75	2.00	**627 - Upper Great Plains Transportation Institute**				53.75
			Adds:				
			1.00 FTE instructional designer	$145,659		$145,659	
			1.00 FTE technical engineer	204,249		204,249	
			2.00	$349,908	$0	$349,908	

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
103.04 [3]	107.04	4.00	**628 - Branch research centers**				115.04
			Adds:				
			1.00 FTE crop protection specialist	$200,000		$200,000	
			1.00 FTE research technician (Carrington Research Extension Center)	150,000		150,000	
			1.00 FTE research technician (Central Grasslands Research Extension Center)	150,000		150,000	
			1.00 FTE research technician (North Central Research Extension Center)	150,000		150,000	
			4.00	$650,000	$0	$650,000	
256.26 [3]	258.26	2.00	**630 - North Dakota State University Extension Service**				262.26
			Adds:				
			1.00 FTE area livestock specialist	$220,000		$220,000	
			1.00 FTE crop protection technician	150,000		150,000	
			2.00	$370,000	$0	$370,000	
12.00 [3]	12.00	0.00	**638 - Northern Crops Institute**				12.00
349.01 [3]	351.49	2.48	**640 - Main Research Center**				361.01
			Adds:				
			1.00 FTE nematologist	$235,000		$235,000	
			1.00 FTE nematologist	120,000		120,000	
			1.00 FTE crop development technician	120,000		120,000	
			Deletes:				
			(0.52) FTE State Data Center position (The State Data Center is now included in the Department of Commerce budget.)	(142,837)		(142,837)	
			2.48	$332,163	$0	$332,163	
3.00 [3]	3.00	0.00	**649 - Agronomy Seed Farm**				3.00
2.00	2.00	0.00	**670 - Racing Commission**				2.00
952.31	933.79	(18.52)	**TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT**	$1,981,173	$0	$1,981,173	955.31
			NATURAL RESOURCES AND HIGHWAYS				
63.00	69.00	6.00	**701 - State Historical Society**				85.00
			Adds:				
			1.00 FTE technology coordinator	$199,028		$199,028	
			1.00 FTE exhibit and collection specialist	141,452		141,452	
			1.00 FTE education programs developer	141,452		141,452	
			1.00 FTE multimedia/web developer	148,649		148,649	
			1.00 FTE visitor services security officer	129,447		129,447	
			1.00 FTE archives specialist	141,452		141,452	
			6.00	$901,480	$0	$901,480	
5.00	5.00	0.00	**709 - Council on the Arts**				5.00
157.00	157.00	0.00	**720 - Game and Fish Department**				158.00

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
54.00	55.00	1.00	**750 - Parks and Recreation Department**				59.00
			Adds:				
			1.00 FTE administrative assistant	$90,020	$0	$90,020	
87.00	90.00	3.00	**770 - State Water Commission**				90.00
			Adds:				
			1.00 FTE engineering technician		$121,118	$121,118	
			1.00 FTE water resource engineer	$167,959		167,959	
			1.00 FTE water resource project manager	146,368		146,368	
			3.00	$314,327	$121,118	$435,445	
1,063.50	1,079.50	16.00	**801 - Department of Transportation**				1,079.50
			Adds:				
			1.00 FTE accounting budget specialist II		$149,253	$149,253	
			1.00 FTE driver's license examiner supervisor		142,863	142,863	
			1.00 FTE driver's license examiner supervisor		142,863	142,863	
			1.00 FTE motor vehicle licensing specialist II		115,312	115,312	
			1.00 FTE motor vehicle licensing specialist II		115,312	115,312	
			1.00 FTE motor vehicle licensing specialist II		115,312	115,312	
			1.00 FTE motor vehicle licensing specialist II		115,312	115,312	
			1.00 FTE transportation engineer III		202,943	202,943	
			1.00 FTE transportation engineer III		202,943	202,943	
			1.00 FTE transportation engineer III		202,943	202,943	
			1.00 FTE transportation engineer III		202,943	202,943	
			1.00 FTE transportation engineer III		179,394	179,394	
			1.00 FTE transportation technician II		131,145	131,145	
			1.00 FTE transportation technician II		131,145	131,145	
			1.00 FTE transportation technician II		131,145	131,145	
			1.00 FTE transportation technician II		131,145	131,145	
			16.00	$0	$2,411,973	$2,411,973	
1,429.50	1,455.50	26.00	**TOTAL NATURAL RESOURCES AND HIGHWAYS**	$1,305,827	$2,533,091	$3,838,918	1,476.50
			SUMMARY TOTALS				
1,373.60	1,409.10	35.50	General Government	$4,733,457	$517,655	$5,251,112	1,416.10
255.19	261.61	6.42	Other Education	850,923	75,813	926,736	266.29
2,968.33	2,968.06	(0.27)	Health and Welfare	1,273,626	(1,154,841)	118,785	2,996.06
823.20	858.89	35.69	Regulatory	3,801,459	1,616,403	5,417,862	874.89
1,234.29	1,273.29	39.00	Public Safety	4,704,608	286,812	4,991,420	1,293.29

2011-13 FTE Positions	Executive Recommendation 2013-15 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2013-15 FTE Positions in Agency Budget Request [1]
952.31	933.79	(18.52)	Agriculture and Economic Development	1,981,173	0	1,981,173	955.31
1,429.50	1,455.50	26.00	Natural Resources and Highways	1,305,827	2,533,091	3,838,918	1,476.50
9,036.42	9,160.24	123.82	**TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)**	$18,651,073	$3,874,933	$22,526,006	9,278.44
			HIGHER EDUCATION				
100.31 [4]	107.31	7.00	**215 - North Dakota University System office**				135.31
126.96 [4]	130.96	4.00	**227 - Bismarck State College**				136.96
40.22 [4]	43.22	3.00	**228 - Lake Region State College**				43.22
44.15 [4]	50.15	6.00	**229 - Williston State College**				49.15
642.20 [4]	642.20	0.00	**230 - University of North Dakota**				648.90
156.55 [4]	156.55	0.00	**232 - University of North Dakota School of Medicine and Health Sciences**				156.55
495.21 [4]	495.21	0.00	**235 - North Dakota State University**				511.21
171.87 [4]	173.62	1.75	**238 - North Dakota State College of Science**				176.62
100.32 [4]	105.32	5.00	**239 - Dickinson State University**				109.82
62.78 [4]	65.78	3.00	**240 - Mayville State University**				65.78
201.76 [4]	204.76	3.00	**241 - Minot State University**				204.76
97.29 [4]	100.29	3.00	**242 - Valley City State University**				100.29
36.12 [4]	40.12	4.00	**243 - Dakota College at Bottineau**				44.62
28.00 [4]	29.00	1.00	**244 - Forest Service**				30.00
2,303.74	2,344.49	40.75	**TOTAL HIGHER EDUCATION**	$0	$0	$0	2,413.19
11,340.16	11,504.73	164.57	**TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)**	$18,651,073	$3,874,933	$22,526,006	11,691.63

NOTE: The funding for the positions added includes, where provided, the executive recommendation for retirement and health insurance adjustments; however, it does not include funding for salary adjustments. The positions deleted reflect funding prior to adjustments for retirement and health insurance.

[1] Total FTE positions requested, including optional adjustments.

[2] The 2011-13 FTE positions for the Industrial Commission do not include 2 FTE positions that the agency hired, subject to Emergency Commission approval during the 2011-13 biennium, with funding from the general fund due to the average drilling rig count exceeding 190 active rigs. The Industrial Commission is requesting continued funding from the general fund for those positions for the 2013-15 biennium.

[3] The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 6 of 2011 House Bill No. 1020:

	2011-13 Legislative Authorization	Adjusted FTE Level	Variance
Upper Great Plains Transportation Institute	52.30	51.75	(0.55)
Branch research centers	97.49	103.04	5.55
North Dakota State University Extension Service	256.75	256.26	(0.49)
Northern Crops Institute	11.00	12.00	1.00
Main Research Center	333.26	349.01	15.75
Agronomy Seed Farm	3.00	3.00	0.00
Total	753.80	775.06	21.26

[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 13 of 2011 House Bill No. 1003 to the level supported by the general fund:

	2011-13 Legislative Authorization	Adjusted FTE Level	Variance
North Dakota University System office	23.30	100.31	77.01
Bismarck State College	111.51	126.96	15.45
Lake Region State College	37.50	40.22	2.72
Williston State College	43.42	44.15	0.73
University of North Dakota	651.91	642.20	(9.71)
University of North Dakota School of Medicine and Health Sciences	137.43	156.55	19.12
North Dakota State University	584.88	495.21	(89.67)
North Dakota State College of Science	164.87	171.87	7.00
Dickinson State University	92.96	100.32	7.36
Mayville State University	58.72	62.78	4.06
Minot State University	187.83	201.76	13.93
Valley City State University	90.37	97.29	6.92
Dakota College at Bottineau	34.81	36.12	1.31
Forest Service	26.00	28.00	2.00
Total	2,245.51	2,303.74	58.23

ANALYSIS OF STATE EMPLOYEE SALARY INCREASES

Year	General Salary Increase Provided or Proposed	Annual Inflation*
1973	5%	6.2%
1974	4%	11.0%
1975	5% (in addition to an 11.9% salary adjustment)	9.1%
1976	5%	5.7%
1977	5%	6.5%
1978	5%	7.6%
1979	6.5%	11.3%
1980	6.5%	13.5%
1981	9% (in addition to a 10% salary adjustment)	10.3%
1982	8% (reduced by Governor's budget allotments)	6.2%
1983	2% contribution to retirement	3.2%
1984	2% contribution to retirement	4.3%
1985	9.5% higher education faculty and senior administrative staff, 5.5% for all other state employees	3.5%
1986	4% with a minimum of $50 per month; the Governor deferred this increase for agencies under the Governor's control to January 1, 1987	1.9%
1987	0%	3.7%
1988	0%	4.1%
1989	11.4% higher education faculty at the University of North Dakota and North Dakota State University; 9.5% higher education faculty at other four-year universities; 7.3% higher education faculty at two-year colleges; 9.1% faculty at the medical school; administrative, professional, and classified employees at the institutions of higher education received increases averaging between 8.7% and 9.7%; 7.1% for all other state employees	4.8%
1990	7% higher education faculty at four-year universities, 5% higher education faculty at two-year colleges, 0% all other state employees	5.4%
1991	4% with a minimum of $50 per month	4.2%
1992	$40 per month	3.0%
1993	$60 per month	3.0%
1994	3% (to the extent available from agency savings)	2.6%
1995	2%	2.8%
1996	3% (includes 1% for salary inequity correction and merit increases)	2.9%
1997	3% (includes 1.5% for salary inequity correction and merit increases)	2.3%
1998	3% (includes 1.5% for salary inequity correction and merit increases; in addition, the North Dakota University System received a $3.2 million pool of funds for the 1997-99 biennium to address salary compression, market, and equity problems)	1.5%
1999	2% with a minimum of $35 per month - Increases over $35 were based on merit and equity	2.2%
2000	2% with a minimum of $35 per month - Increases over $35 were based on merit and equity. An additional 1% was provided to the extent the increase could be paid with existing agency resources.	3.4%
2001[1]	3% with a minimum of $35 per month - Increases over $35 were based on merit and equity	2.8%
2002[1]	2% with a minimum of $35 per month - Increases over $35 were based on merit and equity	1.6%

Year	General Salary Increase Provided or Proposed	Annual Inflation*
2003	Up to 1% 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 full-time equivalent (FTE) positions and from accumulated savings from other vacant FTE positions. At least 70% 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 four vacant FTE positions and provided a 1% salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase.	2.3%
2004	Up to 2% effective on January 1, 2005, for the executive and judicial branches to the extent that the increase could be provided from pooled savings realized from the eliminated FTE positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided 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%	3.4%
2006	4%	3.2%
2007[2]	4% 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% 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% 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% 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% (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% (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% (projected)
2013[5]	3% to 9% (see Footnote No. 5)	2.2% (projected)
2014[5]	3% to 9% (see Footnote No. 5)	2.7% (projected)

*Percentage change, consumer price index annual rate, Economy.com

[1]In addition, the Legislative Assembly in 2001 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.

[2]In addition, the Legislative Assembly in 2007 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.

[3]In addition, the Legislative Assembly in 2009 provided an appropriation of $15,984,000, of which $9 million is from the general fund, to OMB to address salary equity issues. House Bill No. 1015 (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.

[4]In addition, the Legislative Assembly in 2011 provided additional salary equity-related funding for the following agencies:

- Attorney General's office - $125,000 from the general fund - Salary increases available upon certification completion for personnel advancement.
- Industrial Commission - $502,832 from the general fund - Salary equity increases primarily for geologists and petroleum engineers.
- State Treasurer - $24,000 from the general fund - Salary increases for employee reclassifications.
- Department of Transportation - $600,000 from special funds - Optional market salary adjustments primarily for heavy equipment operators and highway maintenance personnel.

The 2011-13 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 3 percent per year salary increases and health insurance premium increases.

The Legislative Assembly in 2011 provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, employees would pay 1 percent of the increased contribution and the state would pay the remaining 1 percent.

[5]The executive budget recommends salary increases for eligible classified employees of up to 4 percent per year based on an employee's position in the assigned pay range and increases of 3 to 5 percent per year based on performance. The executive budget recommends salary increases for eligible nonclassified employees of 3 to 5 percent per year based on performance.

The executive budget also provides funding for an increase in contributions to the retirement system of 2 percent on January 1, 2014, and another 2 percent increase on January 1, 2015. For each increase, employees would pay 1 percent of the increased contribution and the state would pay the remaining 1 percent.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2013-15 biennium includes funding to provide salary increases of 4 percent effective July 1, 2013, and 4 percent effective July 1, 2014, for elected officials. The statutory changes necessary to adjust elected officials' salaries as recommended are included in the appropriation bills for the respective elected officials. The schedule below shows for each elected official the salary authorized by the Legislative Assembly in 2011 and the salary being proposed in the executive budget.

	Statutory Annual Salary Authorized by the Legislative Assembly in 2011		Proposed Annual Salary Included in the 2013-15 Executive Budget Recommendation	
State Official	**Effective July 1, 2011**	**Effective July 1, 2012**	**Effective July 1, 2013**	**Effective July 1, 2014**
Governor	$113,594	$117,001	$121,681	$126,549
Lieutenant Governor	$88,183	$90,829	$94,462	$98,241
Secretary of State	$90,360	$93,071	$96,794	$100,666
Attorney General	$134,135	$138,159	$143,685	$149,432
Superintendent of Public Instruction	$102,868	$105,954	$110,192	$114,600
Tax Commissioner	$98,068	$101,010	$105,051	$109,253
Insurance Commissioner	$90,360	$93,071	$96,793	$100,665
Public Service Commissioners (3)	$92,826	$95,611	$99,435	$103,412
Agriculture Commissioner	$92,826	$95,610	$99,435	$103,412
State Auditor	$90,360	$93,071	$96,794	$100,666
State Treasurer	$85,330	$87,890	$91,406	$95,062

The budget as submitted by the judicial branch contains the funding needed to provide salary increases of 5 percent for each year of the biennium for judges and justices.

For each judge, the following schedule shows the current salary and the salary being proposed in the judicial branch budget request:

	Statutory Annual Salary Authorized by the Legislative Assembly in 2011		Proposed Annual Salary Included in the 2013-15 Judicial Branch Budget Request	
	Effective July 1, 2011	**Effective July 1, 2012**	**Effective July 1, 2013**	**Effective July 1, 2014**
Supreme Court Chief Justice	$137,987	$142,127	$149,233	$156,695
Other Supreme Court justices	$134,135	$138,159	$145,067	$152,320
District court presiding judges	$126,460	$130,254	$136,767	$143,605
Other district court judges	$122,910	$126,597	$132,927	$139,573

SECTION J - TRUST FUND ANALYSES

BUDGET STABILIZATION FUND	J-1
CENTERS OF EXCELLENCE FUND	J-2
CENTERS OF RESEARCH EXCELLENCE FUND	J-3
COMMUNITY HEALTH TRUST FUND	J-5
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ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$386,351,110		$454,686,338
Add estimated revenues				
Investment income	$16,134,104[1]		$0[4]	
Transfer from general fund	52,201,124[2]		0	
Total estimated revenues		68,335,228		0
Total available		$454,686,338		$454,686,338
Less estimated expenditures and transfers				
None				
Total estimated expenditures and transfers		0[3]		0[3]
Estimated ending balance		$454,686,338		$454,686,338

[1]The Legislative Assembly in the November 2011 special session increased general fund appropriations for the 2011-13 biennium by $169,832,688 from $4,066,853,792 to $4,236,686,460 resulting in a $16.1 million increase in the maximum balance allowed in the budget stabilization fund. Therefore, interest and investment earnings of the fund will be retained in the fund until the cap is reached.

[2]North Dakota Century Code Chapter 54-27.2 provides any amount in the general fund at the end of a biennium in excess of $65 million must be transferred to the budget stabilization fund except that the balance in the budget stabilization fund may not exceed 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown is based on the executive budget estimate of a June 30, 2013, general fund balance of $121,183,167 after other recommended transfers to the highway fund, housing incentive fund, and property tax relief sustainability fund and the recommended 2013-15 biennium general fund appropriations of $4,786,171,981; therefore, the maximum balance in the fund is limited to $454,686,338.

[3]No transfers from the budget stabilization fund are anticipated.

[4]Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under Section 54-27.2-01.

FUND HISTORY

The budget stabilization fund was established by the Legislative Assembly in 1987 House Bill No. 1596. Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section currently provides any money in the fund in excess of 9.5 percent of the general fund budget as approved by the most recently adjourned Legislative Assembly must be deposited in the state general fund. The Legislative Assembly approved 2011 House Bill No. 1451 which decreased, effective July 1, 2011, the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides any amount in the state general fund at the end of a biennium in excess of $65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides the Governor may order a transfer from the budget stabilization fund to the general fund if the Director of the Office of Management and Budget (OMB) projects general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by OMB. Any transfer made must be reported to the Budget Section.

ANALYSIS OF THE CENTERS OF EXCELLENCE FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$22,998,197		$8,835,106
Add revenues				
Transfer from the general fund				
Investment income	$36,000		$12,000	
Total revenues		36,000		12,000
Total available		$23,034,197		$8,847,106
Less expenditures and transfers				
Legal fees - Attorney General's office	$2,500[1]		$2,500[1]	
Centers of excellence grants funding distributions	14,116,471		6,918,924[1]	
Economic impact studies	35,120[1]		36,000[1]	
Centers of Excellence Summit	10,000[1]		10,000[1]	
Other administrative expenses	35,000[1]		35,000[1]	
Total expenditures and transfers		14,199,091		7,002,424
Estimated ending balance		$8,835,106[2]		$1,844,682[3]

[1]North Dakota Century Code Section 15-69-05(6), as amended by the Legislative Assembly in 2011 Senate Bill No. 2057, provides the Department of Commerce may use funds available within the centers of excellence fund to pay for the department's administrative expenses.

[2]The 2011-13 biennium ending balance includes $8,556,021 that is obligated for centers of excellence proposals approved in previous bienniums.

[3]The 2013-15 biennium ending balance includes $1,637,097 that is obligated for centers of excellence proposals approved in previous bienniums.

FUND HISTORY

Section 15-69-06 (Senate Bill No. 2018 (2009)) 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 Assembly in 2011 did not appropriate new funding to the centers of excellence fund for the 2011-13 biennium. Estimated expenditures for the 2011-13 biennium relate to centers of excellence awarded in prior bienniums. Pursuant to provisions of 2011 Senate Bill No. 2057, the centers of excellence fund will be repealed on August 1, 2023.

ANALYSIS OF THE CENTERS OF RESEARCH EXCELLENCE FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$0		$2,522,500
Add revenues				
Transfer from the general fund	$12,000,000[1]			
Investment income	16,500		$4,000	
Total revenues		12,016,500		4,000
Total available		$12,016,500		$2,526,500
Less expenditures and transfers				
Limited deployment-cooperative airspace project grant				
University of North Dakota (UND)	$2,700,000[2]			
North Dakota State University (NDSU)	1,300,000[2]			
Centers of research excellence grants				
UND	994,000[3,4]		$6,000[3,4]	
NDSU	1,500,000[3]		1,500,000[3]	
Base realignment grants				
UND	3,000,000[4]			
Total expenditures and transfers		9,494,000		1,506,000
Estimated ending balance		$2,522,500[5]		$1,020,500[6]

[1]The Legislative Assembly in 2011 appropriated $12 million from the general fund for transfer to the centers of research excellence fund for providing funding for a limited deployment-cooperative airspace project grant, centers of research excellence grants, and base realignment grants for the 2011-13 biennium.

[2]The Legislative Assembly in 2011 provided the Department of Commerce use $4 million of the funds transferred to the centers of research excellence fund for grants to the North Dakota University System's research institutions for the purpose of leveraging private and federal funding to advance state opportunities associated with a limited deployment-cooperative airspace project in the state during the 2011-13 biennium. The Department of Commerce has awarded $2.7 million to UND and $1.3 million to NDSU for the project. The Department of Commerce developed application criteria, reviewed submitted applications, and recommended applications for approval to the Centers of Excellence Commission.

[3]In 2011 Senate Bill No. 2057, the Legislative Assembly provides that the Department of Commerce may use $8 million of the funds transferred to the centers of research excellence fund for centers of research excellence grants. 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:

- Grant award determinations are made by the Centers of Excellence Commission and do not require Budget Section or Emergency Commission approval.
- Tourism was removed from the definition of an "industry cluster."
- Under centers of research excellence application and eligibility requirements, the requirement that research universities limit applications to two per round of centers funding is removed as well as the requirement relating to consideration of a center's ability to become financially self-sustaining from the award determination process.

- Under centers of research excellence postaward monitoring, an audit is required on all funds distributed to the centers after the second full fiscal year, after all funds distributed to the centers have been expended, and for all other years during the postaward monitoring. The centers may contract with an independent accountant for an agreed-upon procedures engagement. This was changed from the requirement of annual audits until the completion of the Centers of Excellence Commission's postaward monitoring, which lasted for no fewer than 6 years and no more than 10 years following center designation.
- The centers of research excellence program is considered an ongoing program of the Department of Commerce. (The centers of excellence program had an established expiration date.)

As of November 2012, a total of $3,681,250 has been awarded for centers of research excellence grants:

NDSU	
Center for Life Sciences Research and Applications	$1,350,000
Center for Technologically Innovative Processes and Products	320,000
Center for Technologically Innovative Processes and Products 2	1,011,250
UND	
Center for Avian Therapeutics for Infectious Diseases	700,000
Center for Gas Utilization	300,000
Total	$3,681,250

The Department of Commerce anticipates awarding a total of $4 million to NDSU for centers of research excellence grants for the 2011-13 biennium.

[4]Of the $4 million available to UND through the centers of research excellence program, $3 million is to be used for base realignment grants. The Legislative Assembly in 2011 provided the department award base realignment grants to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission, or grants for infrastructure and economic development projects or programs to accommodate growth in proximity to or at the Grand Forks Air Force Base. Any funds not committed within the first 18 months of the biennium may be used by the Centers of Excellence Commission for the centers of research excellence program. As of November 2012, a total of $2,680,400 has been awarded for base realignment grants:

UND	
Global Hawk sensor operator part task trainer	$878,204
Joint Distributed Common Ground System	125,706
North Dakota Unmanned Aircraft Systems Airspace Initiative (Phase 2)	255,440
Airspace Integration Team - UAS National Test Site	500,000
Enhanced Use Lease for Grand Forks Air Force Base	921,050
Total	$2,680,400

The Department of Commerce anticipates awarding a total of $3 million to UND for base realignment grants and $1 million to the university for centers of research excellence grants for the 2011-13 biennium.

[5]The 2011-13 biennium estimated ending balance includes $2,506,000 that is anticipated to be obligated for centers of research excellence proposals approved in the 2011-13 biennium.

[6]The 2013-15 biennium estimated ending balance includes $1 million that is anticipated to be obligated for centers of research excellence proposals approved in the 2011-13 biennium.

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$0		$0
Add estimated revenues and general fund transfers				
Transfers to date from the tobacco settlement trust fund	$2,012,722[1]		$0	
Projected remaining transfers from the tobacco settlement trust fund	2,000,000[2]		$4,000,000[2]	
Total estimated revenues		4,012,722[3]		4,000,000[3]
Total available		$4,012,722		$4,000,000
Less estimated expenditures and transfers				
State Department of Health (2011 HB 1004, 2013 SB 2004)				
Tobacco prevention and control, including the Tobacco Quitline and the tobacco cessation coordinator and operating expenses	$3,210,178[4]		$3,220,354[4]	
Dentists' loan program	200,000[5]		340,000[5]	
Physician and medical loan repayment program	0[6]		0[6]	
Veterinarian loan repayment program	300,000[7]		0[7]	
Women's Way program	302,544[8]		400,500[8]	
Dental grant program	0[9]		25,000[9]	
Total estimated expenditures and transfers		4,012,722		3,985,854
Estimated ending balance		$0		$14,146

[1]As of November 2012, $2,012,722 has been transferred from the tobacco settlement trust fund for the 2011-13 biennium. Total transfers of $31,885,085 have been made from the tobacco settlement trust fund to the community health trust fund.

[2]Revenues - Interest earned on the community health trust fund is deposited in the state general fund. Community health trust fund revenues have been estimated based on the average of actual revenues received into the community health trust fund in fiscal years 2011 and 2012.

[3]Initiated measure No. 3 (2008) resulted in the following estimated allocation of the revised estimated collections for tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	$36.4 million	N/A	$16.4 million	$16.4 million	$3.6 million
Actual payment April 2009	39.2 million	$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	62.8 million	22.6 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	$548.7 million	$110.4 million	$197.2 million	$197.2 million	$43.9 million

In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect full payment.

[4]North Dakota Century Code Section 54-27-25 provides money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The Legislative Assembly in 2003 authorized the establishment of a telephone "Tobacco Quitline." The Legislative Assembly in 2007 increased the funding for the quitline to provide nicotine replacement therapy and cessation counseling. The Legislative Assembly in 2007 authorized 1 full-time equivalent (FTE) tobacco prevention coordinator position and related funding for salaries and wages and operating expenses for the position. The Legislative Assembly in 2011 did not approve direct funding for the quitline or the tobacco prevention coordinator position, but appropriated $3,510,496 from the community health trust fund to the State Department of Health for tobacco prevention and control programs for the 2011-13 biennium. The department anticipates expending $3,210,178 from the fund for the 2011-13 biennium. The 2013-15 executive budget recommendation provides $3,220,354 from the community health trust fund to the department for tobacco prevention and control programs for the 2013-15 biennium.

In the November 2008 general election, voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure also provides that 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. Based on estimated tobacco settlement trust fund transfers during the 2013-15 biennium, tobacco prevention and control expenditures from the community health trust fund are required to total $3.2 million.

[5]The dentists' loan repayment program, which is administered by the Health Council, was established in 2001 Senate Bill No. 2276 (Chapter 43-28.1). Each year the Health Council is to select up to three dentists who agree to provide dental services in the state. The dentists are eligible to receive funds, not to exceed a total of $80,000 per applicant, for the repayment of their educational loans. The funds are payable over a four-year period ($20,000 per year). The dental loan repayment program is to provide the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota. Senate Bill No. 2152 (2007) provides a dentist practicing in Bismarck, Fargo, or Grand Forks must have received dental medical payments of at least $20,000 in the form of medical assistance reimbursement or practiced at least two full workdays per week at a public health clinic or nonprofit dental clinic in order to qualify for the dentists' loan repayment program. The Legislative Assembly in 2011 appropriated $440,000, of which $180,000 is from the general fund and $260,000 is from the community health trust fund, for the dentists' loan repayment program. The department anticipates expending $200,000 from the fund for the dentists' loan repayment program for the 2011-13 biennium. The 2013-15 executive budget recommendation includes $520,000, of which $180,000 is from the general fund and $340,000 is from the community health trust fund, for the dentists' loan repayment program, $80,000 more than the 2011-13 biennium legislative appropriation. Dentists accepted into the program per biennium include:

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2001-03 biennium (3)	Minot (2) Larimore
2003-05 biennium (6)	Fargo Community Health Center New Rockford Grand Forks Fargo Bismarck West Fargo
2005-07 biennium (4)	Fargo Community Health Center Bismarck (serving special populations) Mott Minot

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2007-09 biennium (6)	Park River Bismarck Grand Forks Cando/Devils Lake Rugby Wishek
2009-11 biennium (6)	Bismarck Fargo Jamestown Larimore Valley City Williston
2011-13 biennium (6 to date)	Bowman Hazen Langdon/Walhalla Carrington Cavalier Williston

[6]Chapter 43-17.2 provides for the state community matching physician loan repayment program. A qualifying physician may receive up to $22,500 per year for up to two years for a total of $45,000. Section 43-12.2-01 provides for qualifying mid-level practitioners to receive loan repayments totaling up to $30,000 over two years, of which $15,000 is provided by the state. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and mid-level practitioners. The Legislative Assembly in 2009 Senate Bill No. 2227 removed the limit on the number of recipients and increased the limit on the maximum loan repayment from $10,000 to $30,000 for the medical personnel loan repayment program relating to mid-level practitioners. The Legislative Assembly in 2011 approved $420,000, of which $345,000 is from the general fund and $75,000 is from the community health trust fund, for the medical personnel loan repayment program for the 2011-13 biennium. The department does not anticipate using funding from the community health trust fund for the physician and medical loan repayment program; however, the department anticipates $299,289 will be provided from the general fund during the 2011-13 biennium. The 2013-15 executive budget recommendation does not include funding from the community health trust fund for the physician and medical loan repayment program; however, $576,788 has been provided from the general fund, $156,788 more than the 2011-13 biennium. Physicians and mid-level practitioners accepted into the program per biennium include:

Biennium (Number of Physicians Accepted Into Program)	Communities Served
2007-09 biennium (4)	Dickinson (2) Devils Lake Wishek
2009-11 biennium (5)	Dickinson (2) Jamestown Wahpeton Williston
2011-13 biennium (6 to date)	Williston (2) Fargo Linton Valley City Mayville

Biennium (Number of Mid-Level Practitioners Accepted Into Program)	Communities Served
2007-09 biennium (3)	Grafton Turtle Lake/McClusky Williston/Bowman
2009-11 biennium (2)	Oakes (2)
2011-13 biennium (3 to date)	Oakes (2) Mayville

[7]The Legislative Assembly in 2011 appropriated $445,000, of which $135,000 is from the general fund and $310,000 is from the community health trust fund, for the veterinarian loan repayment program during the 2011-13 biennium. The department anticipates expending $300,000 from the community health trust fund for the veterinarian loan repayment program for the 2011-13 biennium. The 2013-15 executive budget recommends $485,000 from the general fund for the veterinarian loan repayment program, $40,000 more than the legislative appropriation for the 2011-13 biennium.

[8]The Legislative Assembly in 2011 provided $400,500 from the community health trust fund for the Women's Way program. The department anticipates expending $302,544 from the fund for the Women's Way program for the 2011-13 biennium. The 2013-15 executive budget recommendation includes $400,500 from the community health trust fund for the Women's Way program, the same as the legislative appropriation for the 2011-13 biennium.

[9]Senate Bill No. 2152 (2007) provided for a dental grant program. A dentist who has graduated from an accredited dental school within the previous five years and is licensed to practice in North Dakota may submit an application to the Health Council for a grant for the purpose of establishing a dental practice in North Dakota cities with a population of 7,500 or less. The Health Council may award a maximum of two grants per year with a maximum grant award of $50,000 per applicant to be used for buildings, equipment, and operating expenses. The community in which the dentist is located must provide a 50 percent match. The grant must be distributed in equal amounts over a five-year period, and the dentist must commit to practice in the community for five years. The Legislative Assembly in 2011 appropriated $30,000, of which $20,000 is from the general fund and $10,000 is from the community health trust fund, for the dental grant program during the 2011-13 biennium. The State Department of Health continues to make payments related to one grant awarded to a dentist in Larimore during the 2009-11 biennium and has not had any applicants during the 2011-13 biennium. The 2013-15 executive budget recommends $25,000 from the community health trust fund for the dental grant program, $5,000 less than the legislative appropriation for the 2011-13 biennium.

FUND HISTORY

Section 54-27-25 created by 1999 House Bill No. 1475 established the community health trust fund. This section creates a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund as follows:

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 percent to the water development trust fund.

In the November 2008 general election, voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement relating to strategic contribution payments, which began in 2008 and continues through 2017, will be deposited beginning in 2009 into the newly created tobacco prevention and control trust fund. The measure also provides 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. Future tobacco settlement payments will be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25, as amended by the measure.

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$420,036		$396,784
Add estimated revenues				
Investment earnings	$7,633		$2,334	
Loan repayments - Principal and interest	1,070,901		1,026,297	
Total estimated revenues		1,078,534		1,028,631
Total available		$1,498,570		$1,425,415
Less estimated expenditures and transfers				
Department of Human Services increased payments to basic care and long-term care facilities (2011 HB 1325)	$546,786[1]			
Department of Human Services one-time grant to a government nursing facility that participated in the intergovernmental transfer payment program ($200,000) and to a hospital in a city which also has a government nursing facility that participated in the intergovernmental transfer payment program (2011 SB 2012)	400,000			
State Department of Health one-time costs to establish a nurse aide registry (2011 HB 1041)	155,000			
State Department of Health operation and maintenance of the nurse aide registry			167,725[2]	
Total estimated expenditures and transfers		1,101,786[2]		167,725[2]
Estimated ending balance		$396,784		$1,257,690

[1]House Bill No. 1325 (2011) provides a special funds appropriation of $1,255,979, of which $546,786 is from the health care trust fund and $679,193 is from federal funds, to the Department of Human Services for increased payments to basic care and long-term care facilities due to establishment of a bed layaway program.

[2]Section 6 of 2011 House Bill No. 1041 amends North Dakota Century Code Section 50-30-02 to provide money in the health care trust fund may not be included in draft appropriation Acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry as provided for in this section.

FUND HISTORY

The health care trust fund was established by the Legislative Assembly in 1999 Senate Bill No. 2168 for providing nursing alternative loans or grants. The Legislative Assembly in 2001 House Bill No. 1196 provided money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money was generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVille and Dunseith. Payments were made based on the average amount Medicare rates exceeded Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds were available for these payments and required a state match. Payments were made to the two government nursing facilities and were subsequently returned to the state, less a $50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share was returned to its source, and the federal funds were deposited in the health care trust fund. Money in the fund is invested by the State Investment Board, and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004.

ANALYSIS OF THE LEGACY FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$0		$1,204,118,844
Add estimated revenues				
30 percent of oil and gas gross production and extraction tax collections	$1,073,326,152[1]		$1,481,076,825[2]	
Transfer of oil and gas tax revenues from strategic investment and improvements fund	115,851,159[3]		234,953,556[3]	
Transfer of other revenue sources from strategic investment and improvements fund	9,141,533[4]		47,395,163[4]	
Investment earnings	5,800,000		18,800,000	
Total estimated revenues		1,204,118,844		1,782,225,544
Total available		$1,204,118,844		$2,986,344,388
Total estimated expenditures and transfers		0[5]		0[5]
Estimated ending balance		$1,204,118,844		$2,986,344,388

[1]The amount shown for the 2011-13 biennium reflects actual collections through November 2012 and the December 2012 executive revenue forecast for oil price and production for the remainder of the 2011-13 biennium. This amount does not reflect any transfers from the strategic investment and improvements fund.

[2]Estimated revenues - The executive budget revenue forecast for the 2013-15 biennium projects oil and gas gross production tax and oil extraction tax revenues to total $4,936,992,750 for the 2013-15 biennium, excluding the tribal share of oil produced on Indian reservations. Thirty percent of the projected revenues is $1,481,076,825. This amount does not reflect any transfers from the strategic investment and improvements fund.

[3]Pursuant to North Dakota Century Code Section 15-08.1-08, if the unobligated balance of the strategic investment and improvements fund exceeds $300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund. This amount does not reflect additional transfers from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue.

[4]This amount reflects transfers to the legacy fund from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue, pursuant to Section 15-08.1-08.

[5]The principal and earnings of the legacy fund may not be spent until after June 30, 2017.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 26, of the Constitution of North Dakota--to provide 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

ANALYSIS OF THE PROPERTY TAX RELIEF SUSTAINABILITY FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$295,000,000		$1,086,557,676
Add estimated revenues				
Allocation of oil and gas tax revenues (Section 9 of 2011 HB 1451)	$341,790,000		$341,790,000	
Transfer from general fund for continuation of 75-mill buydown through integrated school aid formula for the 2013-15 biennium (Section 3 of 2013 HB 1015)	53,832,720			
Transfer from general fund for additional 60-mill buydown through integrated school aid formula for the 2013-15 biennium (Section 3 of 2013 HB 1015)	318,551,118			
Transfer from general fund for continuation of 135-mill buydown through integrated school aid formula for the 2015-17 biennium (Section 3 of 2013 HB 1015)	372,383,838			
Total estimated revenues		1,086,557,676		341,790,000
Total available		$1,381,557,676		$1,428,347,676
Less estimated expenditures and transfers				
Transfer to general fund (Section 14 of 2011 HB 1047)	$295,000,000			
Integrated formula payments for mill levy reduction for the 2013-15 biennium (Section 5 of 2013 HB 1013)			$714,173,838	
Total estimated expenditures and transfers		295,000,000		714,173,838
Estimated ending balance		$1,086,557,676		$714,173,838

FUND HISTORY

North Dakota Century Code Section 57-64-05 (2009 Senate Bill No. 2199) establishes a property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of $295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 (2011 House Bill No. 1451) provides for an allocation of the state's share of oil and gas tax revenues of $341,790,000 each biennium to the property tax relief sustainability fund after an allocation of $200 million to the general fund.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$155,940,058		$265,172,286
Add estimated revenues				
Oil extraction tax collections	$384,785,707		$546,953,350	
Repayments and reimbursements	6,138,120		8,614,000	
Investment earnings/miscellaneous income	1,410,000		1,359,000	
Total estimated revenues		392,333,827[1]		556,926,350
Total available		$548,273,885		$822,098,636
Less estimated expenditures and transfers				
State Water Commission - Grants, projects, and project administration, including expenditures approved by the Budget Section pursuant to 2011 SB 2020 and 2011 SB 2371	$273,101,599[2]		$700,875,000[3]	
State Water Commission - Western Area Water Supply Authority $25 million zero interest loan (2011 SB 2020)	0[2]			
Bank of North Dakota - Western Area Water Supply Authority 5 percent interest loan pursuant to 2011 HB 1206	10,000,000[2]			
Transfer to renewable energy development fund			2,734,767[4]	
Transfer to energy conservation grant fund			2,734,767[4]	
Total estimated expenditures and transfers		283,101,599[2]		706,344,534
Estimated ending balance		$265,172,286		$115,754,102

[1]Estimated revenues - 2011-13 - The estimated revenues for the 2011-13 biennium reflect actual revenues through October 2012 and estimated revenues for the remainder of the biennium based on the executive revenue forecast. The current estimate of revenues for the biennium is $179,135,484 more than the estimate of $213,198,343 made at the close of the 2011 special legislative session in November 2011. The increase is attributable to the following changes:

Increase in oil extraction tax collections	$176,152,295
Increase in repayments and reimbursements	2,643,120
Increase in investment income	340,069
Net increase from revenue amount previously estimated for 2011-13	$179,135,484

[2]Sections 1 and 4 of 2011 Senate Bill No. 2020 appropriated $332.4 million, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2011-13 biennium. The Legislative Assembly added 1 full-time equivalent (FTE) Water Development Division director position funded from the resources trust fund ($231,899) and appropriated an additional $500,000 from the resources trust fund for a remote metering device reimbursement program. The sections relating to the remote metering of water permits were vetoed by Governor Jack Dalrymple. The Legislative Assembly required the commission receive Budget Section approval prior to the expenditure of any funds in excess of funding appropriated to the commission for water and atmospheric resources. In addition, the Legislative Assembly in 2011 House Bill No. 1206 provided the commission make available, from funding appropriated from the resources trust fund for projects, $25 million for a zero interest loan to the Western Area Water Supply Authority. House Bill No. 1206 also appropriated $10 million from the resources trust fund to the Bank of North Dakota for a 5 percent loan to the Western Area Water Supply Authority.

The Legislative Assembly, during its special legislative session in November 2011, appropriated $50 million from the resources trust fund to defray the expenses of the commission (2011 Senate Bill No. 2371), subject to Budget Section approval as provided in Section 4 of Senate Bill No. 2020 relating to the appropriation of additional income in the resources trust fund and the water development trust fund. The Budget Section approved the State Water Commission's requests pursuant to Senate Bill No. 2371 and Section 4 of Senate Bill No. 2020 to spend $50 million of additional funding available in the resources trust fund for the following projects:

December 2011 Budget Section meeting	
City of Minot	$2,500,000
City of Valley City	3,000,000
Souris River Joint Water Resource District	50,000
March 2012 Budget Section meeting	
Burleigh County property acquisitions	1,425,000
City of Minot	17,750,000
City of Burlington	1,039,000
Ward County	11,500,000
June 2012 Budget Section meeting	
Burleigh County storm water pump station	1,282,400
City of Sawyer property acquisitions	184,260
Mouse River additional engineering for flood protection plan	1,926,750
Future property acquisitions for flood control in McHenry and Ward Counties and the city of Minot as determined by the State Water Commission	9,342,590
Total 2011-13 biennium requests approved by the Budget Section	$50,000,000

The State Water Commission estimates 2011-13 expenditures from the resources trust fund to total $283.1 million.

[3]Sections 1 and 4 of 2013 House Bill No. 1020 appropriate $700.9 million, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2013-15 biennium. If funding available from the resources trust fund for water projects for the 2013-15 biennium exceeds $515 million, Section 6 of House Bill No. 1020 provides legislative intent that, of the funds appropriated to the State Water Commission in the water and atmospheric resources line item, $60 million from the resources trust fund is provided to the State Water Commission for the purpose of paying off or defeasing the commission's outstanding bond issues. Funding from the water development trust fund provided for bond payments ($16.9 million) and contingent funding from the resources trust fund ($60 million) totaling $76.9 million would be available to defease State Water Commission outstanding bond issues of $75,250,000 and pay related fees.

[4]The executive recommendation provides for transfers of one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund to each the renewable energy development fund and a newly created energy conservation grant fund to provide energy conservation and efficiency grants to political subdivisions.

FUND HISTORY

The resources trust fund was created pursuant to passage of measure No. 6 in the November 1980 general election. Measure No. 6 created a 6.5 percent oil extraction tax, 10 percent of which was to be allocated to the resources trust fund. In June 1990 the Constitution of North Dakota was amended to establish the resources trust fund as a constitutional trust fund and provide that the principal and income of the fund could be spent only upon legislative appropriations for:

- Constructing water-related projects, including rural water systems.
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

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

North Dakota Century Code Section 57-51.1-07, as amended by 2011 Senate Bill No. 2129, provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund.
- 20 percent allocated as provided in Article X, Section 24, of the Constitution of North Dakota.
- 30 percent to the legacy fund.
- 30 percent to be allocated to the state's general fund with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in 2011 House Bill No. 1451.

The 2013-15 executive budget recommendation provides for transfers of one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund to each the renewable energy development fund and a newly created energy conservation grant fund to provide energy conservation and efficiency grants to political subdivisions.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$0		$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on four-tenths of 1 percent)		207,589,524[1]		246,492,609
Total available		$207,589,524		$246,492,609
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	$111,475,574		$132,366,531	
City share (46.3 percent)	96,113,949		114,126,078	
Total estimated expenditures and transfers		207,589,524		246,492,609
Estimated ending balance		$0		$0

NOTE: The amounts shown reflect the revised 2011-13 revenue forecast (December 2012) and the executive budget revenue forecast for the 2013-15 biennium.

[1]Total revenues of $136,110,767 were anticipated to be deposited in the fund for the 2011-13 biennium based on the forecast at the close of the 2011 regular legislative session.

FUND HISTORY

North Dakota Century Code Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The Legislative Assembly in 1997 amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions.

The Legislative Assembly in 1997 also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

Population Category Through June 30, 2011			
Counties	**Percentage**	**Cities (Based on Population)**	**Percentage**
17 counties with the largest population (allocated equally)	20.48%	80,000 or more	19.4%
17 counties with the largest population (allocated based on population)	43.52%	20,000 or more but less than 80,000	34.5%
Remaining counties (allocated equally)	14.40%	10,000 or more but less than 20,000	16.0%
Remaining counties (allocated based on population)	21.60%	5,000 or more but less than 10,000	4.9%
		1,000 or more but less than 5,000	13.1%
		500 or more but less than 1,000	6.1%
		200 or more but less than 500	3.4%
		Less than 200	2.6%
Total	100.00%		100.0%

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill does not change the total distribution percentages to cities and counties which remain at 53.7 percent to counties and 46.3 percent to cities. The allocation formula for specific counties and cities is:

Population Category Effective July 1, 2011		
Counties	**Percentage**	**Cities**
17 counties with the largest population (allocated equally)	20.48%	Based upon the proportion each city's population bears to total population
17 counties with the largest population (allocated based on population)	43.52%	
Remaining counties (allocated equally)	14.40%	
Remaining counties (allocated based on population)	21.60%	
Total	100.00%	

ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE 2007-09, 2009-11, 2011-13, AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2007-09 Biennium Actual		2009-11 Biennium Actual		2011-13 Biennium Estimates		2013-15 Biennium Executive Budget	
Beginning balance		$0		$37,623,216		$34,675,167		$56,196,726
Add revenues								
Transfer from the general fund	$43,000,000[1]							
Transfer from the permanent oil tax trust fund (2011 SB 2369)			$22,000,000[2]					
Transfer from the general fund (Section 17 of 2011 SB 2371)					$48,700,000[3]			
Interest income			199,420		92,000		$92,000	
Federal funds - Volunteer hours adjustment and local share federal-to-federal mission assignments			612,263					
National Guard reimbursements			136,057		3,240,000		1,060,000	
Oil and gas tax collections					22,000,000[4]		22,000,000[4]	
Total revenues		43,000,000		22,947,740		74,032,000		23,152,000
Total available		$43,000,000		$60,570,956		$108,707,167		$79,348,726
Less estimated expenditures								
Emergency snow removal grants (2009 SB 2012; 2011 SB 2369)	$5,376,784[5]		$9,000,000[6]					
Costs relating to disasters occurring prior to 2009			513,321[7]		$828,393[8]			
Costs relating to 2009 flooding			5,739,762[7]		6,090,232[8]			
Costs relating to the January 2010 winter snowstorm			1,506,693[7]		319,491[3]			
Costs relating to 2010 flooding			3,390,192[7]		1,757,993[3]			
Costs relating to the April 2010 ice storm			2,854,089[7]		989,127[3]			
Costs relating to the April 2011 blizzard			16,937[7]					
Costs relating to 2011 flooding			2,874,795[7]		13,125,205[3,9,10]		$12,000,000	
Costs relating to flooding in incorporated cities					3,200,000[10]			
Disaster response coordination contract (2011 SB 2016)					400,000[10,11]		400,000[11]	
State disasters and flood mitigation efforts (2011 SB 2016; 2011 SB 2369)					4,800,000[10]			

	2007-09 Biennium Actual		2009-11 Biennium Actual		2011-13 Biennium Estimates		2013-15 Biennium Executive Budget	
Contingent appropriation for 2012 disaster event (Section 16 of 2011 SB 2371)					5,000,000[3]			
Flood-impacted housing assistance grant program (Section 9 of 2011 SB 2371)					10,000,000[3]			
Road grade raising projects - Department of Transportation (Section 14 of 2011 SB 2371)					6,000,000[3]			
Disaster recovery planning and technical services							1,500,000[13]	
Total estimated expenditures and transfers		5,376,784		25,895,789		52,510,441[12]		13,900,000
Estimated ending balance		$37,623,216		$34,675,167		$56,196,726		$65,448,726[14]

[1]Section 5 of 2009 Senate Bill No. 2012 provided the Office of Management and Budget (OMB) transfer $43 million from the general fund to the state disaster relief fund during the 2007-09 biennium.

[2]Senate Bill No. 2369 (2011) provided a $22 million transfer from the permanent oil tax trust fund to the state disaster relief fund and authorized the Adjutant General to use this funding for costs associated with state disasters and flood mitigation efforts.

[3]Section 17 of 2011 Senate Bill No. 2371 provided OMB transfer $48.7 million from the general fund to the state disaster relief fund during the 2011-13 biennium for the following purposes:

Relief Assistance	Transfer Amount	Appropriation Authority
Disaster-related expenses	$32,700,000	Section 15 of 2011 Senate Bill No. 2371 provided appropriation authority of $29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters. Section 16 of Senate Bill No. 2371 provided a contingent appropriation of $5 million from the state disaster relief fund to the Adjutant General relating to grants to political subdivisions for a portion of the local share required to match federal emergency relief funding. The funding is contingent upon a 2012 disaster event exceeding $50 million in damages across the state.
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. • Funding to political subdivisions for flood-impacted housing rehabilitation. Funding must be used as deemed most effective in that community to assist homeowners in rehabilitation or replacement of their flood-damaged homes and to retain homeowners in the community.
Road grade raising grants	6,000,000	Section 14 of Senate Bill No. 2371 appropriated $6 million from the state disaster relief fund to the Department of Transportation for grants to counties for road grade raising projects on federal aid eligible roads.
Total	$48,700,000	

[4]House Bill No. 1451 (2011) created a new section to North Dakota Century Code Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

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

For the 2011-13 biennium, the deposit of $22 million of oil and gas tax collections in the state disaster relief fund occurred in October 2012.

[5]Section 6 of 2009 Senate Bill No. 2012 authorized up to $20 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships in accordance with Section 7 of Senate Bill No. 2012. Section 7 of Senate Bill No. 2012 provided a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 50 percent of the costs incurred by the county, township, or city for the period January 2009 through March 2009 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed these grants prior to June 30, 2009.

[6]Section 2 of 2011 Senate Bill No. 2369 authorized up to $9 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships. Section 2 of Senate Bill No. 2369 provided a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed $9 million in grants prior to June 30, 2011, and reported to the Budget Section regarding the grants awarded under this section on September 15, 2011.

[7]Section 6 of 2009 Senate Bill No. 2012 authorized up to $23 million from the state disaster relief fund to be used for paying costs relating to the 2009 flood disaster, snow removal damage to roads, and other disasters in accordance with Section 8 of Senate Bill No. 2012. Section 8 of Senate Bill No. 2012 provided a political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 may apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding.

[8]Section 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.

[9]Section 5 of 2011 Senate Bill No. 2016 appropriated $3.5 million from the state disaster relief fund to the Adjutant General for the purpose of providing the required state share of funding for defraying the expenses associated with presidential-declared disasters pursuant to Section 37-17.1-27.

[10]Section 4 of 2011 Senate Bill No. 2369 appropriated $22 million from the state disaster relief fund for flood-related costs for the remainder of the 2009-11 biennium and for the 2011-13 biennium. Subject to Emergency Commission and Budget Section approval, the Adjutant General may use the funding for city flood mitigation projects (up to $3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state. In September 2011 the Adjutant General received Emergency Commission and Budget Section approval for 2011-13 expenses of $17.5 million for flood disasters, $1.2 million for funding specific city flood mitigation projects, and $4.8 million for road grade raising and matching grants to political subdivisions.

[11]In 2011 Senate Bill No. 2016, the Legislative Assembly provided authority to the Department of Emergency Services to utilize funding from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters. The executive budget recommends funding of $400,000 for continuing the disaster response coordination contract services for the 2013-15 biennium.

[12]Total 2011-13 state disaster relief fund appropriation authority provided to the Adjutant General consists of:

$22,000,000	see Footnote 10
3,500,000	see Footnote 8
7,842,304	see Footnote 7
400,000	see Footnote 11
42,700,000	see Footnote 3
$76,442,304	

[13]The executive budget recommends 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.

[14]The Adjutant General estimates of this amount, $5 million will be obligated for 2011 disaster relief but will not be disbursed until future bienniums.

FUND HISTORY

Section 3-17.1-27 (Section 4 of 2009 Senate Bill No. 2012) establishes a state disaster relief fund. In 2011 Senate Bill No. 2369, the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidential-declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. Any interest or other fund earnings must be deposited in the fund. The executive budget recommends amending Section 37-17.1-27 to remove the Budget Section approval requirement, expand the use of funds to include contracting for disaster recovery and mitigation planning and program coordination services, and provide the Adjutant General report to the Budget Section on fund expenditures as requested.

ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance (transferred from the lands and minerals trust fund)		$249,074,431[1]		$836,665,794
Add estimated revenues				
Production royalties	$115,342,374[2]		$158,160,750[2]	
Mineral leases	421,325[2]		400,000[2]	
Oil and gas bonuses	85,634,745[2]		32,000,000[2]	
Investment earnings	1,951,361[2]		3,133,795[2]	
Oil and gas tax collections	815,640,252[3]		939,814,225[3]	
Total estimated revenues		1,018,990,057		1,133,508,770
Total available		$1,268,064,488		$1,970,174,564
Less estimated expenditures and transfers				
Transfer to legacy fund from oil and gas tax revenue	$115,851,159[4]		$234,953,556[4]	
Transfer to legacy fund from other revenue sources	9,141,533[4]		47,395,163[4]	
Transfer to the general fund (2011 SB 2015)	305,000,000			
Expanded school construction loan program			200,000,000	
Unmanned aerial system (UAS) site operations			4,000,000	
Administrative costs/other fees	1,406,002		1,740,000	
Total estimated expenditures and transfers		431,398,694		488,088,719
Estimated ending balance		$836,665,794		$1,482,085,845
Restricted fund income				
Reserve relating to potential title disputes		$109,593,447[5]		$117,593,447[5]
Bank of North Dakota - Maintain guarantee reserve fund balance (2011 SB 2306)		6,250,000[6]		6,250,000[6]
Ending balance - Undesignated		$720,822,347		$1,358,242,398

[1]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 bill stated it is the intent of the Legislative Assembly that the fund be used for one-time expenditures relating to improving state infrastructure or initiatives to improve the efficiency and effectiveness of state government.

[2]The Department of Trust Lands' projections are based on actual revenues through October 2012 and the December 2012 executive revenue forecast for oil price and production for the remainder of the 2011-13 biennium and the 2013-15 biennium.

[3]House Bill No. 1451 (2011) created a new section to North Dakota Century Code Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

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

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

The amount shown for the 2011-13 biennium reflects actual collections through November 2012 and the December 2012 executive revenue forecast for oil price and production for the remainder of the 2011-13 biennium. The executive budget revenue forecast for the 2013-15 biennium projects oil and gas gross production tax and oil extraction tax revenues to total $4,936,992,750 for the 2013-15 biennium, excluding the tribal share of oil produced on Indian reservations. The amount allocated to the strategic investment and improvements fund after allocations to the general fund, the property tax relief sustainability fund, and the state disaster relief fund is estimated to be $939,814,225. These amounts do not reflect any transfers to the legacy fund.

[4]Pursuant to Section 15-08.1-08, if the unobligated balance of the strategic investment and improvements fund exceeds $300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund.

[5]These funds represent oil and gas bonuses received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Based on the outcome of legal settlements, these funds may need to be returned. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve pending the settlement of mineral ownership title disputes.

[6]Senate Bill No. 2306 (2011) provided guarantees on fuel production facility loans administered by the Bank of North Dakota be increased by $10.5 million to $12.5 million, and the value of all fuel production facility loan guarantees is increased by $15 million, from $10 million to $25 million. Money in the strategic investment and improvements fund is available to the Bank to maintain 25 percent of the guarantee reserve fund balance not to exceed a total of $6.25 million. Any money transferred from the strategic investment and improvements fund to maintain the guarantee reserve fund is available to reimburse lenders for guaranteed loans in default.

FUND HISTORY

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests.

All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the strategic investment and improvements fund, pursuant to Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

If the unobligated balance in the fund at the end of any month exceeds $300 million, 25 percent of any revenues received for deposit in the fund in the subsequent month must be deposited instead into the legacy fund. Unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING BOTH THE 1979 AND 1996 BOND RESOLUTIONS AND THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium[1]		2013-15 Biennium[1]	
Beginning balance		$45,793,541		$40,113,797
Add estimated revenues				
Fund earnings (net)	$325,000[2]		$250,000[2]	
Total available		$46,118,541		$40,363,797
Less estimated expenditures and transfers				
Funding for veterinary medical education program	$465,307[3]		$465,307[6]	
Funding for North Dakota University System information technology services	539,437[4]		539,437[7]	
Transfer to North Dakota Student Loan Guarantee Agency	5,000,000[5]			
Total estimated expenditures and transfers		6,004,744		1,004,744
Estimated ending balance		$40,113,797		$39,359,053

[1]This analysis reflects the estimated revenues, expenditures, and ending balance for **both the 1979 and 1996 bond resolutions**. Prior analyses of the student loan trust fund have not included information for the 1996 bond resolution. Prior to fiscal year 2012, permission was needed from the Ambac Assurance Corporation to use any assets from the 1996 bond resolution. However, there are no longer any bonds insured by the Ambac Assurance Corporation.

[2]The projected income for the 2011-13 and 2013-15 bienniums is based on interest rates as of December 1, 2012, and is net of the Industrial Commission and trustee expenses.

[3]The Legislative Assembly in 2011 provided $465,307 of funding from the student loan trust fund for the Kansas State University veterinary medical education program. This represents a funding decrease of $525,663 from the 2009-11 biennium program appropriation from the student loan trust fund. The Legislative Assembly in 2011 provided a general fund increase of $510,000 for the program to offset the reduced funding from the student loan trust fund.

[4]The Legislative Assembly in 2011 provided $539,437 of funding from the student loan trust fund for the University System information technology services pool for ConnectND positions within the University System. This represents a funding decrease of $481,163 from the 2009-11 biennium program appropriation from the student loan trust fund. The Legislative Assembly in 2011 provided the information technology services pool with a general fund increase of $590,000 to offset the reduced funding from the student loan trust fund.

[5]Pursuant to the provisions of the 1996 bond resolution, the Industrial Commission on October 23, 2012, authorized the transfer of $5 million from the student loan trust fund to the North Dakota Student Loan Guarantee Agency to maintain the reserve requirements for projected alternative loan guarantees.

[6]The 2013-15 executive budget recommendation includes $465,307 of funding from the student loan trust fund for the Kansas State University veterinary medical education program. This represents the same level of funding as provided in the 2011-13 biennium.

[7]The 2013-15 executive budget recommendation 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. This represents the same level of funding as provided in the 2011-13 biennium.

FUND HISTORY

The Legislative Assembly in 1971 authorized the Industrial Commission to acquire and hold all unpaid government-guaranteed or reinsured student loans and North Dakota student loans belonging to the state or any of its agencies. As a result, the student loan trust fund was created which enabled the state to sell tax-exempt bonds and use the proceeds for purchasing student loans made or acquired by the Bank of North Dakota.

The student loan trust fund does not make loans to students or service loans which it acquires. The Bank continues to service those loans which the student loan trust fund holds.

The student loan trust fund is comprised of funds held under two general bond resolutions. The first general bond resolution includes funds from bonds issued in 1979, 1988, 1989, 1992, and 2004. The second general bond resolution--referred to as the 1996 bond resolution--includes funds from bonds issued in 1996, 1997, 1998, and 2000. All bond issuances prior to 2004 were insured by Ambac Assurance Corporation. There are no longer any outstanding bonds insured by Ambac Assurance Corporation.

Under both of the bond resolutions, assets may only be used for:

- Purchase of student loans.
- Payment of debt service to bondholders.
- Providing financial assistance to the North Dakota Student Loan Guarantee Agency.
- Payment of any rebate liability to the federal government.
- Administration of the student loan trust fund.

After all bonds in the 1979 and 1996 bond resolutions have matured, been redeemed or defeased and all expenses paid, and the resolutions closed, any remaining assets held under the bond resolutions would be transferred to the Industrial Commission for use at its discretion and as allowed by law. As of June 30, 2012, $3.2 million in bonds remains outstanding. In order to use assets held under the 1979 and 1996 general bond resolutions for a purpose other than those stated in the general bond resolution, the administrator of the student loan trust fund must receive a certification from the trustee of the bond (Bank of North Dakota) that sufficient reserves remain for bond payments and other related program costs. Prior to 2012, permission needed to be obtained from Ambac Assurance Corporation for any use of assets held in the 1996 general bond resolution. However, there are no longer any bonds insured by Ambac Assurance Corporation.

North Dakota Century Code Section 54-17-25 provides the Industrial Commission may issue subordinate or residual bonds when the commission determines that it is appropriate or expedient to do so.

ANALYSIS OF THE TOBACCO PREVENTION AND CONTROL TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$29,556,426		$39,381,797
Add estimated revenues				
Tobacco settlement revenues collected to date	$11,392,521[1]		$0	
Projected tobacco settlement revenues	11,289,380[2]		22,578,760[2]	
Investment income	66,084		112,894	
Total estimated revenues		22,747,985[3]		22,691,654[3]
Total available		$52,304,411		$62,073,451
Less estimated expenditures and transfers				
Tobacco Prevention and Control Executive Committee expenditures	$12,922,614[4]		$13,016,197[4]	
Total estimated expenditures and transfers		12,922,614		13,016,197
Estimated ending balance		$39,381,797		$49,057,254

[1]As of November 2012, the state has received tobacco settlement payments totaling $31,519,737 for the 2011-13 biennium, of which $20,127,216 was deposited in the tobacco settlement trust fund and $11,392,521 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of $367,842,018, including $305,053,125 under subsection IX(c)(1) of the Master Settlement Agreement and $62,788,893 under subsection IX(c)(2) of the Master Settlement Agreement. Of the $367,842,018, $318,850,854 has been deposited into the tobacco settlement trust fund and $48,991,164 has been deposited into the tobacco prevention and control trust fund.

[2]Tobacco prevention and control trust fund revenues have been estimated based on the average of actual revenues received into the tobacco prevention and control trust fund in fiscal years 2011 and 2012.

[3]Initiated measure No. 3 approved in the November 2008 general election provides if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The Legislative Assembly in Section 39 of 2009 House Bill No. 1015 provided any money deposited in the water development trust fund under North Dakota Century Code Section 54-27-25 may only be spent pursuant to legislative appropriations.

The measure will result in the following estimated allocation of the revised estimated collections of the tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	$36.4 million	N/A	$16.4 million	$16.4 million	$3.6 million
Actual payment April 2009	39.2 million	$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	62.8 million	22.6 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	$548.7 million	$110.4 million	$197.2 million	$197.2 million	$43.9 million

[4]The Legislative Assembly in 2011 appropriated $12,922,614 from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Executive Committee for the purpose of providing a level of funding that will meet the annual level recommended by the Centers for Disease Control and Prevention for North Dakota as published in its *Best Practices for Comprehensive Tobacco Control* for the 2011-13 biennium. The 2013-15 executive budget recommendation provides $13,016,197 from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Executive Committee.

FUND HISTORY

The tobacco prevention and control trust fund was created as a result of voter approval of initiated measure No. 3 in the November 2008 general election. The measure added seven new sections to the North Dakota Century Code and amended Section 54-27-25 to establish the Tobacco Prevention and Control Advisory Committee and an executive committee, develop and fund a comprehensive statewide tobacco prevention and control plan, and create a tobacco prevention and control trust fund to receive tobacco settlement dollars to be administered by the executive committee. The measure provides for the advisory committee, appointed by the Governor, to develop the initial comprehensive plan and select an executive committee responsible for the implementation and administration of the comprehensive plan. The initiated measure became effective 30 days after the election (December 4, 2008).

Tobacco settlement payments received by the state under the Master Settlement Agreement are derived from two subsections of the Master Settlement Agreement. Subsection IX(c)(1) of the Master Settlement Agreement provides payments on April 15, 2000, and on April 15 of each year thereafter in perpetuity, while subsection IX(c)(2) of the Master Settlement Agreement provides for additional strategic contribution payments that began on April 15, 2008, and continue each April 15 thereafter through 2017. Section 54-27-25, created by 1999 House Bill No. 1475, did not distinguish between payments received under the separate subsections of the Master Settlement Agreement and provided for the deposit of all tobacco settlement money received by the state into the tobacco settlement trust fund. Money in the fund, including interest, is transferred within 30 days of deposit in the fund as follows:

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 percent to the water development trust fund.

The measure provides for a portion of tobacco settlement dollars received by the state to be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement will continue to be deposited in the tobacco settlement trust fund and allocated 10 percent to the community health trust fund (with 80 percent used for tobacco prevention and control), 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement will be deposited into the tobacco prevention and control trust fund. Interest earned on the balance in this fund will be deposited in the fund. The fund will be administered by the executive committee created by the measure for the purpose of creating and implementing the comprehensive plan.

The measure also provides if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The Legislative Assembly in Section 39 of 2009 House Bill No. 1015 provided any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$0		$0
Add estimated revenues				
Tobacco settlement revenues collected to date	$20,127,216[1]		$0	
Projected tobacco settlement revenues	20,000,000		40,000,000	
Total estimated revenues		40,127,216[2]		40,000,000[2]
Total available		$40,127,216[3,4]		$40,000,000[3,4]
Less estimated expenditures and transfers				
Transfers to the community health trust fund	$4,012,722		$4,000,000	
Transfers to the common schools trust fund	18,057,247		18,000,000	
Transfers to the water development trust fund	18,057,247		18,000,000	
Total estimated expenditures and transfers		40,127,216		40,000,000
Estimated ending balance		$0		$0

[1]As of November 2012, the state has received tobacco settlement payments totaling $31,519,737 for the 2011-13 biennium, of which $20,127,216 was deposited in the tobacco settlement trust fund and $11,392,521 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of $367,842,018, including $305,053,125 under subsection IX(c)(1) of the Master Settlement Agreement and $62,788,893 under subsection IX(c)(2) of the Master Settlement Agreement. Of the $367,842,018, $318,850,854 has been deposited into the tobacco settlement trust fund and $48,991,164 has been deposited into the tobacco prevention and control trust fund.

[2]Revenues - House Bill No. 1475 (1999) (North Dakota Century Code Section 54-27-25) provides interest on the money in the tobacco settlement trust fund must be retained in the fund, and the principal and interest must be allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. The interest earned on the money in the tobacco settlement trust fund will increase the amount available for transfers to the other funds. However, because of uncertainty regarding the timing of the receipt of the tobacco settlement proceeds, interest earned on the balance of the tobacco settlement trust fund has not been included in this analysis. Tobacco settlement revenues collected to date have been transferred immediately to the proper trust funds; therefore, no interest has been earned by the tobacco settlement trust fund to date.

In the November 2008 general election, voters approved initiated measure No. 3 that amends Section 54-27-25 to provide a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continues through 2017, was deposited beginning in 2009 in the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was $13,797,729, which, because it was received prior to passage of the measure, was allocated pursuant to Section 54-27-25 prior to amendment. Remaining tobacco settlement trust fund revenues have been estimated based on the average of actual revenues received into the tobacco settlement trust fund in fiscal years 2011 and 2012 and do not include anticipated strategic contribution payments, which are deposited in the tobacco prevention and control trust fund.

[3]In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending that the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect the

full payment. The total original estimated tobacco settlement collections, including payments to be received under both subsection IX(c)(1) and subsection IX(c)(2) of the Master Settlement Agreement, and the total actual and estimated collections as revised by the Office of Management and Budget are:

Biennium	1999 Original Estimated Collections	Actual and Office of Management and Budget Revised Estimated Collections
1999-2001	$57,593,770	$52,900,784
2001-03	61,143,578	53,636,363
2003-05	51,271,214	46,310,010
2005-07	51,271,214	43,828,118
2007-09	82,231,080	75,633,409
2009-11	82,231,080	64,013,596
2011-13	82,231,080	62,809,118
2013-15	82,231,080	62,578,760
2015-17	82,231,080	73,687,266
2017-25 ($58,591,490/$52,503,832 per biennium)	234,365,960	210,015,328
Total	$866,801,136	$745,412,752

[4]Initiated measure No. 3, approved by voters in the November 2008 general election, will result in the following estimated allocation of the revised estimated collections of the tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	$36.4 million	N/A	$16.4 million	$16.4 million	$3.6 million
Actual payment April 2009	39.2 million	$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	62.8 million	22.6 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	$548.7 million	$110.4 million	$197.2 million	$197.2 million	$43.9 million

FUND HISTORY

Section 54-27-25, created by 1999 House Bill No. 1475, established a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund, including interest, must be transferred within 30 days of its deposit in the fund:

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 percent to the water development trust fund.

In the November 2008 general election, voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in a new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continue through 2017, began to be deposited in 2009 into the newly created tobacco prevention and control trust fund.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2011-13 AND 2013-15 BIENNIUMS (REFLECTING THE 2013-15 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-13 Biennium		2013-15 Biennium	
Beginning balance		$25,209,356		$26,326,869
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	$9,057,247[1]		$0	
Projected remaining transfers from tobacco settlement trust fund	9,000,000[2]		18,000,000[2]	
Total estimated revenues		18,057,247[3]		18,000,000[3]
Total available		$43,266,603		$44,326,869
Less estimated expenditures and transfers				
State Water Commission (2011 SB 2020; 2013 HB 1020)				
Water projects	$0[4]		$27,368,500[5]	
Bond payments	16,939,734[4]		16,881,500[5]	
Total estimated expenditures and transfers		16,939,734		44,250,000
Estimated ending balance		$26,326,869		$76,869

[1]As of November 2012, $9,057,247 has been transferred from the tobacco settlement trust fund for the 2011-13 biennium. Total transfers of $143,482,884 have been made from the tobacco settlement trust fund to the water development trust fund.

[2]Revenues - Interest earned on the water development trust fund is deposited in the state general fund. Water development trust fund revenues have been estimated based on the average of actual revenues received into the water development trust fund in fiscal years 2011 and 2012.

[3]Initiated measure No. 3 (2008) resulted in the following estimated allocation of the revised estimated collections for tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	$36.4 million	N/A	$16.4 million	$16.4 million	$3.6 million
Actual payment April 2009	39.2 million	$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	62.8 million	22.6 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	$548.7 million	$110.4 million	$197.2 million	$197.2 million	$43.9 million

In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending that the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect full payment.

[4]The Legislative Assembly in 2011 provided a total of $37,189,734, or any additional funding that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2011-13 biennium. However, the expenditure of any funds in excess of the funding appropriated in the water and atmospheric resources line item in Section 1 of Senate Bill No. 2020 requires Budget Section approval. Bond payments for the 2011-13 biennium are estimated to total $16,939,734. The remaining balance is available for State Water Commission projects; however, the State Water Commission does not anticipate expenditures for water projects from the water development trust fund during the 2011-13 biennium.

[5]Sections 1 and 4 of 2013 House Bill No. 1020 appropriate $44,250,000, 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 2013-15 biennium, including bond payments. Bond payments for the 2013-15 biennium are estimated to total $16,881,500. The remainder of the funds appropriated totaling $27.4 million is available for water projects. However, if funding available from the resources trust fund for water projects for the 2013-15 biennium exceeds $515 million, Section 6 of House Bill No. 1020 provides legislative intent that, of the funds appropriated to the State Water Commission in the water and atmospheric resources line item, $60 million from the resources trust fund is provided to the State Water Commission for the purpose of paying off or defeasing the commission's outstanding bond issues. Funding from the water development trust fund provided for bond payments ($16.9 million) and contingent funding from the resources trust fund ($60 million) totaling $76.9 million would be available to defease State Water Commission outstanding bond issues of $75,250,000 and pay related fees.

FUND HISTORY

North Dakota Century Code Section 54-27-25, created by 1999 House Bill No. 1475, establishes a water development trust fund to be used for the long-term water development and management needs of the state. This section creates a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund:

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 percent to the water development trust fund.

In the November 2008 general election, voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement relating to strategic contribution payments, which began in 2008 and continue through 2017, will beginning in 2009 be deposited into the newly created tobacco prevention and control trust fund. The measure also provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the Tobacco Prevention and Control Executive Committee to adequately provide for the comprehensive plan. The Legislative Assembly in Section 39 of 2009 House Bill No. 1015 provided any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

Section 61-02.1-04, created by 1999 Senate Bill No. 2188, provides the principal and interest on bonds issued for flood control projects, the Southwest Pipeline Project, and an outlet to Devils Lake must be repaid with money appropriated from the water development trust fund.