ANALYSIS OF 2015-17 EXECUTIVE BUDGET

Supplement to the

Report of the Legislative Management

Budget Section

64th Legislative Assembly **January 2015**

LEGISLATIVE ANALYSIS OF 2015-17 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 3, 2014, 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 Representative Chet Pollert, heard the detailed presentation of the Governor's budget on December 3, 2014. The Governor's proposed budget is for the period beginning July 1, 2015, through June 30, 2017, or the 2015-17 biennium.

An analysis of the recommended appropriations and estimated revenues contained in the 2015-17 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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SECTION A - EXECUTIVE SUMMARY

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SUMMARY OF KEY RECOMMENDATIONS

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2015	$577,466,597[1]
Add estimated 2015-17 general fund revenues and transfers	6,752,477,071
Total resources available	$7,329,943,668
Less recommended 2015-17 general fund appropriations	7,232,580,330[2]
Estimated general fund balance - June 30, 2017	$97,363,338[3]

[1]This amount reflects the following recommendations proposed to occur prior to July 1, 2015:

- Recommended deficiency appropriations of $8,809,026 for the 2013-15 biennium
- Estimated general fund turnback of $55 million for the 2013-15 biennium
- A transfer of $103,549,332 from the general fund to the budget stabilization fund at the end of the 2013-15 biennium based on a 9.5 percent maximum balance in the fund and recommended 2015-17 general fund appropriations of $7,232,580,330
- Recommended early appropriations of $3 million in Senate Bill No. 2126

[2]This amount consists of $5,003,070,373 of ongoing general fund appropriations and $2,229,509,957 of one-time general fund appropriations.

[3]In addition, the following are other major special funds' projected June 30, 2017, balances:

- Strategic investment and improvements fund unobligated balance - $1,273.7 million
- Property tax relief fund - $341.8 million
- Foundation aid stabilization fund - $1,077.4 million
- Budget stabilization fund - $687.1 million
- Legacy fund - $6,376.8 million

TOTAL APPROPRIATIONS SUMMARY

	2013-15 Legislative Appropriations	Increase (Decrease)	2015-17 Executive Budget
General fund	$6,873,587,354	$358,992,976	$7,232,580,330
Estimated income	6,881,674,956	1,612,775,675	8,494,450,631
Total all funds	$13,755,262,310	$1,971,768,651	$15,727,030,961

2015-17 GENERAL FUND REVENUES

1. Includes **general fund revenues** of $5,370 million, $774 million, or 16.8 percent more than the 2013-15 biennium revenues as projected at the close of the May 2013 legislative session.
2. Includes an **estimated beginning general fund balance** of $577 million after an early appropriation of $3 million, deficiency appropriations of $8.8 million, and a transfer of $103.5 million to the budget stabilization fund. The projected July 1, 2013, balance made at the close of the May 2013 legislative session was $87 million.
3. Projects state agency **general fund turnback** of $55 million at the end of the 2013-15 biennium. This amount includes $35 million appropriated from the general fund in the 2013-15 biennium for state school aid integrated formula payments not anticipated to be spent.
4. Major areas of **revenue growth** compared to the **original** 2013-15 biennium forecast include:
   a. Sales and use taxes increasing by $556 million, or 22.5 percent.
   b. Individual income taxes increasing by $60.7 million, or 7.6 percent.
   c. Corporate income taxes increasing by $108 million, or 28.6 percent.
   d. Departmental collections increasing by $13.5 million, or 18.1 percent.
5. Recommends **reducing individual income tax rates** by 10 percent, decreasing general fund collections by an estimated $100 million for the 2015-17 biennium.
6. Increases **transfers from special funds** by $501.9 million, from $881.4 million in the 2013-15 biennium to $1,383.3 million in the 2015-17 biennium. Major transfers and changes include:
   a. Increases the amount transferred from the strategic investment and improvements fund from $520 million in the 2013-15 biennium to $700 million in the 2015-17 biennium.
   b. Increases the amount transferred from the property tax relief fund from $342 million in the 2013-15 biennium to $657 million in the 2015-17 biennium.
   c. Transfers $17.5 million from the lottery, $6.5 million more than the amount for the 2013-15 biennium.
   d. Transfers $6.8 million from the Mill and Elevator, the same as the amount transferred for the 2013-15 biennium.
   e. Transfers $2.03 million from the gas tax administration fund, $253,000 more than the amount authorized for the 2013-15 biennium.
7. Continues the housing incentive fund and increases the maximum allowable income tax credits available to financial institutions, corporations, and individuals for contributions to the fund from $20 million to $30 million.

OIL TAX COLLECTIONS AND ALLOCATIONS

1. Anticipates **oil prices** to range from $74 to $82 in the 2015-17 biennium. The average oil price reported by Flint Hills Resources in November 2014 for North Dakota crude oil was $60.16 per barrel, and the price on December 22, 2014, was $37.
2. **Oil production** for October 2014 averaged 1,182,174 barrels per day and is anticipated to increase to 1.22 million barrels per day by the end of the 2013-15 biennium. Oil production is anticipated to increase from 1.22 million to 1.4 million barrels per day during the 2015-17 biennium.
3. Increases the formula distributions of oil and gas gross production tax collections to political subdivisions by increasing the county allocation from 25 percent to 60 percent of the revenue generated in excess of $5 million in each county.
4. Decreases the allocation to the oil and gas impact grant fund from $240 million to $119 million per biennium.
5. Increases the allocation to the North Dakota outdoor heritage fund from $30 million to $50 million per biennium.

TAX RELIEF

1. Provides $250 million to provide property tax relief by continuing for the 2015-17 biennium, the 12 percent county tax buydown.
2. Provides $100 million for individual income tax relief by reducing all tax rate brackets by 10 percent, from a range of 1.22 to 3.22 percent to a range of 1.10 to 2.90 percent.
3. Provides $25 million for corporate income tax relief.
4. Provides $23.2 million to provide property tax relief by transferring the counties' cost-share of child welfare programs, the service payments to the elderly and disabled (SPED) program, emergency human service levy costs, and technology costs to the state beginning in January 2016 for the 2015-17 biennium.
5. Increases funding for the homestead tax credit program from $20 million to $30 million per biennium to increase the maximum income threshold from $42,000 a year to $50,000 and a cost-to-continue increase of $2 million. Also included is $8.4 million for the disabled veterans' tax credit program, an increase of $767,000 from the 2013-15 biennium.

2015-17 GENERAL FUND APPROPRIATIONS

	2013-15 Legislative Appropriations	Increase (Decrease)	2015-17 Executive Budget
Ongoing appropriations	$4,435,624,046	$567,446,327	$5,003,070,373
One-time appropriations	2,437,963,308	(208,453,351)	2,229,509,957
Total	$6,873,587,354	$358,992,976	$7,232,580,330

1. Includes general fund appropriations of $7,200 million, $359 million more than the 2013-15 legislative appropriations.
2. Major general fund appropriations increases (decreases) relate to:
   a. Office of Management and Budget - ($269.6 million)
   b. Department of Human Services - $181.0 million
   c. State Board of Higher Education - $104.3 million
   d. Recommended state employee salary and fringe benefit adjustments - $93.1 million
   e. State Treasurer - ($59.4 million)
   f. Department of Public Instruction - $76.6 million
   g. Department of Corrections and Rehabilitation - $56.4 million

2015-17 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of $8.5 billion, $1.6 billion more than the 2013-15 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
   a. Department of Transportation - $881.5 million
   b. Department of Public Instruction - $52.6 million
   c. State Water Commission - $589.2 million
   d. Department of Trust Lands - ($144 million)
   e. Industrial Commission - ($23.9 million)
   f. Attorney General - $14.4 million
   g. Estimated federal funding - $311.9 million

2015-17 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Projects "ongoing" general fund taxes and fees of $5,369.1 million and recommends $5,003.1 million of "ongoing" general fund appropriations, resulting in an estimated excess of $366 million. The executive budget also includes $26.3 million of transfers identified as "ongoing" relating to the lottery, Mill and Elevator, and gas tax administration.
2. Recommends $2,229.5 million of "one-time" general fund appropriations from the estimated $1,934.5 million of "one-time" general fund resources and $366 million of excess ongoing general fund revenues available for the 2015-17 biennium.
3. Retains an estimated $97.4 million in the general fund at the end of the 2015-17 biennium.

HIGHER EDUCATION

1. Increases total **general fund** support by $104.3 million from the 2013-15 legislative appropriations. Ongoing general fund support is increased by $131.7 million, from $679.3 million to $811.0 million, while one-time general fund appropriations are reduced by $27.5 million, from $229.4 million to $201.9 million.
2. Reduces support from special funds by $126.5 million, or 72.3 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 2,304.74 to 2,457.45 to reflect the number of FTE positions supported by the general fund.
4. Provides increased funding of $104 million from the general fund to be distributed to institutions through the **higher education funding formula** for student credit-hour production ($36 million), inflationary adjustments ($54.1 million), and campus equalization payments ($13.9 million).
5. Includes one-time funding of $29 million from the general fund to continue the **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions.
6. Includes one-time funding of $135.8 million from the general fund for **major capital projects** at University System institutions.
7. Includes one-time funding of $6 million from the general fund for **campus security** changes to University System institutions.

ELEMENTARY AND SECONDARY EDUCATION

1. Provides $1,990 million, of which $1,770 million is from the general fund and $219.1 million is from the state tuition fund, for the state school aid program. State school aid program funding changes are summarized in the following schedule:

	2013-15 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2015-17 Executive Budget (Amounts Shown in Millions)
State school aid	$1,752.1	$147.9	$1,900.0
Transportation aid payments	53.5	6.5	60.0
Rapid enrollment grants	13.6	1.2	14.8
Special education - Contracts	16.5	.8	17.3
Total	$1,835.7	$156.4	$1,992.1
General fund	$1,695.4	$77.6	$1,773.0
State tuition fund	140.3	78.8	219.1
Total	$1,835.7	$156.4	$1,992.1

2. Provides integrated formula payments totaling $1,900 million, an increase of $147.9 million from the integrated formula payments provided during the 2013-15 biennium. The increase of $147.9 million includes increases in funding of $78.8 million from the state tuition fund and $69.1 million from the general fund.
3. Increases integrated per student payment rates from $8,810 and $9,092 during the 2013-15 biennium to $9,482 and $9,766 during the 2015-17 biennium.
4. The executive budget recommendation for state school aid is based on the executive recommendation to increase the allocation of oil tax revenue to political subdivisions, resulting in an increase in local funding available for integrated formula payments and a reduction in the amount of state funding required under the formula.
5. Provides $799,750 from the general fund to support the statewide accreditation system paid from the funding pool for initiatives line item during the 2013-15 biennium.
6. Provides $300,000 from the general fund to support statewide training and implementation activities to advance the deployment of principal and teacher evaluation programs, including $240,000 for grants. Teacher and principal evaluation systems were funded from the funding pool for initiatives line item during the 2013-15 biennium.
7. Provides $3 million from the general fund for an expanded teacher, principal, and instructional coach mentoring program, an increase of $700,000 from the 2013-15 biennium.

HUMAN SERVICES

1. Provides a total general fund appropriation for the Department of Human Services of $1,386.0 million, $214.9 million, or 18.3 percent, more than the $1,171.1 million appropriated for the 2013-15 biennium.
2. Adds $11.8 million from the general fund for addition 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 anticipated to remain at 50 percent for federal fiscal years 2016 and 2017.
3. Provides $90.1 million, of which $48.1 million is from the general fund, and **4 percent** per year **inflationary increases** for human service providers.
4. Adds $49.8 million from the general fund for **cost, caseload, and utilization changes** in programs authorized by the 2013 Legislative Assembly.
5. Provides $19.3 million from the general fund to pay the **counties' share of costs** relating to child welfare programs, SPED program, and technology costs beginning January 1, 2016.
6. Provides $3.9 million from the general fund for grants to counties that have imposed an **emergency human services levy**.
7. Provides $2 million from the general fund, to increase **child care assistance provider rates**. Total child care assistance includes $31.7 million, of which $11.3 million is from the general fund, $6.9 million is from retained funds and $13.5 million is from federal funds.
8. Provides $1.2 million for **spousal impoverishment**, of which $617,544 is from the general fund to rebase the monthly maintenance needs allowance to the supplemental security income spousal impoverishment standard.

CAPITAL CONSTRUCTION

1. Includes $2,587,820,289 for the following capital projects and payments:

	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page H-2	$295,408,247	$90,071,894	$385,480,141
Extraordinary repairs - See the extraordinary repairs schedule on page H-3	54,927,748	6,694,157	61,621,905
Veterans' Home - Patient lifts	261,660		261,660
Department of Transportation - Contractor payments		638,653,193	638,653,193
Department of Transportation - Bond payments		2,027,665	2,027,665
Department of Transportation infrastructure investment		1,284,115,558	1,284,115,558
Water projects		195,281,634	195,281,634[1]

	General Fund	Special Funds	Total Funds
Institutions of higher education special assessments	4,250,689		4,250,689
State agency special assessments	174,046	39,000	213,046
Payments in lieu of taxes	50,000	1,000,000[2]	1,050,000[2]
Game and Fish Department land acquisitions		800,000	800,000
Other bond payments	13,538,310	526,488	14,064,798
Total	$368,610,700	$2,219,209,589	$2,587,820,289

[1]This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project.

[2]This amount includes payments in lieu of taxes of approximately $1 million for the Game and Fish Department from special funds and $50,000 for the Adjutant General from the general fund. This amount does not include payments in lieu of taxes of approximately $375,000 estimated to be paid by Workforce Safety and Insurance in the 2015-17 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, 2015, and July 1, 2016.
2. Provides funding for **market equity salary increases** for classified state employees of 1 and 2 percent adjustment to their salaries for employees in the lowest quartile pay range and 1 percent adjustment to their salaries for employees in the second lowest quartile pay range effective July 1, 2015, and July 1, 2016. Classified employees in the third and fourth quartiles are not eligible for a market equity salary increase.
3. Continues funding for the cost of **health insurance** premiums for state employees. The executive budget provides $1,161.59 per month for state employee health insurance premiums, an increase of $179.91, or 18.3 percent, compared to the 2013-15 premium of $981.69 per month.
4. Provides $14.1 million, of which $12.2 million is from the general fund, for **targeted market equity** to make jobs more competitive in hard-to-fill occupations.
5. Provides $6.2 million from the general fund and $8.5 million from other funds for a one-time state agency energy impact funding pool to provide temporary salary adjustments and rental assistance payments to state employees located in areas affected by energy development.
6. Provides $5 million from the general fund and $5 million from other funds for a one-time health insurance pool to pay health insurance premiums for eligible temporary employees as required under the federal Affordable Care Act.
7. Includes an increase in **contributions** to the **retirement** system of 2 percent on January 1, 2016. For the increase, it is recommended that employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent.
8. Includes a total of 11,895.48 FTE positions, 411 FTE positions more than the 2013-15 authorized level.

CORRECTIONS

1. Provides a total general fund appropriation for the Department of Corrections and Rehabilitation of $250.6 million, $69.7 million, or 38.5 percent, more than the $180.9 million appropriated for the 2013-15 biennium.
2. Provides $2.1 million from the general fund for targeted occupation salary equity.
3. Adds $3.7 million for 22 **new FTE** positions, including 13 parole and probation officers, 1 juvenile corrections specialist, 1 attorney, 1 Youth Correctional Center staff, 1 adult services central office staff, 2 James River Correctional Center central receiving staff, and 3 adult services treatment staff.
4. Adds $2.25 million from the general fund to provide a total of $11.2 million for **female contract housing**.
5. Provides one-time funding of $29.6 million from the general fund for the construction of a new Missouri River Correctional Center.

INFORMATION TECHNOLOGY

1. Recommends $94.7 million, of which $23.1 million is from the general fund, for state agency **large information technology projects** for the 2015-17 biennium.
2. Provides **one-time funding** of $13.9 million of other funds to Job Service North Dakota for **unemployment insurance modernization**.
3. Provides **one-time funding** of $6 million from special funds to Workforce Safety and Insurance for a computer replacement project and $1 million for litigation related to a terminated information technology project.
4. Provides additional funding of $14 million from the general fund and $46.9 million from other funds to the Department of Human Services for the **eligibility modernization project**.
5. Provides **one-time funding** from the general fund of $3 million for completing the Secretary of State's **data processing system**.
6. Provides **one-time funding** from the general fund of $2.2 million to the judicial branch for implementing a redundant information technology site.

ECONOMIC DEVELOPMENT

1. Provides $2.6 million from the general fund for the North Dakota **Trade Office**, the same amount provided for the 2013-15 biennium.

2. Recommends $3 million of one-time funding 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 $8 million of one-time funding 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. Provides one-time funding of $2.7 million from the general fund for an **unmanned aerial system grant**.
5. Recommends $1.5 million of one-time funding 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. The grant requires a dollar-for-dollar local match.
6. Provides a transfer of $1.5 million 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.
7. Provides contingent **one-time funding** of $5 million from the strategic investment and improvements fund for grants for developing infrastructure for an enhanced use lease private sector business development project.
8. Provides one-time funding of $6 million to provide grants to the five tribally controlled colleges in North Dakota.

TRANSPORTATION

1. Anticipates **federal highway construction funds** of $587.7 million for the 2015-17 biennium compared to $649 million for the 2013-15 biennium.
2. Anticipates funding for **federal emergency relief projects** of $42.4 million for the 2015-17 biennium.
3. Provides for a one-time general fund transfer to the highway fund of $1,450 million for **state highway investments** ($1,350 million) and **transportation distributions to non-oil-producing political subdivisions** ($100 million). The $100 million in transportation funding distributions to non-oil-producing political subdivisions and $450 million of the $1,350 million for state highway investments would be distributed through an early funding bill. (See the **Early Funding Bill** section for additional information.)
4. Provides a one-time general fund transfer of $5 million to the special roads fund for **improvements to roads that lead to recreational areas**.
5. Provides $2.5 million of one-time funding of special funds to continue the **motor vehicle registration and titling system** replacement project.
6. Adds 2 **new FTE positions** and $377,423 of special funds for an archeologist and an environmental scientist.

ADJUTANT GENERAL

1. Reduces federal emergency services grants by $40.7 million.
2. Provides $153,528 from the general fund for targeted occupation salary equity.
3. Provides $260,000 from the general fund for the ND Cares Task Force.
4. Provides one-time funding of $500,000 from the general fund to continue the **veterans' bonus payment program**.
5. Provides one-time funding of $386,000 from the general fund for the next generation 911 initial purchase.
6. Provides one-time funding of $5 million from the general fund for **a State Radio communication improvement project**.
7. Provides one-time funding of $3 million from the general fund for grants to fire departments to purchase equipment for train derailment fires.
8. Provides one-time funding of $550,000 from the general fund for flooding and hazardous materials emergency response supplies.
9. Provides one-time funding of $69,500 from the general fund and $69,500 of federal funds to purchase land to expand the Veterans' Cemetery.

EARLY FUNDING BILL - SENATE BILL NO. 2126

Senate Bill No. 2126 provides the following early funding appropriations, distributions, and transfers:

- **State and county transportation projects** - Provides for a transfer of $550 million from the general fund to the highway fund for the construction and maintenance of state highways ($450 million) and transportation funding distributions to non-oil-producing political subdivisions ($100 million) (Sections 1, 2, and 3 of Senate Bill No. 2126).
- **Housing incentive fund** - Provides for a transfer of $20 million from the general fund to the housing incentive fund (Section 4 of Senate Bill No. 2126).
- **Attorney General** - Provides a $1 million appropriation to the Attorney General for up to 10 FTE positions to assist with law enforcement activities in areas affected by energy development (Section 5 of Senate Bill No. 2126).
- **State Department of Health** - Provides a $2 million general fund appropriation to the State Department of Health for 15 environmental scientist FTE positions (Section 6 of Senate Bill No. 2126).
- **Cities in areas affected by energy development** - Provides a $300 million appropriation from the strategic investment and improvements fund to the Board of University and School Lands for distribution to cities in the 10 largest oil-producing counties (Section 7 of Senate Bill No. 2126).

ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS AS IDENTIFIED AND RECOMMENDED IN THE 2015-17 EXECUTIVE BUDGET

Ongoing General Fund Revenues, Transfers, and Appropriations

Recommended ongoing general fund taxes and fees	$5,369,129,375
Less recommended ongoing appropriations	(5,003,070,373)[1]
Excess (shortfall)	$366,059,002
Plus transfers in the executive budget considered "ongoing"	26,347,696[2]
Excess	$392,406,698

[1]In addition, the executive budget includes $2,229,509,957 of recommended "one-time" general fund appropriations.

[2]This amount includes recommended transfers from:

Mill and Elevator	$6,817,200
Lottery	17,500,000
Gas tax administration	2,030,496
Total	$26,347,696

Identified One-Time General Fund Resources and Related Appropriations

One-time resources - Estimated general fund beginning balance and transfers	$1,934,466,597[1]
Less recommended one-time general fund appropriations	(2,229,509,957)[2]
Excess (shortfall)	($295,043,360)
Plus excess ongoing general fund revenues	392,406,698
Excess	$97,363,338

[1]This amount includes:

Estimated beginning general fund balance	$577,466,597
Transfer from property tax relief fund	657,000,000
Transfer from strategic investment and improvements fund	700,000,000
Total	$1,934,466,597

[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)	SB 2002	
Technology Project		$3,050,000
Office of Management and Budget (110)	SB 2015	
Mailroom equipment		30,000
Student internship		50,000
Facilities extraordinary repairs		2,175,000
Prairie Public Broadcasting projects		1,500,000
Signage on the Capitol grounds		1,400,000
West parking lot repair		1,300,000

Agency/Description	Bill No.	General Fund Appropriation
Remodel and addition to Liberty Memorial Building for Supreme Court		40,000,000
Health insurance pool for temporary employees		5,000,000
State agency energy impact funding pool		6,200,000
Information Technology Department (112)	HB 1021	
Criminal Justice Information System Initiative projects		1,000,000
Educational Technology Council grants		1,050,000
Statewide Longitudinal Data System build-out		4,500,000
State Treasurer (120)	SB 2005	
State paid property tax relief		250,000,000
Attorney General (125)	SB 2003	
Undercover vehicles		220,000
Legislative Assembly (150)	HB 1001	
Information technology projects		794,810
Legislative wing equipment and improvements		500,000
Midwest Council of State Governments 2015 meeting		350,000
Legislative Council (160)	HB 1001	
Information technology project		135,460
Office equipment replacement		30,000
Office improvements		50,000
Judicial branch (180)	HB 1002	
Equipment over $5,000 for copy machines, steno machines, workstation systems, and other equipment		1,384,000
Redundant information technology site for disaster recovery		2,171,672
Supreme Court facility space expansion		1,107,227
Juvenile case management system replacement		1,782,410
Criminal case eFiling initiation		99,000
Department of Public Instruction (201)	SB 2013	
Vehicle for North Dakota museum		20,000
Rapid enrollment grants		14,800,000
North Dakota University System office (215)	HB 1003	
Higher education challenge fund		29,000,000
Open Education Resources Initiative		220,000
Systemwide deferred maintenance pool for distribution to campuses		5,000,000
Core Technology Services technology projects		2,821,500
Bismarck State College (227)	HB 1003	
Major campus infrastructure		1,575,000
Campus security		525,000
Special assessment payoff		1,357,600
Lake Region State College (228)	HB 1003	
Electrical and window replacement		1,648,423
Campus security		456,975
Williston State College (229)	HB 1003	
Campus security		866,250
Special assessment payoff		285,000
University of North Dakota (UND) (230)	HB 1003	
School of Medicine and Health Sciences addition and renovation		62,000,000

Agency/Description	Bill No.	General Fund Appropriation
Airport apron repairs		16,000,000
Campus security		790,500
Special assessment payoff		241,585
UND School of Medicine and Health Sciences (232)	HB 1003	
Health care workforce initiative startup costs		13,814,806
North Dakota State University (235)	HB 1003	
Campus security		840,000
Special assessment payoff		1,591,426
North Dakota State College of Science (238)	HB 1003	
Campus water and sewer infrastructure		13,298,000
Campus security		294,750
Special assessment payoff		275,098
Fargo campus expansion		5,000,000
Mayville State University (240)	HB 1003	
Campus security		435,000
Special assessment payoff		228,285
Minot State University (241)	HB 1003	
Campus security		814,500
Valley City State University (242)	HB 1003	
Heating plant replacement		14,289,000
Fine arts building		25,850,000
Campus security		544,441
Special assessment payoff		243,238
Dakota College at Bottineau (243)	HB 1003	
Nelson Science Center repairs		1,098,789
Campus security		448,875
Special assessment payoff		28,457
State Library (250)	SB 2013	
Library repair and maintenance grants		250,000
North Dakota School for the Deaf (252)	SB 2013	
Carl F. Smith building renovation		1,050,000
North Dakota Vision Services - School for the Blind (253)	SB 2013	
Building improvements to remodel and reconfigure select areas		1,000,000
Career and Technical Education (270)	HB 1019	
Equipment grants to update equipment in approved programs		1,500,000
State Department of Health (301)	HB 1004	
Environmental oil impacts in western North Dakota		303,400
Maintain and increase childhood immunization rates		179,100
Forensic examiner infrastructure for digital x-ray equipment and modify vital records system		64,000
Medical cache supplies		989,000
Department of Human Services (325)	SB 2012	
Eligibility modernization project		14,012,167
Heating plant repairs and upgrades for State Hospital		1,509,156
Installation of surveillance cameras throughout the State Hospital campus		390,000
Installation of central air for Tompkins building		557,606

Agency/Description	Bill No.	General Fund Appropriation
Heating plant repairs and upgrades for Life Skills and Transition Center		230,000
Remodel six living area kitchens Life Skills and Transition Center		750,000
Job Service North Dakota (380)	HB 1016	
Oil and gas survey to update oil and gas-related activity in North Dakota		80,000
Virtual OneStop Applications		109,500
Industrial Commission (405)	HB 1014	
Wilson M. Laird Core and Sample Library expansion		16,033,942
Aerial photographic imagery		104,143
Contract drilling/coring and sedimentological analyses		125,000
Possible litigation with federal agencies relating to hydraulic fracturing, gas capture, and flaring reduction		3,000,000
Digital conversion of 2D seismic profiles		100,000
Migration to risk-based management system to a .net platform		250,000
Department of Labor and Human Rights (406)	SB 2007	
Retirement leave payouts		46,000
Creation of a paperless system		56,135
Public Service Commission (408)	SB 2008	
Reclamation and grain litigation		414,000
Retirement leave payouts		99,507
Securities Department (414)	SB 2011	
Retirement leave payouts		53,252
Housing Finance Agency (473)	HB 1014	
Housing incentive fund		20,000,000
Highway Patrol (504)	HB 1011	
Replace mobile radio equipment		548,000
Outdoor gun range upgrade project		70,000
Law Enforcement Training Academy Phase II expansion project		24,090,000
Purchase of skid car training system		58,000
Department of Corrections and Rehabilitation (530)	HB 1015	
North Dakota State Penitentiary security camera upgrade		337,000
Equipment		318,039
Extraordinary repairs		2,175,847
Information technology modules		1,716,144
Construction of a new Missouri River Correctional Center project and demolition of current buildings		29,550,000
Adjutant General (540)	SB 2016	
Purchase of land at Veterans' Cemetery		69,500
Next generation 911 purchase		386,000
Microsoft SQL Enterprise for Computer-aided dispatch (CAD)		90,000
Message switch test server		70,000
Radio tower redundancy		80,000
Emergency response supplies		550,000
Grants to fire departments		3,000,000
Veterans' bonus program		500,000
Statewide radio communication improvement project		5,000,000
Department of Commerce (601)	HB 1018	
Base retention grants		1,500,000
Tourism marketing campaign in the Midwest market		1,000,000

Agency/Description	Bill No.	General Fund Appropriation
Tribal college grants		6,000,000
Grants to entrepreneurial centers and vouchers for Innovate ND participants		1,000,000
Homeless shelter grants		1,000,000
Prekindergarten community grants		6,000,000
North Dakota Safety Council grant to assist construction of a workforce safety training facility		2,000,000
Special Olympics grant contingent on being selected for the next Special Olympics games		2,000,000
Childcare facility grants		3,000,000
Find the Good Life program		500,000
Research ND		8,000,000
Tourism large infrastructure grants		750,000
Educators and industry externships for expansion of an educator summer externship program		50,000
Unmanned aerial system grant		2,718,620
Workforce enhancement program		1,500,000
Department of Agriculture (602)	SB 2009	
Information technology analysis		150,222
Department website redesign		150,000
Main Research Center (640)	HB 1020	
Veterinary diagnostic laboratory replacement		18,000,000
Construction of an agronomy laboratory at Central Grasslands Research Center		783,796
Offset underestimate of utilities at greenhouse by architect		400,000
State Fair Association (665)	HB 1009	
Asphalt overlay project		1,750,000
State Historical Society (701)	SB 2018	
Technology services costs		100,650
Fort Totten building and Stutsman County Courthouse repairs		1,000,000
Electronic records project		264,000
Repair the slumping and erosion of Double Ditch State Historic Site in Bismarck		3,500,000
Council on the Arts (709)	HB 1010	
Economic impact study		10,000
American Indian stories exhibit		30,000
Parks and Recreation Department (750)	SB 2019	
Trail lease renewals at Little Missouri Bay		200,000
Equipment for equipment needs at parks and to purchase snowmobile trail grooming equipment		300,000
Website application for snowmobile registration/renewals		310,299
Statewide comprehensive outdoor recreation plan		45,000
Repairs at Lewis and Clark Interpretive Center		75,000
Extraordinary repairs at International Peace Garden		335,297
Operating costs in preparation of 50th Anniversary		25,000
Retirement leave payouts		100,000
Park improvement plan		30,400,000
Department of Transportation (801)	HB 1012	
General fund transfer to highway fund		1,354,115,558
Transportation funding distributions to non-oil-producing political subdivisions		100,000,000
Roads to recreational areas		5,000,000
Motor coach reimbursement		1,000,000
Total		$2,229,509,957

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 2015 to implement:

EARLY FUNDING BILL - SENATE BILL NO. 2126

Senate Bill No. 2126 provides for the following early funding appropriations, distributions, and transfers:

- **State and county transportation projects** - Provides for a transfer of $550 million from the general fund to the highway fund for the construction and maintenance of state highways ($450 million) and transportation funding distributions to non-oil-producing political subdivisions ($100 million) (Sections 1, 2, and 3 of Senate Bill No. 2126).
- **Housing incentive fund** - Provides for a transfer of $20 million from the general fund to the housing incentive fund (Section 4 of Senate Bill No. 2126).
- **Attorney General** - Provides a $1 million appropriation to the Attorney General for up to 10 full-time equivalent (FTE) positions to assist with law enforcement activities in areas affected by energy development (Section 5 of Senate Bill No. 2126).
- **State Department of Health** - Provides a $2 million general fund appropriation to the State Department of Health for 15 environmental scientist FTE positions (Section 6 of Senate Bill No. 2126).
- **Cities in areas affected by energy development** - Provides a $300 million appropriation from the strategic investment and improvements fund to the Board of University and School Lands for distributions to cities in the 10 largest oil-producing counties (Section 7 of Senate Bill No. 2126).

TRANSFERS TO THE GENERAL FUND

- Provides for a transfer of $657 million from the property tax relief fund to the general fund (Section 3 of Senate Bill No. 2015).
- Provides for a transfer of $700 million from the strategic investment and improvements fund to the general fund (Section 4 of Senate Bill No. 2015).

TRANSFERS FROM THE GENERAL FUND

- Provides for a transfer of $904.1 million from the general fund to the highway fund for state highway maintenance and construction projects (Section 5 of Senate Bill No. 2015).
- Provides for a transfer of $5 million from the general fund to the special road fund for road projects that provide access to recreational, tourist, and historical areas (Section 6 of Senate Bill No. 2015).

OIL TAX REVENUES

- Amends North Dakota Century Code Section 57-51-15 to increase the allocation of oil and gas gross production tax collections to counties, cities, and other political subdivisions in oil-producing counties by allowing oil-producing counties to receive 100 percent of the first $5 million in oil revenue each year and 60 percent of any additional revenue above $5 million. (The bill containing the proposed changes is pending introduction.)
- **Oil and gas impact grants** - Amends Section 57-51-15 to decrease the maximum amount of oil and gas gross production tax collections that may be deposited in the oil and gas impact grant fund from $240 million to $119 million (Section 7 of House Bill No. 1013).
- **North Dakota outdoor heritage fund** - Amends Section 57-51-15 to increase the maximum amount of oil and gas production tax collections deposited in the North Dakota outdoor heritage fund from $15 million per year ($30 million per biennium) to $25 million per year ($50 million per biennium) (Section 7 of House Bill No. 1013).

TAX RELIEF

- Expands the homestead tax credit program eligibility by increasing the income threshold level from $42,000 to $50,000. (The bill containing the proposed changes is pending introduction.)
- Continues the state-paid property tax relief credit through the 2015-17 biennium (Section 5 of Senate Bill No. 2005).
- Reduces individual income tax rates by 10 percent. This results in an estimated decrease in individual income tax collections of $100 million for the 2015-17 biennium. This reduction is in addition to the individual income tax reductions enacted by the Legislative Assembly in 2011 and 2013. (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 2015-17 biennium. This reduction is in addition to corporate income tax reductions enacted by the Legislative Assembly in 2011 and 2013. (The bill containing the proposed changes is pending introduction.)

ELEMENTARY EDUCATION

- Amends Section 15.1-07-33 to remove the allocation of a school district's state aid payment to the Information Technology Department for PowerSchool (Section 18 of Senate Bill No. 2013).

- Amends Section 15.1-36-02 to provide an additional $300 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 funding would be in addition to previous funding authorized for school construction loans from the coal development trust fund ($50 million) and strategic investment and improvements fund ($150 million) (Sections 3 and 19 of Senate Bill No. 2013).
- Creates a new section to Chapter 54-24 to establish a State Library operating fund (Section 20 of Senate Bill No. 2013).
- Provides for various changes to the state school aid funding distribution formula. (The Governor is recommending the changes be incorporated into Senate Bill No. 2031 introduced by the interim Education Funding Committee.)

HIGHER EDUCATION

- Increases the adjusted student credit-hour funding rates for the higher education funding formula and makes technical adjustments to the formula (Sections 3 and 4 of House Bill No. 1003).
- 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 $1,650 to $1,784 (Section 5 of House Bill No. 1003).
- Amends Section 15.1-21-02.6 to increase the North Dakota academic and career and technical education scholarships annual award from $1,500 to $2,500 per student and increases the lifetime maximum award from $6,000 to $10,000 (Section 6 of House Bill No. 1003).
- Continues the higher education challenge fund by providing an additional $29 million from the general fund for matching grant funds to institutions for academic enhancements. (The bill containing the statutory changes is pending introduction.)
- Amends Section 54-44.1-11 to extend the North Dakota University System's authority to continue unexpended appropriations (Section 7 of House Bill No. 1003).
- Continues the continuing appropriation of special funds received by institutions including tuition revenue (Section 14 of House Bill No. 1003).

INDUSTRIAL COMMISSION

- Transfers $40 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 ($3 million), Biofuels PACE ($2 million), and the beginning farmer revolving loan fund ($7 million) (Sections 7, 8, 9, and 10 of House Bill No. 1014).
- Limits the transfer of Mill and Elevator Association profits to the general fund to 50 percent of the lessor of 50 percent of annual earnings and profits of the mill or $6,817,200 (Section 11 of House Bill No. 1014).
- Creates a short line railroad revolving loan fund to assist with repairs to short line railroads and transfers $10 million from the strategic investment and improvements fund to the loan fund (Section 14 and 15 of House Bill No. 1014).
- Amends Sections 54-17-40, 54-17-41, and 57-38-01.32(5) to continue the housing incentive fund and increase the maximum allowable tax credits available to financial institutions, corporations, and individuals for contributions to the fund from $20 million to $30 million (Sections 16, 17, and 19 of House Bill No. 1014).
- Creates a section to allow the Office of Management and Budget to increase the appropriation authority of state agencies that receive a grant from the North Dakota outdoor heritage fund rather than the agency seeking Emergency Commission and Budget Section approval (Section 18 of House Bill No. 1014).
- Amends Section 22 of Chapter 579 of the 2011 Session Laws to allow the flex PACE program to assist in financing of multifamily housing units in all areas of the state rather than being limited to areas affected by energy development (Section 20 of House Bill No. 1014).
- Creates a capital infrastructure revolving loan fund to provide assistance for political subdivision infrastructure projects and transfers $100 million from Bank of North Dakota profits to the fund (House Bill No. 1137).

DEPARTMENT OF COMMERCE

- Amends Section 54-60-17 to allow educators to participate in the Division of Workforce Development internship and work experience program (Section 22 of House Bill No. 1018).

RETIREMENT CONTRIBUTIONS

- Provides for an increase in retirement contributions of 2 percent on January 1, 2016. Employees will pay 1 percent of each increase, and the state will pay the remaining 1 percent. Benefits for new employees enrolled after December 31, 2015, are also adjusted for the minimum retirement age and the calculation of final average salary for benefit amounts (House Bill No. 1080).

HUMAN SERVICES

- Amends Section 50-06-32.1 to establish the autism spectrum disorder voucher program pilot project as a permanent program (Section 6 of Senate Bill No. 2012).
- Amends Section 50-06-37 to allocate developmental disability reimbursements to clients under the age of 16 using a state-approved assessment model rather than an intensity scale model (Section 7 of Senate Bill No. 2012).

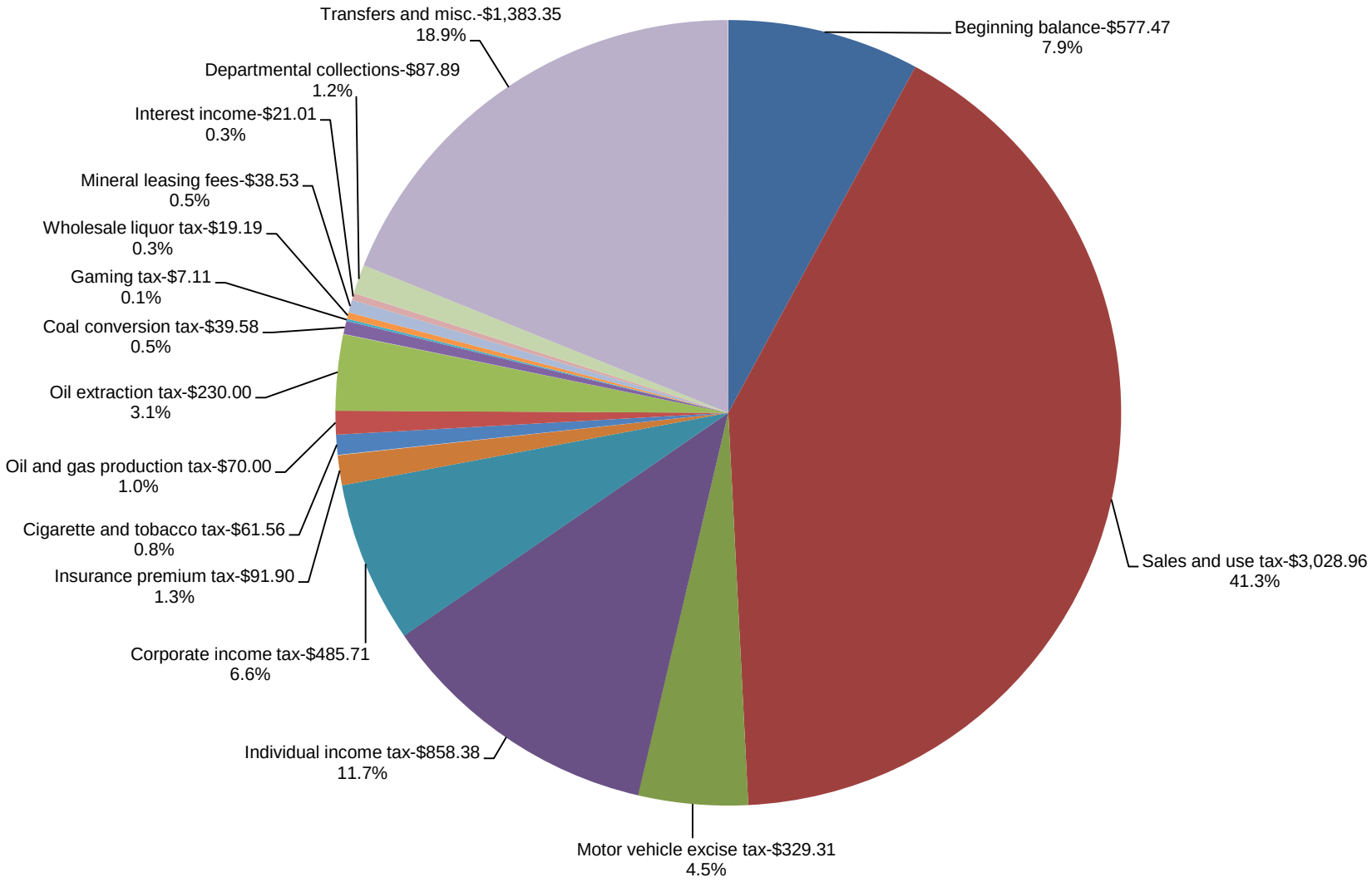
- Amends Section 50-09-29 to allow temporary assistance to needy families program benefits to be increased based on the consumer price index (Section 8 of Senate Bill No. 2012).
- Creates a new section to Chapter 50-24.1 relating to the monthly maintenance needs allowance for a spouse of a Medicaid recipient and to provide annual percentage increases based on the consumer price index (Section 9 of Senate Bill No. 2012).
- Provides for the state to assume costs from counties effective January 1, 2016, relating to child welfare and service payments to the elderly and disabled grants as well as technology costs. (The bill containing the proposed changes is pending introduction.)

OTHER

- **Dental loan repayment program** - Amends Section 43-28.1-01 to allow the State Health Council to provide loan repayment assistance to as many dentists as funding allows (Section 4 of House Bill No. 1004).
- **American Indian Business Development Office** - Transfers the North Dakota American Indian Business Development Office from the Department of Commerce to the Indian Affairs Commission (Sections 2 and 3 of House Bill No. 1005).
- **Aeronautics Commission special fund** - Creates a new section to allow investment income earned on the Aeronautics Commission special fund to be retained in the fund rather than be deposited in the general fund (Section 3 of House Bill No. 1006).
- **School fund duties** - Repeals Section 54-44-06 regarding the duties of the Office of Management and Budget relating to the school fund (Section 15 of Senate Bill No. 2015).
- **Loan repayment for behavioral health professionals** - Creates a new Chapter to establish a loan repayment program to increase the number of behavioral health professionals in areas of the state with a shortage of professionals (House Bill No. 1115).
- **Line item transfers for state employee compensation adjustments** - Authorizes state agencies to transfer funds between line items as it relates to state employee compensation adjustments rather than requiring the agency to seek Emergency Commission and Budget Section approval (Section 13 of Senate Bill No. 2015).
- **Department of Corrections and Rehabilitation prison bed day allocation** - Directs the Department of Corrections and Rehabilitation to allocate to each county a specific number of prison bed days available for offenders from each county. The department is to bill a county if the county's bed allocation is exceeded (Section 3 of House Bill No. 1015).
- **Attorney General use of tobacco settlement proceeds** - Allows the Attorney General to use tobacco settlement proceeds for legal actions relating to the tobacco master settlement agreement. (The bill containing the proposed changes is pending introduction.

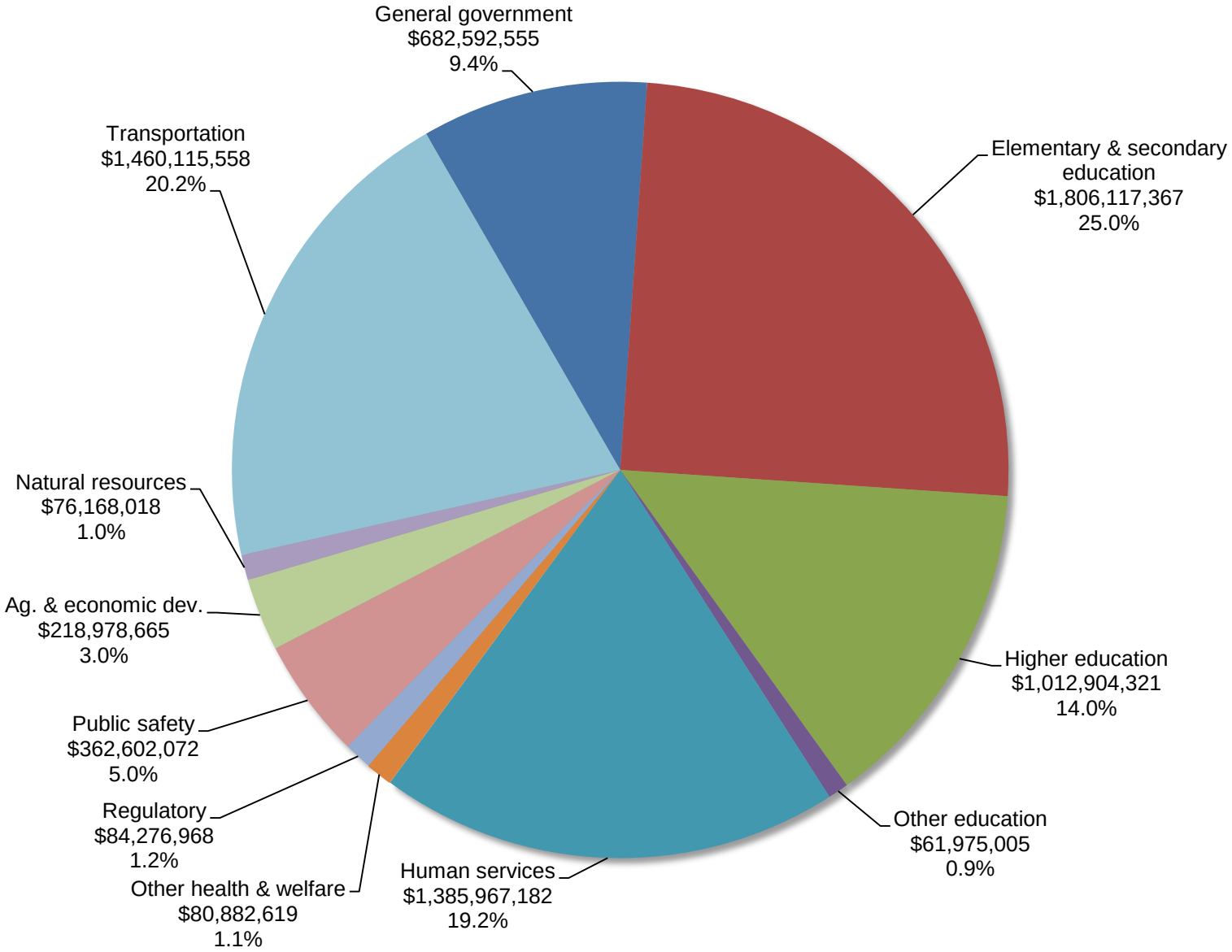
2015-17 ESTIMATED GENERAL FUND REVENUES

Total 2015-17 Estimated General Fund Revenues - $7,329,943,668
(Amounts Shown in Millions)



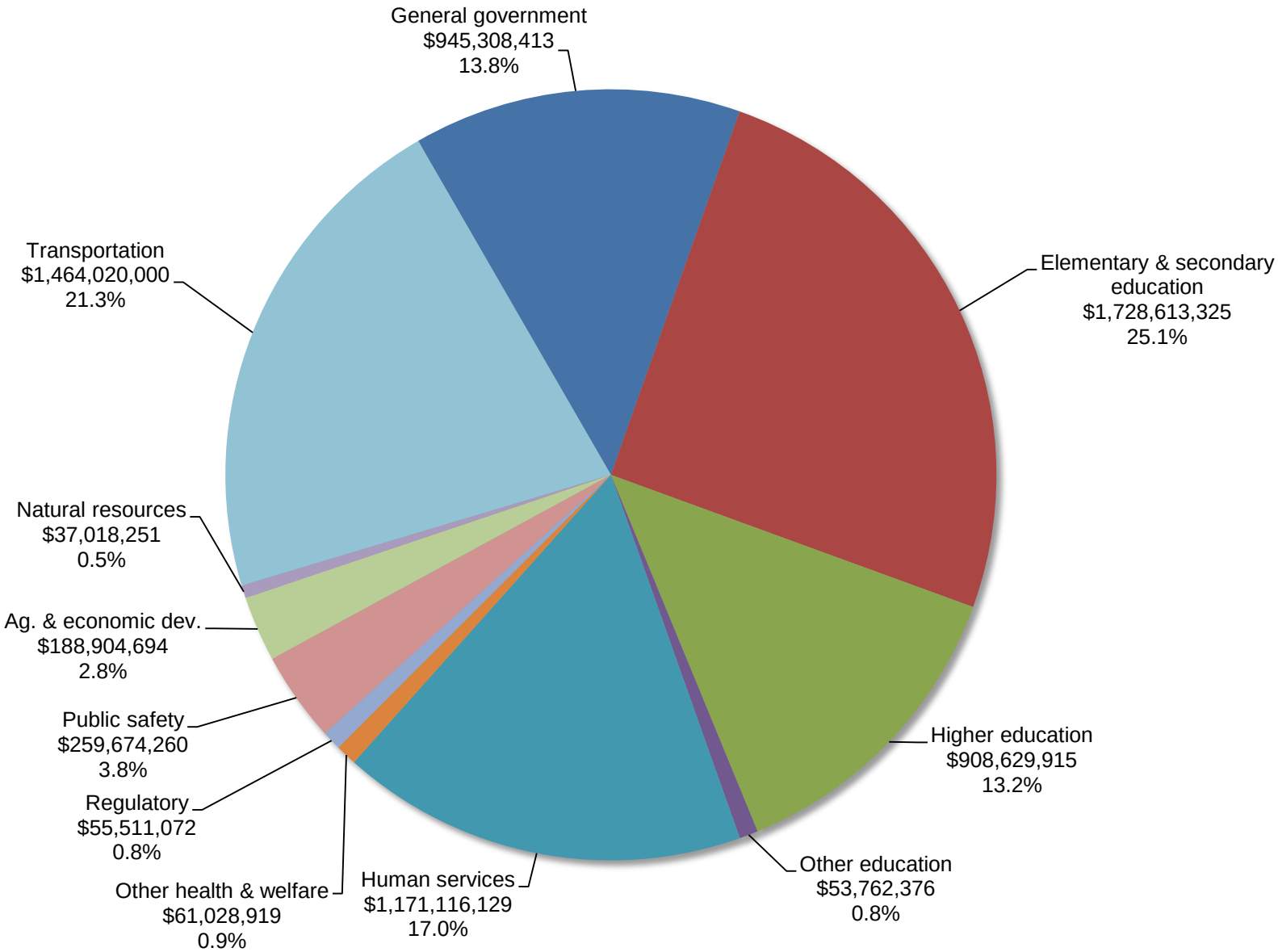
2015-17 BIENNIUM RECOMMENDED GENERAL FUND APPROPRIATIONS

Total 2015-17 Biennium Executive Budget General Fund Recommendation - $7,232,580,330



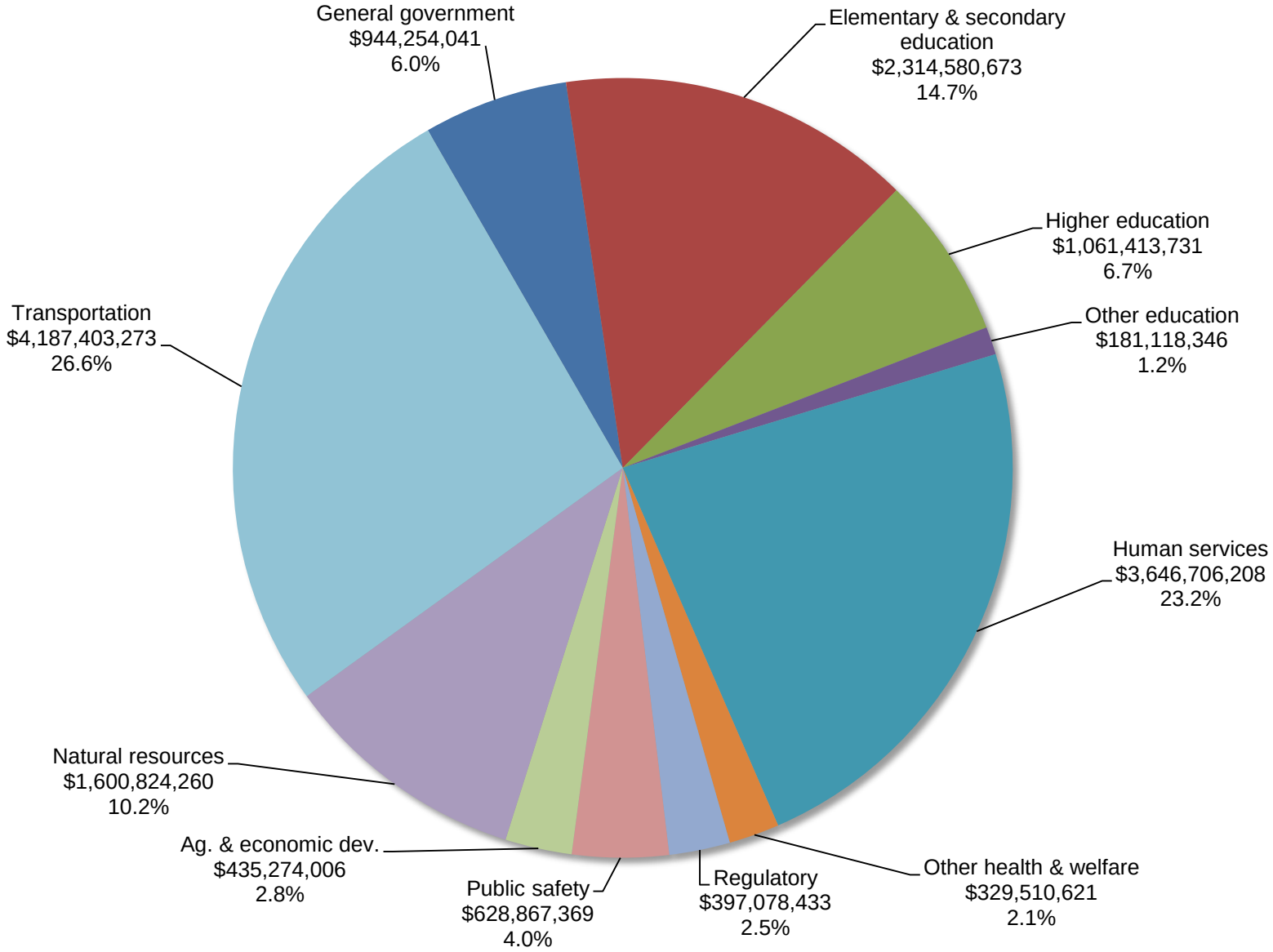
2013-15 BIENNIUM GENERAL FUND APPROPRIATIONS

Total 2013-15 Biennium General Fund Appropriations - $6,873,587,354



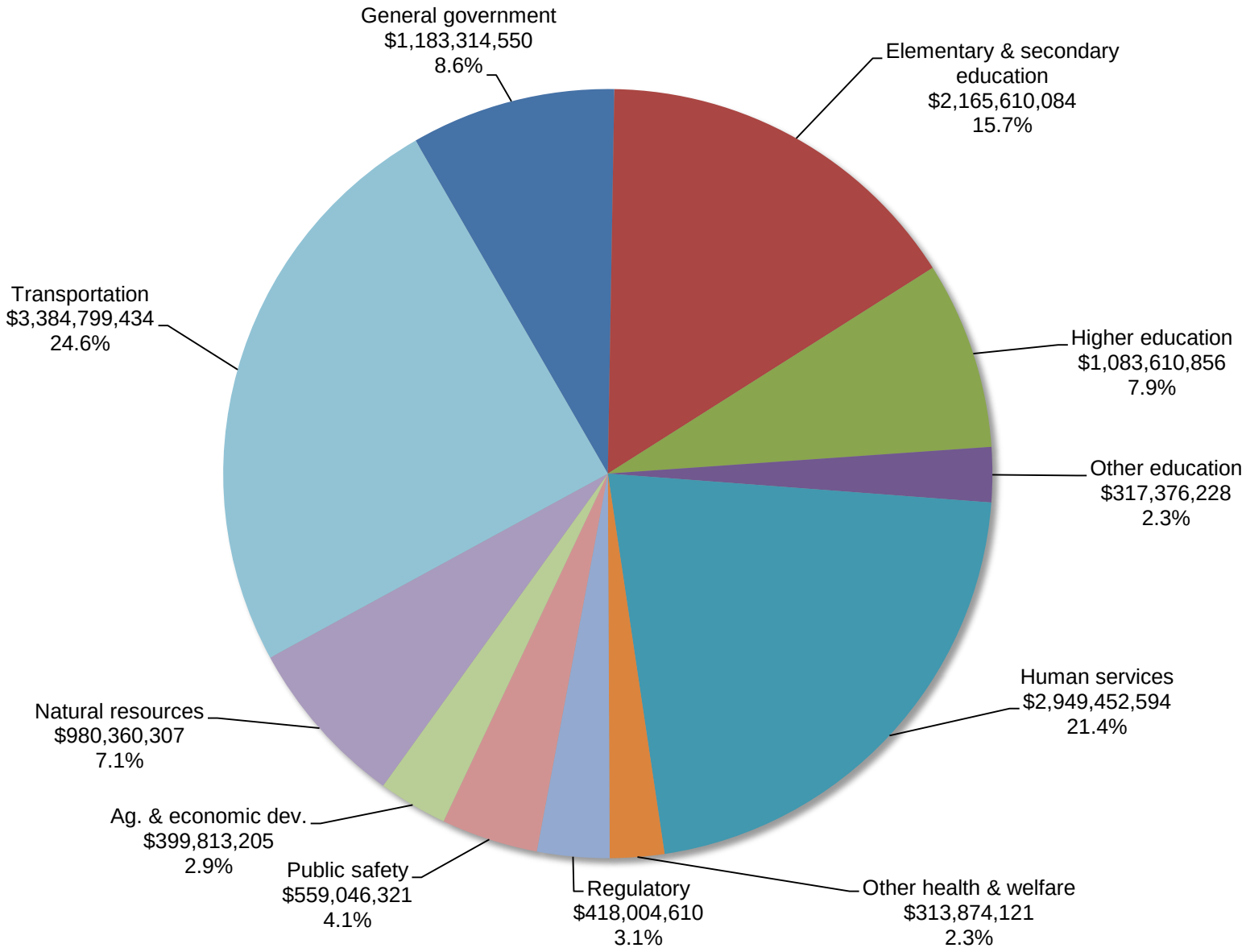
2015-17 BIENNIUM RECOMMENDED ALL FUNDS APPROPRIATIONS

Total 2015-17 Biennium Executive Budget All Funds Recommendation - $15,727,030,961



2013-15 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2013-15 Biennium All Funds Appropriations - $13,755,262,310



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	$4,297.00 [12]	$1,651.44 [3,13]	38.4%
2013-15	$6,873.59	$577.47 [14](estimate)	8.4%
2015-17 Recommended	$7,232.58 [15]	$97.36 (estimate)	1.3%

[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 allowed 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 plus $60.31 million for the deficiency appropriations for the 2011-13 biennium.

[13]In addition to the amount shown, $181.06 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.

[14]In addition to the amount shown, the executive budget anticipates transferring $103.55 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.

[15]The amount shown reflects recommended general fund appropriations for the 2015-17 biennium.

SECTION B - GENERAL FUND REVENUES

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GENERAL FUND REVENUES - KEY RECOMMENDATIONS AND ECONOMIC ASSUMPTIONS

General fund revenue growth - General fund revenues, excluding transfers and beginning balance, for the 2015-17 biennium are anticipated to increase by 9.6 percent, or $469 million, from the revised 2013-15 revenue forecast and by 16.8 percent, or $774 million, from the original 2013-15 revenue forecast.

Sales and use tax - Sales and use tax collections are estimated to increase by $494 million, or 19.5 percent, during the 2015-17 biennium compared to the revised 2013-15 forecast.

Motor vehicle excise tax - Motor vehicle excise tax collections are expected to total $329 million in 2015-17, an increase of $40 million, or 13.8 percent, from the revised 2013-15 forecast of $289 million.

Individual income tax - Individual income tax collections are expected to decrease by 9.8 percent, or $93 million, from the revised 2013-15 forecast, for an anticipated total of $858 million during the 2015-17 biennium. This amount includes a revenue reduction of $100 million relating to the Governor's proposed income tax relief. The executive budget recommendation provides for a 10 percent reduction in income taxes resulting in tax brackets being reduced from 1.22 to 1.10 percent at the lowest bracket and from 3.22 to 2.90 percent in the highest bracket. The $858 million projected for the 2015-17 biennium compares to the revised forecast for the 2013-15 biennium of $951 million and the original 2013-15 forecast of $798 million. The original and revised forecast amounts for the 2013-15 biennium reflect revenue reductions of $200 million, relating to income tax relief as approved by the 2013 Legislative Assembly.

Housing incentive fund tax credits - The 2013 Legislative Assembly authorized taxpayers to claim a 100 percent tax credit for contributions to the housing incentive fund up to a total of $20 million for the 2013-15 biennium only. The Governor is recommending increasing the maximum credits allowed to $30 million for the 2015-17 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 .9 percent, or $4 million, from the revised 2013-15 forecast, for an anticipated total of $486 million during the 2015-17 biennium. This amount includes the executive budget recommendation for $25 million in corporate income tax relief. Corporate income tax collections are currently projected to total $482 million during the 2013-15 biennium, compared to the original 2013-15 forecast of $378 million. The amounts for the 2013-15 biennium reflect a revenue reduction of $50 million relating to income tax relief as approved by the 2013 Legislative Assembly.

Oil and gas tax collections - Total oil and gas tax collections are expected to increase from the revised estimate of $6.8 billion in the 2013-15 biennium to $8.3 billion projected for the 2015-17 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, $342 million in the property tax relief fund, and $916 million in the strategic investment and improvements fund. The executive budget recommendation decreases the deposit in the oil and gas impact grant fund from $240 million in the 2013-15 biennium to $119 million in the 2015-17 biennium. The executive budget also changes the statutory allocations to political subdivisions, increasing their share by approximately $860 million compared to current law, by allowing oil-producing counties to receive 100 percent of the first $5 million in oil revenue each year and 60 percent of any additional revenue. Based on the December 2014 revenue forecast, the estimated deposits in the legacy fund are $2.2 billion for the 2013-15 biennium and $2.6 billion for the 2015-17 biennium.

Oil prices - North Dakota crude oil prices averaged $60.16 per barrel in November 2014 as reported by Flint Hills Resources. Oil prices are anticipated to range from $72 to $74 per barrel for the remainder of the 2013-15 biennium, and from $74 to $82 during the 2015-17 biennium. The price on December 22, 2014, was $37.

Oil production - Oil production for October 2014 averaged 1,182,174 barrels per day and is anticipated to increase to 1.2 million barrels per day by the end of the 2013-15 biennium. Oil production is anticipated to increase from 1.2 million to 1.4 million barrels per day during the 2015-17 biennium.

Coal conversion - Coal conversion tax collections are expected to total $39.6 million in the 2015-17 biennium, an increase of approximately $700,000 from the 2013-15 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. Section 32 of 2013 Senate Bill No. 2014 and Section 11 of 2015 House Bill No. 1014 limit the transfers for the biennium to $6,817,200 after any transfers to other state agriculture-related programs. The transfer for the 2013-15 and 2015-17 bienniums is expected to total $6,817,200.

MAJOR GENERAL FUND REVENUE CHANGES - 2015-17 BIENNIUM DECEMBER 2014 REVENUE FORECAST COMPARED TO 2013-15 BIENNIUM ORIGINAL AND REVISED REVENUE FORECASTS

General Fund Revenue Sources and Beginning Balance	2013-15 Biennium			2015-17 Biennium				
	Original Legislative Revenue Forecast[1]	Increase (Decrease) Revised Forecast Compared to Original Forecast	Revised Revenue Forecast	Increase (Decrease) December 2014 Revenue Forecast Compared to 2013-15 Revised Forecast: Amount	Increase (Decrease) December 2014 Revenue Forecast Compared to 2013-15 Revised Forecast: Percentage	December 2014 Revenue Forecast	Total Increase (Decrease) December 2014 Revenue Forecast Compared to 2013-15 Original Forecast: Amount	Total Increase (Decrease) December 2014 Revenue Forecast Compared to 2013-15 Original Forecast: Percentage
Beginning balance	$1,472,798,236	($76,739,050)	$1,396,059,186 [2]	($818,592,589)	(58.60%)	**$577,466,597** [3]	($895,331,639)	(60.80%)
Revenues								
Sales and use tax	$2,472,947,500	$62,414,600	$2,535,362,100	$493,597,900	19.5%	**$3,028,960,000**	$556,012,500	22.5%
Motor vehicle excise tax	323,123,500	(33,807,542)	289,315,958	39,998,042	13.8%	**329,314,000**	6,190,500	1.9%
Individual income tax	797,654,355 [4]	153,488,848	951,143,203 [4]	(92,764,203)	(9.80%)	**858,379,000** [4]	60,724,645	7.6%
Corporate income tax	377,739,645 [5]	103,776,602	481,516,247 [5]	4,197,753	0.9%	**485,714,000** [5]	107,974,355	28.6%
Insurance premium tax	73,352,976	11,574,079	84,927,055	6,970,188	8.2%	**91,897,243**	18,544,267	25.3%
Cigarette and tobacco tax	57,953,000	1,614,291	59,567,291	1,992,709	3.3%	**61,560,000**	3,607,000	6.2%
Oil and gas production tax	133,834,000	12,237,108	146,071,108	(76,071,108)	(52.10%)	**70,000,000**	(63,834,000)	(47.70%)
Oil extraction tax	166,166,000	(12,237,108)	153,928,892	76,071,108	49.4%	**230,000,000**	63,834,000	38.4%
Coal conversion tax	39,300,000	(424,764)	38,875,236	702,764	1.8%	**39,578,000**	278,000	0.7%
Departmental collections	74,394,098	7,518,020	81,912,118	5,976,820	7.3%	**87,888,938**	13,494,840	18.1%
Other revenues	78,983,412	(1,699,851)	77,283,561	8,554,633	11.1%	**85,838,194**	6,854,782	8.7%
Total revenues	$4,595,448,486	$304,454,283	$4,899,902,769	$469,226,606	9.6%	**$5,369,129,375**	$773,680,889	16.8%
Total transfers and other sources								
Transfer - Mill and Elevator Association	$6,817,200	$0	$6,817,200	$0	0.0%	**$6,817,200**	$0	0.0%
Transfer - Lottery	11,000,000	4,200,000	15,200,000	2,300,000	15.1%	**17,500,000**	6,500,000	59.1%
Transfer - Gas tax administration	1,777,360	0	1,777,360	253,136	14.2%	**2,030,496**	253,136	14.2%
Transfer - Property tax relief fund	341,790,000	0	341,790,000	315,210,000	92.2%	**657,000,000**	315,210,000	92.2%
Transfer - Strategic investment and improvements fund	520,000,000	0	520,000,000	180,000,000	34.6%	**700,000,000**	180,000,000	34.6%
Other transfers	0	179,554	179,554	(179,554)	(100.00%)	**0**	0	N/A
Total transfers and other sources	$881,384,560	$4,379,554	$885,764,114	$497,583,582	56.2%	**$1,383,347,696**	$501,963,136	57.0%
Total general fund revenues, transfers, and beginning balance	$6,949,631,282	$232,094,787	$7,181,726,069	$148,217,599	2.1%	**$7,329,943,668**	$380,312,386	5.5%

[1] The amounts shown reflect legislative estimates from May 2013.

[2] Actual July 1, 2013, balance.

[3] Estimated July 1, 2015, balance - The executive budget recommendation projects a July 1, 2015, general fund balance of $577,466,597, based on the 2013-15 revised general fund revenue forecast of $5,785,666,883 and appropriation authority of $6,756,087,801 (general fund appropriations of $6,873,587,354 plus proposed deficiency appropriations of $8,809,026 and $3 million for early distributions and less estimated general fund turnback of $55 million and adjustments of $74,308,579 for emergency clauses). The executive budget does not include any transfers from the general fund prior to July 1, 2013. However, it is estimated that $103.5 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 2013-15 biennium reflects a revenue reduction of $200 million relating to income tax relief as approved by the 2013 Legislative Assembly. The amount shown for the 2015-17 biennium includes an additional revenue reduction of $100 million relating to income tax relief and $15 million relating to housing incentive fund credits as recommended by the Governor.

[5] The amount shown for the 2013-15 biennium reflects a revenue reduction of $50 million relating to income tax relief as approved by the 2013 Legislative Assembly. The amount shown for the 2015-17 biennium includes an additional revenue reduction of $25 million relating to income tax relief and $15 million relating to housing incentive fund credits as recommended by the Governor.

[6] The amounts shown for the oil and gas gross production tax and oil extraction tax collections for the 2015-17 biennium reflect the executive recommendation changes to the allocation of oil and gas gross production tax collections to the counties, which provides approximately $1 billion more to the counties.

GENERAL FUND REVENUE ESTIMATES FOR THE 2013-15 AND 2015-17 BIENNIUMS AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS

	Actual		Estimated		2015-17 Biennium Increase (Decrease) Compared to the 2013-15 Biennium	
	2009 -11 Biennium	2011-13 Biennium	2013-15 Biennium[1]	2015-17 Biennium[2]	Amount	Percentage
Revenue source						
Sales and use tax	$1,267,211,331	$2,196,977,793	$2,535,362,100	$3,028,960,000	$493,597,900	19.5%
Motor vehicle excise tax	124,425,401 [3]	252,725,403	289,315,958	329,314,000	39,998,042	13.8%
Individual income tax	729,255,895 [4]	1,046,161,236 [4]	951,143,203 [4]	858,379,000 [4]	(92,764,203)	(9.80%)
Corporate income tax	234,364,296 [5]	385,814,247 [5]	481,516,247 [5]	485,714,000 [5]	4,197,753	0.9%
Insurance premium tax	63,150,948	82,857,729	84,927,055	91,897,243	6,970,188	8.2%
Business privilege tax	6,748,753	11,236,510	(4,871,446) [6]	0	4,871,446	(100.00%)
Cigarette and tobacco tax	46,253,470	53,723,649	59,567,291	61,560,000	1,992,709	3.3%
Oil and gas production tax	32,718,333 [7]	133,834,000 [8]	146,071,108 [8]	70,000,000 [8]	(76,071,108)	(52.10%)
Oil extraction tax	38,281,667 [7]	166,166,000 [8]	153,928,892 [8]	230,000,000 [8]	76,071,108	49.4%
Coal conversion tax	39,064,299	38,399,414	38,875,236	39,578,000	702,764	1.8%
Gaming tax	16,189,991	11,136,421	7,097,793	7,106,250	8,457	0.1%
Wholesale liquor tax	15,163,855	17,617,501	18,335,019	19,188,000	852,981	4.7%
Mineral leasing fees	17,521,635	43,052,074	36,792,104	38,535,944	1,743,840	4.7%
Interest income	43,684,825	13,671,280	19,930,091	21,008,000	1,077,909	5.4%
Departmental collections	68,577,582	76,994,265	81,912,118	87,888,938	5,976,820	7.3%
Total revenues	$2,742,612,281	$4,530,367,522	$4,899,902,769	$5,369,129,375	$469,226,606	9.6%
Transfers and other sources						
Transfer - Bank of North Dakota	$0	$0	$0	$0	$0	N/A
Transfer - Student loan trust fund	0	0	0	0	0	N/A
Transfer - Mill and Elevator Association	13,902,268 [9]	9,448,922 [9]	6,817,200 [9]	6,817,200 [9]	0	0.0%
Transfer - Lottery	10,400,000	14,300,000	15,200,000	17,500,000	2,300,000	15.1%
Transfer - Gas tax administration	1,288,000	1,485,000	1,777,360	2,030,496	253,136	14.2%
Transfer - Lands and minerals trust fund	35,000,000	0	0	0	0	N/A
Transfer - Permanent oil tax trust fund	1,124,935,590 [10]	0	0	0	0	N/A
Transfer - Property tax relief fund	0	295,000,000	341,790,000	657,000,000	315,210,000	92.2%
Transfer - Strategic investment and improvements fund	0	305,000,000	520,000,000	700,000,000	180,000,000	34.6%
Transfers - Other	4,556,650	253,116	179,554	0	(179,554)	(100.00%)
Total transfers and other sources	$1,190,082,508	$625,487,038	$885,764,114	$1,383,347,696	$497,583,582	56.2%
Total general fund revenues and transfers	$3,932,694,789	$5,155,854,560	$5,785,666,883	$6,752,477,071	$966,810,188	16.7%

[1] Revised 2013-15 revenue forecast (December 2014).

[2] Executive budget revenue forecast for the 2015-17 biennium.

[3] Senate Bill No. 2012 (2009) provides for 25 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund for the 2009-11 biennium. This bill reduced general fund motor vehicle excise tax collections by $41.5 million for the 2009-11 biennium.

[4] The amount shown for the 2009-11 biennium reflects a revenue reduction of $90 million relating to income tax relief. The amount shown for the 2011-13 biennium reflects a revenue reduction of an additional $120 million relating to income tax rate reductions of 17.9 percent as provided for in 2011 House Bill No. 1047. The amount shown for the 2013-15 biennium reflects a revenue reduction of an additional $200 million relating to income tax relief. The amount shown for the 2015-17 biennium includes a $100 million reduction relating to income tax relief and a $15 million reduction relating to housing incentive fund tax credits based on the executive recommendation.

[5] The amount shown for the 2009-11 biennium reflects a revenue reduction of $10 million relating to income tax relief. The amount shown for the 2011-13 biennium reflects a revenue reduction of an additional $25 million relating to income tax rate reductions of 19.5 percent as provided for in 2011 House Bill No. 1047. The amount shown for the 2013-15 biennium reflects a revenue reduction of an additional $50 million relating to income tax relief. The amount shown for the 2015-17 biennium includes a $25 million reduction relating to income tax relief and a $15 million reduction relating to housing incentive fund tax credits based on the executive recommendation.

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

[7] From 1999 through 2003, North Dakota Century Code Section 57-51.1-07.2 provided that if, at the end of any biennium, oil and gas gross production and extraction tax collections during the biennium exceed $62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. From 2003 to 2011, of the state's share, the first $71 million of oil tax collections was deposited in the general fund and all remaining revenue was transferred into the permanent oil tax trust fund. Interest on money in the fund is transferred to the general fund.

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

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

The state's share of oil and gas tax collections are estimated to be $2,070 million for the 2013-15 biennium. Of the $2,070 million, $300 million is to be deposited in the general fund, $342 million in the property tax relief fund, $22 million in the state disaster relief fund, and $1,406 million in the strategic investment and improvements fund before any potential transfers to the legacy fund. The state's share of oil and gas tax collections are estimated to be $1,866 million for the 2015-17 biennium. Of the $1,866 million, $300 million is to be deposited in the general fund, $342 million in the property tax relief fund, $22 million in the state disaster relief fund, and $1,202 million in the strategic investment and improvements fund before any potential transfers to the legacy fund.

The amounts shown for the oil and gas gross production tax and oil extraction tax collections for the 2015-17 biennium reflect the executive recommendation changes to the allocation of oil and gas gross production tax collections to the counties, which provides approximately $1 billion more to the counties.

[9] The 2009 Legislative Assembly repealed the $5 million transfer from the Mill and Elevator Association for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits. The amount shown for the 2011-13 biennium reflects Mill and Elevator profits for the 2011-13 biennium. The 2013 Legislative Assembly provided that the transfer from the Mill and Elevator for the 2013-15 biennium be 50 percent of mill profits or $6,817,200, whichever is less. The amount shown for the 2015-17 biennium reflects the changes approved by the 2013 Legislative Assembly.

[10] The 2011 Legislative Assembly repealed the permanent oil tax trust fund and provided for a transfer of the balance in the fund to the general fund at the end of the 2009-11 biennium. Therefore, transfers from the permanent oil tax trust fund increased from $435 million as provided for by the 2009 Legislative Assembly to $1,124,900,000 due to action by the 2011 Legislative Assembly to repeal the permanent oil tax trust fund at the end of the 2009-11 biennium in House Bill No. 1451.

NORTH DAKOTA OIL PRODUCTION AND OIL MARKET PRICES

Period	Oil Production (in Barrels)		Average Price Per Barrel			
			Monthly Average	Comparison Price	Trigger Price[1]	Variance of Comparison to Trigger
	Average Per Day	Total				
Fiscal year 2012	517,078	188,648,756	$79.44	$93.60	$50.08	$43.52
Fiscal year 2013	744,238	271,596,654	82.68	88.68	52.19	36.49
2011-13 biennium average or total	630,658	460,245,410	$81.06	$91.14	$51.14	$40.00
Fiscal year 2014	941,491	343,644,290	$85.04	$98.01	$52.06	$45.95
Fiscal year 2015 estimates	1,172,439	427,874,882	75.81	N/A	52.58	N/A
2013-15 biennium average or total	1,056,965	771,519,172	$80.43	N/A	$52.32	N/A
2015-17 biennium estimates	1,368,542	972,815,000	$79.25	N/A	N/A	N/A

Monthly oil tax revenue allocations reflect oil price and production from two months prior. For example, June 2015 oil price and production relate to August 2015 oil tax revenue allocations. As a result, oil price and production for the 2015-17 biennium is based on the period June 2015 to May 2017. The following are estimated monthly average oil prices for the 2015-17 biennium for selected months:

	June 2015	September 2015	December 2015	March 2016	June 2016	September 2016	December 2016	March 2017
Estimated oil production	1,220,000	1,250,000	1,275,000	1,300,000	1,365,000	1,380,000	1,380,000	1,400,000
Estimated oil price	$74.00	$75.00	$77.00	$78.00	$79.00	$80.00	$81.00	$82.00

The following are definitions of the terms related to the price of crude oil, specifically the definitions of monthly average price, comparison price, futures price, and trigger price:

- The monthly average price reflects the price of oil published by Flint Hills Resources, which is most reflective of the North Dakota price.
- The comparison price is the monthly average of the daily closing price for a barrel of West Texas Intermediate (WTI) Cushing crude oil minus $2.50 (North Dakota Century Code Chapter 57-51.1).
- 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 the price paid for WTI crude oil.
- The trigger price was set in 2001 at $35.50 as indexed for inflation. The trigger price is determined by the Tax Department for each calendar year. The trigger price is calculated by multiplying $35.50 by a base rate adjustment. The base rate adjustment is based on the state fiscal year average of the industrial commodities producer price index as published by the United States Department of Labor, Bureau of Labor Statistics. The base rate adjustment is calculated by dividing the current state fiscal year average of the industrial commodities producer price index by the state fiscal year 2001 base average of the industrial commodities producer price index.

[1]If the average monthly comparison price of a barrel of oil is less than the trigger price for five consecutive months, certain oil extraction tax rate reductions and exemptions are effective. If the rate reductions and exemptions become effective, the average monthly comparison price must exceed the trigger price for five consecutive months before the rate reductions and exemptions are removed.

In addition, another set of oil extraction tax rate reductions and exemptions are effective if the average monthly comparison price of a barrel of oil is less than $55 for one month. The rate reductions and exemptions are effective until the average monthly comparison price of a barrel of oil exceeds $70 for one month. This special trigger price provision was approved by the 2009 Legislative Assembly. The 2013 Legislative Assembly in House Bill No. 1198, changed the expiration date from June 30, 2013 to June 30, 2015.

ALLOCATION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS GROSS PRODUCTION TAXES FOR THE 2015-17 BIENNIUM (AMOUNTS SHOWN IN MILLIONS)

2015-17 Biennium Estimated Allocations Based on the December 2014 Revenue Forecast and the Executive Budget Recommendation												
Tax	State Share[1]	Legacy Fund[2]	Common Schools Trust Fund[3]	Foundation Aid Stabilization Fund[3]	Resources Trust Fund[4]	Oil and Gas Impact Grant Fund[5]	Oil and Gas Research Fund[6]	North Dakota Outdoor Heritage Fund[7]	Political Subdivisions[8]	Tribal Share[9]	Abandoned Well Reclamation Fund[10]	Total
Oil extraction tax[11]	$1,391.28	$1,302.66	$409.93	$409.93	$819.87	$0.00	$8.54	$0.00	$0.00	$315.24	$0.00	$4,657.45
Oil and gas gross production tax[12]	475.01	1,011.67	0.00	0.00	0.00	119.00	1.46	50.00	1,705.10	292.64	10.00	3,664.88
Total	$1,866.29	$2,314.33	$409.93	$409.93	$819.87	$119.00	$10.00	$50.00	$1,705.10	$607.88	$10.00	$8,322.33

[1]The 2011 Legislative Assembly 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 2015-17 biennium are:

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

Any additional revenues are deposited in the **strategic investment and improvements fund** ($1,202.49 million). 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. Based on the executive budget recommendation a transfer of $286.1 million of oil and gas tax revenue from the strategic investment and improvements fund to the legacy fund will result in a net deposit in the strategic investment and improvements fund, including the $100 million allocation above, of $916.41 million.

[2]Passage of Constitutional Measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. The legacy fund receives 30 percent of oil and gas gross production and oil extraction taxes beginning July 1, 2011. In addition to the amount shown, $286.1 million of oil and gas tax revenue is estimated to be transferred to the legacy fund from the strategic investment and improvements fund during the 2015-17 biennium providing total deposits from oil and gas tax revenues of $2,600.42 million. 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 $286.1 million does not reflect additional transfers from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue.

[3]The 1993 Legislative Assembly 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 2013 Legislative Assembly in Senate Bill No. 2014 provided for allocation of 5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed $3 million, to the renewable energy development fund, to be spent pursuant to a continuing appropriation and one-half of 1 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed $1.2 million, to a newly created energy conservation fund.

[5]The executive budget decreases the allocation to the oil and gas impact grant fund by $121 million, from $240 million to $119 million for the 2015-17 biennium.

[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. The 2013 Legislative Assembly in Senate Bill No. 2014 increased the allocation to $10 million per biennium.

[7]The 2013 Legislative Assembly in House Bill No. 1278 provided an allocation of 4 percent of the first 1 percent of oil and gas gross production tax revenue, to a newly created North Dakota outdoor heritage fund with an annual funding cap of $15 million, or $30 million per biennium. The executive recommendation increases the allocation to $50 million per biennium, and changes the allocation from 4 percent to all revenue up to $50 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. The 2013 Legislative Assembly changed the formula in House Bill No. 1358. For a county that receives less than $5 million annually of oil tax allocations, up to 35 percent of all revenues allocated to counties must be distributed 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 distributed to incorporated cities in the county based on population and the remaining 45 percent is distributed to the county. For a county that receives $5 million or more, up to 9 percent of all revenues allocated to counties must be distributed to hub cities based on percentages. Up to 3 percent of all revenues allocated to counties must be allocated equally to townships in the county. Up to 3 percent of all revenues allocated to counties must be allocated to townships in the county based on the proportion of township miles. Up to 5 percent of all revenues allocated to counties must be distributed to schools based on the average daily attendance distribution basis, with hub schools omitted from this distribution. Up to 20 percent of all revenues allocated to counties must be distributed to cities with hub cities omitted from this distribution and the remaining 60 percent is distributed to the county.

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

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

[11]The oil extraction tax rate is 6.5 percent of the gross value at the well. However, oil extraction tax rate reductions and exemptions are available for oil production based on the price of oil and for certain wells, including stripper wells and wells completed outside the Bakken and Three Forks Formations.

The initial production of oil from a well that was drilled and completed before July 1, 2013, is exempt from any oil extraction tax for a period of 60 months if it meets any of the following conditions:

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

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 monthly comparison price of a barrel of oil is less than the trigger price for five consecutive months, certain oil extraction tax rate reductions and exemptions are effective until the average monthly comparison price of a barrel of oil exceeds the trigger price for five consecutive months.

The first 75,000 barrels of oil produced during the first 18 months after completion, from a well drilled and completed outside the Bakken and Three Forks Formations, and 10 miles or more outside an established field in which the Industrial Commission has defined the pool to include the Bakken or Three Forks Formation, is subject to a reduced tax rate of 2 percent of the gross value at the well of the oil.

A special set of rate reductions and exemptions are effective if the average monthly comparison price of a barrel of oil is less than $55 for one month. The rate reductions and exemptions are effective until the average monthly comparison price of a barrel of oil exceeds $70 for one month. This special trigger price provision was approved by the 2009 Legislative Assembly, and the 2013 Legislative Assembly in House Bill No. 1198 changed the expiration date to July 1, 2015.

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.

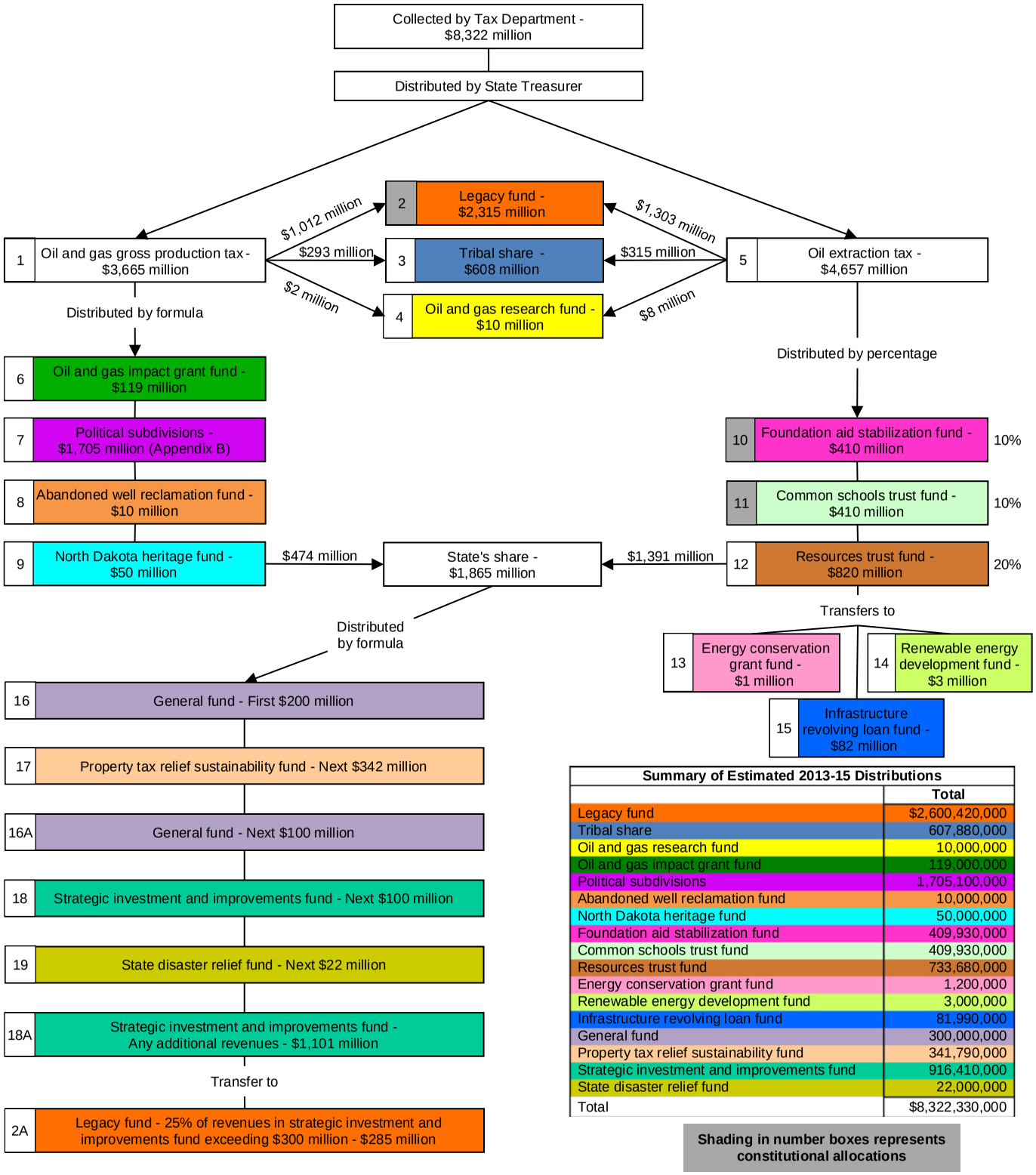
[12]The gross production tax on oil is 5 percent of the gross value at the well on oil produced. The gross production tax on gas is four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.

The oil and gas gross production tax is distributed per formula to political subdivisions and certain state funds. Section 57-51-15.1 (2013 House Bill No. 1358) changed the maximum distribution to the oil and gas impact grant fund from $100 million per biennium to $240 million for the 2013-15 biennium only. House Bill No. 1358 also changed the formula distribution of oil and gas gross production tax collections to political subdivisions. The executive budget decreases the allocation to the oil and gas impact grant fund from $240 million to $119 million and increases the allocations to political subdivisions.

2015-17 OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART
(REFLECTING THE 2015-17 EXECUTIVE BUDGET RECOMMENDATION)

This memorandum provides information on the estimated allocation of oil and gas tax collections for the 2015-17 biennium based on the December 2014 revenue forecast. A summary of the funds is included in Appendix A, and a more detailed schedule of the distribution of oil and gas gross production tax collections is included in Appendix B.

2015-17 BIENNIUM
December 2014 Revenue Forecast Estimates



Summary of Estimated 2013-15 Distributions	
	Total
Legacy fund	$2,600,420,000
Tribal share	607,880,000
Oil and gas research fund	10,000,000
Oil and gas impact grant fund	119,000,000
Political subdivisions	1,705,100,000
Abandoned well reclamation fund	10,000,000
North Dakota heritage fund	50,000,000
Foundation aid stabilization fund	409,930,000
Common schools trust fund	409,930,000
Resources trust fund	733,680,000
Energy conservation grant fund	1,200,000
Renewable energy development fund	3,000,000
Infrastructure revolving loan fund	81,990,000
General fund	300,000,000
Property tax relief sustainability fund	341,790,000
Strategic investment and improvements fund	916,410,000
State disaster relief fund	22,000,000
Total	$8,322,330,000

Shading in number boxes represents constitutional allocations

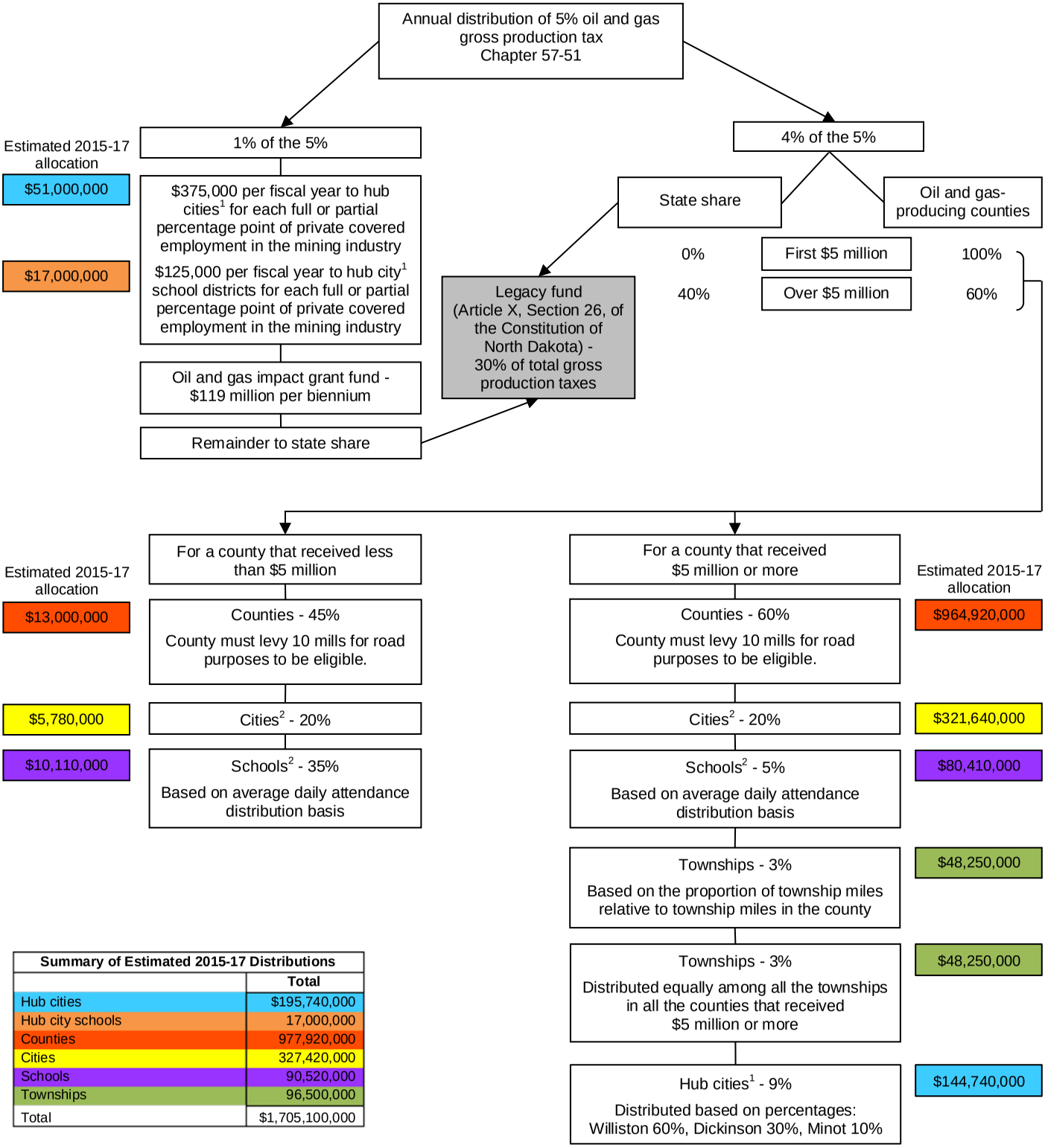
ATTACH:2

The table below provides a brief description of the taxes and funds included in the flowchart on the previous page. The executive recommendation changes to the allocations are boldfaced.

Box	Tax/Fund	Description
1	Oil and gas gross production tax	North Dakota Century Code Section 57-51-02 provides for a tax of 5 percent of the gross value at the well of oil produced in North Dakota unless exempted. 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.
2 and 2-A	Legacy fund	Article X, Section 26, of the Constitution of North Dakota, provides for a deposit to the legacy fund of 30 percent of total revenue derived from taxes on oil and gas production or extraction. Section 15-08.1-08 provides that if the unobligated balance in 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 must be deposited instead in the legacy fund.
3	Tribal share	Chapter 57-51.2 provides the requirements for allocating oil and gas tax revenues to the Three Affiliated Tribes within the Fort Berthold Reservation. The oil and gas tax revenues are allocated 50 percent to the state and 50 percent to the Three Affiliated Tribes.
4	Oil and gas research fund	Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes the oil and gas research fund. 2013 Senate Bill No. 2014 amended Section 57-51.1-07.3 to provide that 2 percent of the state's share of the oil and gas gross production tax and oil extraction tax revenues, up to $10 million per biennium, is to be deposited into the oil and gas research fund. All money deposited in the fund and all interest income are appropriated as a continuing appropriation to the Oil and Gas Research Council.
5	Oil extraction tax	Section 57-51.1-02 provides for a tax of 6.5 percent of the gross value at the well on the activity in North Dakota of extracting oil from the earth unless exempted.
6	Oil and gas impact grant fund	Section 57-51-15 (1989 House Bill No. 1302) establishes the oil and gas impact grant fund for deposit of revenue from oil and gas gross production taxes. 2013 House Bill No. 1358 amended Section 57-51-15 to provide that revenue from the tax equal to the first 1 percent of the gross value of oil at the well of oil production, up to $240 million per biennium, is to be deposited into the oil and gas impact grant fund. The fund is used to provide grants to political subdivisions impacted by oil development. **The executive recommendation decreases the allocation to the oil and gas impact grant fund by $121 million, from $240 million to $119 million.**
7	Political subdivisions	Oil and gas gross production taxes are apportioned to political subdivisions pursuant to Section 57-51-15 as amended by 2013 House Bill No. 1358. **The executive recommendation increases the allocations to political subdivisions by increasing the amount allocated to counties related to the 4 percent of the 5 percent oil and gas gross production tax from 25 percent to 60 percent of all revenue above $5 million.** See Appendix B.
8	Abandoned oil and gas well plugging and site reclamation fund	2013 House Bill No. 1333 amended Section 57-51-15 to provide that 4 percent of the first 1 percent of oil and gas gross production tax to be allocated to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding $5 million per state fiscal year and not in an amount that would bring the balance of the fund to more than $75 million.
9	North Dakota heritage fund	2013 House Bill No. 1278 created a North Dakota outdoor heritage fund to preserve natural areas and public lands and amended Section 57-51-15 to provide 4 percent of revenues from the first 1 percent of the oil and gas gross production tax up to $15 million per state fiscal year. **The executive recommendation increases the revenue allocation to provide $50 million per biennium.**
10	Foundation aid stabilization fund	Article X, Section 24, of the Constitution of North Dakota, provides for a distribution of 10 percent of oil extraction taxes to the foundation aid stabilization fund. Section 24 also provides that the principal of the foundation aid stabilization fund may be expended only upon order of the Governor to offset foundation aid reductions that were made by executive action due to a revenue shortfall.
11	Common schools trust fund	Article IX, Section 1, of the Constitution of North Dakota, provides for a common schools trust fund to be used to support the common schools of the state. Article X, Section 24, of the Constitution of North Dakota, provides for a distribution of 10 percent of oil extraction taxes to the common schools trust fund to become part of the principal of the fund. Article IX also provides for the deposit of other revenue sources into the common schools trust fund. Only earnings of the common schools trust fund may be spent. The earnings are distributed to school districts as part of the state school aid formula.
12	Resources trust fund	Section 57-51.1-07 provides for a distribution of 20 percent of oil extraction taxes to the resources trust fund. Article X, Section 22, of the Constitution of North Dakota, provides that the fund may be used, subject to legislative appropriation, for constructing water-related projects, including rural water systems, and funding of programs for energy conservation.
13	Energy conservation grant fund	2013 Senate Bill No. 2014 amended Section 57-51.1-07 to provide for a transfer of one-half of 1 percent of the amount credited to the resources trust fund from the resources trust fund into the energy conservation grant fund, up to $1.2 million per biennium.
14	Renewable energy development fund	2013 Senate Bill No. 2014 amended Section 57-51.1-07 to provide for a transfer of 5 percent of the amount credited to the resources trust fund from the resources trust fund into the renewable energy development fund, up to $3 million per biennium.
15	Infrastructure revolving loan fund	2013 Senate Bill No. 2233 created an infrastructure revolving loan fund within the resources trust fund to provide loans for water supply, flood protection, or other water projects. Ten percent of the oil extraction tax allocations deposited in the fund are designated for the infrastructure revolving loan fund.
16 and 16-A	General fund	The general fund is the chief operating fund of the state. Section 57-51.1-07.5 provides for the distribution of the state's share of oil and gas taxes. The distribution formula provides for an initial deposit of $200 million to the general fund and an additional $100 million after a deposit of $341.79 million in the property tax relief sustainability fund.

17	Property tax relief sustainability fund	Section 57-64-05 provides for the property tax relief sustainability fund to provide for property tax relief programs pursuant to legislative appropriations. Section 57-51.1-07.5 provides for the distribution of up to $341.79 million of oil tax revenues to the property tax relief sustainability fund each biennium.
18 and 18-A	Strategic investment and improvements fund	Section 15-08.1-08 provides for the strategic investment and improvements fund. The fund is to be used for one-time expenditures to improve state infrastructure or initiatives to improve the efficiency and effectiveness of state government. Section 57-51.1-07.5 provides for the distribution of certain oil tax revenues to the strategic investment and improvements fund.
19	State disaster relief fund	Section 37-17.1-27 provides for the state disaster relief fund to be used only for the required state share of funding for expenses associated with presidential-declared disasters in the state upon Emergency Commission and Budget Section approval. Section 57-51.1-07.5 provides for the distribution of up to $22 million of oil tax revenues at certain levels to the state disaster relief fund each biennium.

DECEMBER 2014 REVENUE FORECAST ESTIMATES OF 2015-17 BIENNIUM DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS (REFLECTING THE 2015-17 EXECUTIVE BUDGET RECOMMENDATION)



Summary of Estimated 2015-17 Distributions	
	Total
Hub cities	$195,740,000
Hub city schools	17,000,000
Counties	977,920,000
Cities	327,420,000
Schools	90,520,000
Townships	96,500,000
Total	$1,705,100,000

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

[2]Hub cities and hub city school districts must be omitted from this apportionment.

DEFICIENCY APPROPRIATIONS FOR THE 2013-15 BIENNIUM INCLUDED IN THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION (SENATE BILL NO. 2023)

Senate Bill No. 2023	General Fund	Other Funds	Total
State Department of Health - Estimated amount needed for the local public health vaccine purchasing program	$470,900		$470,900
Attorney General - Estimated amount needed for prosecution witness fees	50,000		50,000
Secretary of State - Repay Bank of North Dakota loan authorized for a computer project	950,000		950,000
Commission on Legal Counsel for Indigents - Estimated amount needed for the cost of increased caseloads	700,000		700,000
Department of Corrections and Rehabilitation - Repay Bank of North Dakota loan authorized for the State Penitentiary building project	1,135,547		1,135,547
Adjutant General - Repay Bank of North Dakota loan for the state's share of disaster costs		$5,000,000	5,000,000
Minot State University - Estimated amount needed for the state share of costs and FEMA ineligible costs resulting from the 2010 and 2011 floods	2,000,579		2,000,579
Valley City State University - $3.3 million for the university's share of Valley City's permanent flood protection project and $152,000 to complete the demolition of the retired science building	3,452,000		3,452,000
Williston State College - Estimated amount needed to repair the roof of the boiler building	50,000		50,000
Total deficiency appropriations for the 2013-15 biennium	$8,809,026	$5,000,000	$13,809,026

SECTION C - APPROPRIATIONS

GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS C-1

SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS C-3

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ECONOMIC DEVELOPMENT - GENERAL FUND APPROPRIATIONS C-6

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GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2015-17 executive budget to the 2013-15 appropriations approved by the 2013 Legislative Assembly and lists major changes:

	2013-15 Original Legislative Appropriations	Executive Budget Ongoing Increase (Decrease) From 2013-15	Executive Budget One-Time Increase (Decrease) From 2013-15	2015-17 Executive Budget Recommendation
Ongoing general fund appropriations	$4,435,624,046	$567,446,327		$5,003,070,373
One-time general fund appropriations	2,437,963,308		($208,453,351)	2,229,509,957
Total	$6,873,587,354	$567,446,327	($208,453,351)	$7,232,580,330
Major changes include:				
Recommended salary and fringe benefits increase (excluding higher education)		$93,105,176		
Highway Patrol		2,198,655	$19,419,000	
Department of Human Services		168,163,867	12,815,308	
Higher education		131,749,977	(27,475,571)	
Industrial Commission		4,957,512	18,452,285	
Department of Corrections and Rehabilitation		25,443,138	30,955,984	
State Treasurer		104,383	(59,535,838)	
Office of Management and Budget		1,639,771	(271,245,000)	
Parks and Recreation Department		2,543,596	25,613,096	
Department of Public Instruction		72,891,821	3,750,000	
Other net changes		64,648,431	38,797,385	
Total		$567,446,327	($208,453,351)	

Major changes and key recommendations affecting 2015-17 general fund appropriations include:

- **Recommended salary and fringe benefits increase, excluding higher education - $93,105,176.** The executive budget includes funding for state employee performance salary increases of 3 to 5 percent effective July 1, 2015, and July 1, 2016. The executive budget includes funding for annual market equity salary adjustments of up to 2 percent for classified employees in the lower half of their salary range. The executive budget also includes funding for targeted market equity increases for certain agencies. The executive budget provides for increasing state employee retirement contributions by 2 percent on January 1, 2016. For the 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 $180 per month, from $982 to $1,162 per month. See the **STATE EMPLOYEES** section for additional information on state employee salary increases.
- **Highway Patrol - $21,617,655.** The executive budget provides $917,992 from the general fund for 4 new full-time equivalent (FTE) sworn officer positions and related operating expenses. The executive budget provides one-time funding of $24.1 million from the general fund for Phase II of the new law enforcement training academy facility.
- **Department of Human Services - $180,979,175.** The executive budget increases funding from the general fund as follows:

  $11.8 million relating to federal medical assistance percentage (FMAP) changes.

  $14.0 million for the eligibility modernization information technology project.

  $48.1 million for inflationary increases of 4 percent annually for human service providers.

  $62.2 million for cost, caseload, and utilization changes.
- **Higher education - $104,274,406.** The executive budget increases funding from the general fund as follows:

  $54.1 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 to fully fund the University of North Dakota School of Medicine and Health Sciences RuralMed program.

  $8.8 million for student financial assistance programs, including $1.7 million to increase the needs-based financial aid grant award level to a maximum of $1,784 per year. The recommendation also includes $7.1 million to increase the academic and career and technical education scholarship award levels from $1,500 to $2,500 per year with a lifetime student award amount maximum of $10,000.

  $36.0 million for institution distributions based on student credit-hours completed through the higher education funding formula.

  $25.4 million decrease in one-time funding from the general fund for major capital projects to provide a total of $135.8 million.

See the **HIGHER EDUCATION** section for additional information.

- **Industrial Commission - $23,409,797.** The executive budget provides one-time funding of $16 million from the general fund for an expansion of the Wilson M. Laird Core and Sample Library. The executive budget provides $4.5 million for 22 new FTE positions.
- **Department of Corrections and Rehabilitation - $56,399,122.** The executive budget increases funding from the general fund as follows:

  $3.7 million for 22 new FTE positions.

  $29.6 million for the construction of a new Missouri River Correctional Center.

  $6.2 million to continue contracted treatment, transition programming, and inmate housing.
- **State Treasurer - ($59,431,455).** The executive budget removes one-time funding of $100 million for 2013-15 biennium transportation funding distributions to non-oil-producing counties, cities, and townships. The executive budget provides a $50 million increase in funding from the general fund for the state-paid property tax relief credit program, from $200 million to $250 million.
- **Office of Management and Budget - ($269,605,229).** The executive budget removes the one-time transfer of $315.2 million from the general fund to the property tax relief fund. The executive budget provides one-time funding of $40 million from the general fund to renovate and expand the Liberty Memorial Building for use by the judicial branch.
- **Parks and Recreation Department - $28,156,692.** The executive budget provides one-time funding of $30.4 million from the general fund for park improvements at Lake Sakakawea State Park and nine other state parks and to develop a 200-acre day park along the Missouri River in south Bismarck.
- **Department of Public Instruction - $76,641,821.** The executive budget provides integrated formula payments totaling $1,900 million, an increase of $147.9 million from the $1,752.1 million provided during the 2013-15 biennium. The increase of $147.9 million includes increases in funding of $78.8 million from the state tuition fund and $69.1 million from the general fund. 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 2015-17 executive budget to the 2013-15 appropriations approved by the Legislative Assembly and lists major special funds sources changes:

	2013-15 Legislative Appropriations	Increase (Decrease) From 2013-15	2015-17 Executive Budget
All funds appropriations	$13,755,262,310	$1,971,768,651	$15,727,030,961
Less general fund appropriations	6,873,587,354	358,992,976	7,232,580,330
Total special funds appropriations	$6,881,674,956	$1,612,775,675	$8,494,450,631
Major special funds sources and changes include:			
Federal funds	$3,386,210,785[1]	$285,619,238	$3,671,830,023
Department of Transportation	1,229,279,434	881,546,550	2,110,825,984
Department of Public Instruction	141,699,190	78,828,906	220,528,096
State Water Commission	821,965,364	589,206,904	1,411,172,268
Department of Trust Lands	247,506,969	(144,048,545)	103,458,424
Industrial Commission	40,688,792	(23,899,404)	16,789,388
Attorney General	35,704,744	14,370,125	50,074,869
Other	978,619,678	(68,848,099)	909,771,579
Total	$6,881,674,956	$1,612,775,675	$8,494,450,631

[1]The amount shown for the 2013-15 biennium is the total federal funds appropriated by the 2013 Legislative Assembly as reported by state agencies on a survey for the Budget Section completed in September 2014.

Major changes and key recommendations affecting 2015-17 special funds appropriations include:

- **Federal funds - ($311,867,614).** The executive budget recommends an increase of regular federal funds of $311,867,614. Please refer to the federal funds comparison schedule under the **APPROPRIATIONS** section for additional information.
- **Department of Transportation - $881,546,550.** The executive budget provides $1,450 million from the highway fund and $5 million from the special roads fund to the Department of Transportation for enhanced state infrastructure, transportation distributions to non-oil producing political subdivisions, and roads that lead to recreational areas. The executive budget provides for transfers from the general fund to the highway fund of $1,350 million to provide funding for the enhanced state highway investments and $100 million to provide funding for transportation distributions to non-oil producing counties, cities, and townships. The executive budget provides a transfer from the general fund to the special roads fund of $5 million to provide funding for improvements to roads that lead to recreational areas.
- **Department of Public Instruction - $78,828,906.** The increase relates primarily to $78.8 million of additional funding available in the state tuition fund for state school aid payments.
- **State Water Commission - $589,206,904.** The increase relates primarily to additional funding available in the resources trust fund for water projects.
- **Department of Trust Lands - ($144,048,545).** The executive budget provides $94.3 million from the oil and gas impact grant fund, a decrease of $145.7 million from the $240 million appropriated during the 2013-15 biennium. The deposits will be used to provide $50 million in new energy impact grants for airports, $4 million for new energy impact grants for higher education, $30 million for new energy impact grants for schools, and $10 million for new energy impact grants for cities in small oil-producing counties.
- **Industrial Commission - ($23,899,404).** The executive budget removes 2013-15 biennium special funds appropriations of $19.5 million from the lignite research fund. The Industrial Commission has a continuing appropriation to spend moneys in the fund.
- **Attorney General - $14,370,125.** The executive budget provides $24.5 million from the oil and gas impact grant fund of which $20 million is for grants to local law enforcement agencies in oil-impacted areas. For the 2013-15 biennium, the Legislative Assembly appropriated $9.6 million from the strategic investment and improvements fund to the Attorney General for law enforcement needs in oil-impacted areas.

FEDERAL FUNDS
COMPARISON OF 2013-15 APPROPRIATIONS AND 2015-17 EXECUTIVE BUDGET RECOMMENDATION

Agency	2013-15 Appropriation[1]	2013-15 Current Estimate[1]	2015-17 Executive Budget	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Appropriation	Percentage Increase (Decrease)
Department of Human Services	$1,700,732,059	$1,629,018,839	$2,148,081,505	$447,349,446 [2]	26.3% [2]
Adjutant General	231,625,343	180,553,860	184,956,052	(46,669,291) [3]	(20.1%) [3]
State Water Commission	37,080,441	2,605,528	15,651,580	(21,428,861) [4]	(57.8%) [4]
Department of Commerce	64,138,514	45,642,177	55,471,920	(8,666,594)	(13.5%)
Department of Public Instruction	295,297,569	251,049,796	287,935,210	(7,362,359)	(2.5%)
Department of Transportation	691,500,000	691,500,000	616,461,731	(75,038,269) [5]	(10.9%) [5]
Information Technology Department	8,858,980	2,884,845	3,738,121	(5,120,859) [6]	(57.8%) [6]
Job Service North Dakota	77,206,472	71,596,719	71,012,950	(6,193,522) [7]	(8.0%) [7]
Upper Great Plains Transportation Institute	19,007,683	14,525,638	12,162,945	(6,844,738) [8]	(36.0%) [8]
Public Service Commission	12,362,469	9,200,000	13,535,438	1,172,969	9.5%
State Board for Career and Technical Education	9,966,039	8,509,131	9,542,914	(423,125)	(4.2%)
Aeronautics Commission	2,015,000	729,460	2,160,000	145,000	7.2%
Game and Fish Department	29,723,601	28,461,095	33,244,376	3,520,775 [9]	11.8% [9]
All other agencies and institutions	206,696,615	192,601,665	217,875,281	11,178,666	5.4%
Total	$3,386,210,785	$3,128,878,753	$3,671,830,023	$285,619,238	8.4%

[1] 2013-15 appropriation and 2013-15 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in September 2014 for the Budget Section.

[2] **Department of Human Services - $447,349,446 increase**
The increase is primarily attributable to an anticipated increase in funding for the following program:

Medicaid (from $1,168,236,634 in 2013-15 to $1,639,503,552 in 2015-17)	$471,266,918

[3] **Adjutant General - $46,669,291 decrease**
The decrease is primarily attributable to an anticipated decrease in funding for the following program:

Public assistance disaster assistance grants (from $101,737,725 in 2013-15 to $53,057,620 in 2015-17)	($48,680,105)

[4] **State Water Commission - $21,428,861 decrease**
The decrease is primarily attributable to anticipated decreases in the following programs:

Northwest Area Water Supply Project (from $15,000,000 in 2013-15 to $7,500,000 in 2015-17)	($7,500,000)
Southwest Pipeline Project (from $16,000,000 in 2013-15 to $5,000,000 in 2015-17)	($11,000,000)

[5] **Department of Transportation - $75,038,269 decrease**

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

Federal Highway Administration (from $649,000,000 in 2013-15 to $582,678,368 in 2015-17)	($66,321,632)
Transportation Investment Generating Economic Recovery (TIGER) discretionary grant program (from $10,000,000 in 2013-15 to $0 in 2015-17)	($10,000,000)

[6] **Information Technology Department - $5,120,859 decrease**

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

State broadband data and development grant program (from $2,300,000 in 2013-15 to $0 in 2015-17)	($2,300,000)
North Dakota health information exchange (from $4,500,000 in 2013-15 to $500,000 in 2015-17)	($4,000,000)

[7] **Job Service North Dakota - $6,193,522 decrease**

The decrease is primarily attributable to an anticipated decrease in the following program:

Unemployment insurance (from $29,137,298 in 2013-15 to $24,555,371 in 2015-17)	($4,581,927)

[8] **Upper Great Plains Transportation Institute - $6,844,738 decrease**

The decrease is primarily attributable to an anticipated decrease in the following program:

University transportation centers (from $19,007,683 in 2013-15 to $12,162,945 in 2015-17)	($6,844,738)

[9] **Game and Fish Department - $3,520,775 increase**

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

Wildlife restoration grants (from $15,937,965 in 2013-15 to $20,591,044 in 2013-15)	$4,653,079

ECONOMIC DEVELOPMENT - GENERAL FUND APPROPRIATIONS

	2011-13 Legislative Appropriation	2013-15 Legislative Appropriation	2015-17 Executive Recommendation	2015-17 Recommended Increase (Decrease) to 2013-15 Appropriation
Department of Commerce - HB 1018				
Administration				
Marketing and communications program	$1,076,618	$848,378	$827,338	($21,040)
Discretionary funds	928,082	928,082	928,082	0
Partner programs	2,122,044	2,022,044	2,322,044	300,000
Trade Office	2,613,400	2,613,400	2,613,400	0
Division of Economic Development and Finance				
Operating costs	2,860,730	2,797,559	3,079,049	281,490
North Dakota Development Fund, Inc.	1,000,000	0	0	0
Economic development initiatives	186,846	186,846	0	(186,846)
Agricultural Products Utilization Commission	1,701,483	1,843,765	1,230,829	(612,936)
Innovation and entrepreneurship				
Operating costs	510,734	588,323	1,359,930	771,607
Innovate ND program	400,000	450,000	0	(450,000)
Entrepreneurship grants and vouchers	0	0	2,350,000	2,350,000
Centers of research excellence grants	12,000,000	0	0	0
Research North Dakota	0	12,000,000	8,000,000	(4,000,000)
Technology-based entrepreneurship grant	1,000,000	1,000,000	0	(1,000,000)
Visual North Dakota	0	250,000	0	(250,000)
Unmanned aerial system grant	0	5,000,000	2,718,620	(2,281,380)
Base retention grant	0	1,500,000	1,500,000	0
Division of Workforce Development				
Operating costs	1,227,790	1,272,847	1,819,596	546,749
Operation Intern	900,000	1,500,000	1,550,000	50,000
Tribal college grants	0	5,000,000	6,000,000	1,000,000
Transfer to the workforce enhancement fund	375,000	2,000,000	1,500,000	(500,000)
Division of Community Services				
Energy conservation grant program	0	1,200,000[1]	1,200,000[1]	0
Total	$28,902,727	$43,001,244	$38,998,888	($4,002,356)
Department of Agriculture - SB 2009				
Pride of Dakota	$250,000	$250,000	$300,000	$50,000
Mediation services	131,101	231,101	231,101	0
Total	$381,101	$481,101	$531,101	$50,000
Department of Career and Technical Education - HB 1019				
Farm management program	$699,802	$749,802	$699,802	($50,000)
Workforce training contracts	3,000,000	3,000,000	4,000,000	1,000,000
Total	$3,699,802	$3,749,802	$4,699,802	$950,000

	2011-13 Legislative Appropriation	2013-15 Legislative Appropriation	2015-17 Executive Recommendation	2015-17 Recommended Increase (Decrease) to 2013-15 Appropriation
Job Service North Dakota - HB 1016				
Workforce 20/20	$1,531,160	$1,541,924	$1,582,167	$40,243
Total	$1,531,160	$1,541,924	$1,582,167	$40,243
Industrial Commission - HB 1014				
Renewable energy development fund	$3,000,000	$3,000,000[1]	$3,000,000[1]	$0
Total	$3,000,000	$3,000,000	$3,000,000	$0
Bank of North Dakota - HB 1014				
PACE	$6,000,000	$0[2]	$0[2]	$0
Ag PACE	1,000,000	0[2]	0[2]	0
Beginning farmer revolving loan fund	1,400,000	0[2]	0[2]	0
Biofuels PACE	1,000,000	0[2]	0[2]	0
Total	$9,400,000	$0	$0	$0
Total economic development funding	$46,914,790	$51,774,071	$48,811,958	($2,962,113)

[1]Senate Bill No. 2014 (2013) provides that 5 percent of oil extraction tax revenue credited to the resources trust fund be transferred to the renewable energy development fund, up to $3 million per biennium. In addition, Senate Bill No. 2014 provides that 0.5 percent of the amount credited to the resources trust fund be transferred into the energy conservation grant fund, up to $1.2 million per biennium. For the 2015-17 biennium, the amount projected to be transferred to the renewable energy development fund is $3 million, and the amount projected to be transferred to the energy conservation grant fund is $1.2 million.

[2]The following are transfers from the Bank of North Dakota's retained earnings and profits for economic development programs:

	2013-15 Biennium	2015-17 Biennium
PACE	$28,000,000	$28,000,000
Ag PACE	2,000,000	3,000,000
Biofuels PACE	2,000,000	2,000,000
Beginning farmer revolving loan fund	6,000,000	7,000,000
Total	$38,000,000	$40,000,000

LARGE INFORMATION TECHNOLOGY PROJECTS FOR THE 2015-17 BIENNIUM[1]

Agency or Institution	Project	General Fund	Other Funds	Total
108 - Secretary of State	Completion of software project	$3,050,000		$3,050,000
180 - Judicial Branch (HB 1002)	Implementation of a redundant information technology site at a remote location for disaster recovery	2,171,672		2,171,672
	Replacement of Juvenile Case Management System	1,782,410		1,782,410
301 - State Department of Health (HB 1004)	Replace system that supports the women, infants, and children program		$1,712,110	1,712,110
325 - Department of Human Services	Eligibility modernization project continuation	14,012,167	46,860,102	60,872,269
380 - Job Service North Dakota (HB 1016)	Unemployment insurance modernization (also known as Wyoming, Colorado, Arizona, and North Dakota (WyCAN) unemployment insurance modernization)		13,907,000	13,907,000
406 - Department of Labor and Human Rights (SB 2007)	Create a paperless system	56,135		56,135
485 - Workforce Safety and Insurance (SB 2021)	Computer software replacement		6,000,000	6,000,000
530 - Department of Corrections and Rehabilitation (HB 1015)	Migrate the parole and probation offender management system (DOCTSTARS) to the agency inmate management system (ELITE)	1,100,000		1,100,000
	Workforce scheduler	616,144		616,144
750 - Parks and Recreation Department (SB 2019)	Online registration program for registration renewals, new registrants, and out-of-state snowmobile permits	310,299	62,289	372,588
801 - Department of Transportation (HB 1012)	Maintenance Management System (MMS)		589,000	589,000
	Vehicle registration and titling system (VRTS) project continuation		2,500,000	2,500,000
Total 2015-17 executive budget recommendation		$23,098,827	$71,630,501	$94,729,328

[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 25, 2014, and prioritized information technology projects for the 2015-17 biennium with a total cost over $250,000 by funding source. The following is a summary of the prioritization, including information as to the preliminary project budget and the amount included in the executive budget:

General Fund Projects				
	Project	Agency	Preliminary Project Budget	Included in Executive Budget Recommendation
1	DOCSTARS to Elite upgrade	Department of Corrections and Rehabilitation	$1,100,000	$1,100,000
2	Workforce software	Department of Corrections and Rehabilitation	$618,136	$616,144

MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS
COMPARISON OF 2013-15 BIENNIUM APPROPRIATIONS AND ALLOCATIONS
AND 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS

	2013-15 Appropriations/ Revenue Allocations	2015-17 Executive Budget Recommendation	2015-17 Recommended Increase (Decrease) Compared to 2013-15 Appropriation	2015-17 Recommended Percentage Increase (Decrease) Compared to 2013-15 Appropriation
General fund appropriations				
State school aid - Integrated formula payments	$1,611,774,000 [1]	$1,680,866,000 [1]	$69,092,000	4.3%
Educational Technology Council grants	1,393,000	2,195,000	802,000	57.6%
Transportation aid payments to school districts	53,500,000	60,000,000	6,500,000	12.1%
Special education contracts	16,500,000	17,300,000	800,000	4.8%
Rapid enrollment grants	13,600,000 [2]	14,800,000	1,200,000	8.8%
School district safety grants	3,000,000	0	(3,000,000)	(100.0%)
Reimbursement for CPR training	450,000	0	(450,000)	(100.0%)
Prekindergarten space grants	125,000	125,000	0	0.0%
Vocational education	22,234,137	27,160,913	4,926,776	22.2%
School food services	1,380,000	1,380,000	0	0.0%
Adult education	3,110,411	3,734,411	624,000	20.1%
Grants to public libraries	1,766,500	2,133,000	366,500	20.7%
Library Vision 2014 grants	237,500	237,500	0	0.0%
Public library repairs and maintenance matching grants	0	250,000	250,000	N/A
Homestead tax credit	20,000,000	30,000,000	10,000,000	50.0%
Disabled veteran property tax credit	7,678,000	8,445,000	767,000	10.0%
Aid to health districts	4,000,000	5,000,000	1,000,000	25.0%
Children's special health services grants for multidisciplinary clinics	0	31,156	31,156	N/A
Suicide prevention grants	0	176,000	176,000	N/A
Emergency medical services training	940,000	940,000	0	0.0%
Emergency medical services operations	5,150,000	6,750,000	1,600,000	31.1%
Regional public health network pilot project	700,000	0	(700,000)	(100.0%)
Public water system operator certification and training program	180,000	180,000	0	0.0%
Funds to local public health units for immunization services	2,500,000 [3]	3,076,853 [3]	576,853	23.1%
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences	480,000	640,000	160,000	33.3%
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	1,264,502	1,367,686	103,184	8.2%
Indian welfare assistance to counties	5,597,322	5,942,875	345,553	6.2%
Child welfare, service payments to the elderly and disabled (SPED), and technology costs - State paying county share	0	19,300,000	19,300,000	N/A
County emergency human services mill levy grants	0	3,900,000	3,900,000	N/A
Boys and girls clubwork	53,000	53,000	0	0.0%
Soil conservation district grants	1,137,800	1,137,800	0	0.0%
Clerk of court	20,432,528	25,268,623	4,836,095	23.7%
Grants to airports	6,550,000	450,000	(6,100,000)	(93.1%)
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties	220,000,000	100,000,000	(120,000,000)	(54.5%)
County and township roadway projects in areas affected by oil and gas development	160,000,000	0	(160,000,000)	(100.0%)
Transportation funding distributions to townships in certain oil-producing counties	8,760,000	0	(8,760,000)	(100.0%)
Statewide information technology network costs	4,828,177	5,016,268	188,091	3.9%

	2013-15 Appropriations/ Revenue Allocations	2015-17 Executive Budget Recommendation	2015-17 Recommended Increase (Decrease) Compared to 2013-15 Appropriation	2015-17 Recommended Percentage Increase (Decrease) Compared to 2013-15 Appropriation
EduTech services, including school district antivirus licenses and PowerSchool funding	3,186,901	2,195,000	(991,901)	(31.1%)
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties	277,800 [4]	245,000 [4]	(32,800)	(11.8%)
Adjutant General fire department grants	0	3,000,000	3,000,000	N/A
State-paid property tax relief credits	200,000,000	250,000,000	50,000,000	25.0%
Child care facility grants	2,600,000	2,849,541	249,541	9.6%
Total general fund	$2,405,436,578	$2,286,146,626	($119,289,952)	(5.0%)
Percentage of total general fund appropriations	35.0%	31.6%	(3.4%)	(9.7%)
Special funds appropriations and revenue allocations				
State school aid - Integrated formula payments (state tuition fund)	$140,326,000 [1]	$219,134,000 [1]	$78,808,000	56.2%
Grants for adult education programs (displaced homemaker fund)	225,000	225,000	0	0.0%
Noxious weed control	1,375,274	1,375,274	0	0.0%
State aid distribution fund to cities and counties	255,778,565	320,011,000	64,232,435	25.1%
Public transportation services (public transportation fund)	10,000,000 [5]	9,300,000 [5]	(700,000)	(7.0%)
Insurance tax to fire departments (insurance tax distribution fund)	14,536,386	15,681,207	1,144,821	7.9%
Flood-impacted housing assistance grant program	1,500,000 [6]	0	(1,500,000)	(100.0%)
Gaming enforcement grants	510,000	510,000	0	0.0%
Law enforcement grants	7,890,000 [7]	20,000,000	12,110,000	153.5%
Community health trust fund cessation grants (community health trust fund)	320,000	234,000	(86,000)	(26.9%)
Tobacco education and cessation program grants (tobacco prevention and control trust fund)	10,898,269	10,398,101	(500,168)	(4.6%)
Abandoned vehicle cleanup (abandoned vehicle fund)	250,000	215,000	(35,000)	(14.0%)
Emergency medical services operations (insurance tax distribution fund)	1,250,000	1,250,000	0	0.0%
Matching funds to counties and cities for senior citizen services and programs	4,394,000 [8]	6,667,719 [8]	2,273,719	51.7%
Energy development impact grants (oil and gas impact grant fund)	239,299,174 [9]	114,000,000 [9]	(125,299,174)	(52.4%)
Grants to airports (Aeronautics Commission special funds collections)	7,450,000	7,050,000	(400,000)	(5.4%)
Motor vehicle fuel tax and registration fee allocations	220,500,000 [10]	230,900,000 [10]	10,400,000	4.7%
Telecommunications tax allocations	16,800,000	16,800,000	0	0.0%
Coal severance tax allocations	14,062,415 [11]	14,625,000 [11]	562,585	4.0%
Coal conversion tax allocations	11,196,046 [11]	12,039,000 [11]	842,954	7.5%
Oil and gas allocations to cities located in the 10 largest oil-producing counties from the strategic investment and improvements fund	0	300,000,000 [12]	300,000,000	N/A
Oil and gas gross production tax allocations	719,330,000 [13]	1,705,100,000 [14]	985,770,000	137.0%
Cigarette tax allocations	4,358,582	4,504,390 [14]	145,808	3.3%
Energy conservation grants to political subdivisions	1,200,000	1,200,000	0	0.0%
Total special funds appropriations and revenue allocations	$1,683,449,711	$3,011,219,691	$1,327,769,980	78.9%
Total major direct assistance to political subdivisions	$4,088,886,289	$5,297,366,317	$1,208,480,028	29.6%

[1] The 2015-17 executive budget provides integrated formula payments totaling $1,900 million, an increase of $147.9 million from the $1,752,100,000 provided during the 2013-15 biennium. Integrated formula payments include funding to reduce the amount of money school districts need to raise locally through property taxes.

[2] The 2013 Legislative Assembly provided $13.6 million from the general fund to provide grants to any school district that can demonstrate rapid enrollment growth. The 2015-17 executive budget recommendation includes $14.8 million for rapid enrollment grants to be distributed through a two-tiered model comparing school district year-to-year fall enrollment.

[3] The 2013 Legislative Assembly provided in the department's base budget $2.5 million for the universal vaccine program. The 2015-17 executive budget recommends continued funding of universal vaccines and increased funding for the increased cost of vaccines and new vaccine recommendations.

[4] The 2013 Legislative Assembly changed the coal severance payments from a monthly distribution to an annual distribution in January of each year in Senate Bill No. 2105. As a result, the State Treasurer was required to provide two-and-a-half years of coal severance payments during the 2013-15 biennium; however, the original appropriation was not changed and reflected only two years of payments. As a result, the Emergency Commission approved increase spending authorization of $25,000 for a total appropriation of $277,800.

[5] 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.

[6] The 2013 Legislative Assembly provided in House Bill No. 1016 a $1.5 million appropriation from the state disaster relief fund to the Housing Finance Agency for the purpose of providing grants for flood-impacted housing assistance. The funds were to be used to provide grants to counties, cities, local housing authorities, and other nonprofit entities to assist landowners and residents in the rehabilitation or replacement of flood-damaged homes, to retain homeowners and other residents in the community, and for transitional expenses to facilitate housing availability for flood-impacted residents.

[7] House Bill No. 1358 (2013) provided $9.6 million from the strategic investment and improvements fund to the Attorney General's office for law enforcement grants ($7.89 million), a law enforcement manual ($750,000), and up to 10 percent for crime-related needs of the Attorney General's office ($960,000).

The 2015-17 executive budget recommendation provides an appropriation of $24,487,085 from the oil and gas impact grant fund to the Attorney General's office. Of the appropriation, $20 million is for grants to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those other counties. The remaining $4,487,085 is to provide funding for 19.5 full-time equivalent (FTE) positions related to oil-impacted areas, along with related equity funding and operating costs.

[8] The 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided in Senate Bill No. 2267 that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The Legislative Assembly in 2011 Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The Legislative Assembly in 2013 Senate Bill No. 2162, increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year.

[9] House Bill No. 1358 (2013) provided $239,299,174 for energy infrastructure and impact grants from money deposited in the oil and gas impact grant fund for the 2013-15 biennium. Of this amount, $5 million was for eligible counties experiencing new oil and gas development activities, $60 million was for grants to airports, $4 million was for grants to public institutions of higher education, $3 million was for a dust control pilot project, $7 million was for county sheriff's departments, $7 million was for grants to emergency medical service providers, $3.5 million was for grants to fire protection districts, and $14 million was for grants to hub cities. The executive recommendation provides approximately $119 million from the oil and gas impact grant fund for various appropriations for the 2015-17 biennium. Of this amount, the executive recommendation provides for grants to political subdivisions, including $50 million to airports, $30 million to schools, $20 million to law enforcement, $10 million to cities, and $4 million to higher education; for funding of approximately $4.5 million related to operating expenses and 19.5 FTE positions within the Attorney General's office; and for administrative expenses of approximately $500,000 within the Department of Trust Lands.

[10] 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.

[11] Beginning in the 2001-03 biennium, the coal severance tax allocation is based on the provision that 70 percent of the tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties. The amounts shown for the 2013-15 biennium reflect actuals for fiscal year 2014 and estimates for fiscal year 2015.

[12] The 2015-17 executive budget recommendation provides an appropriation of $300 million from the strategic investment and improvements fund to the Board of University and School Lands for providing allocations to cities located in the 10 largest oil-producing counties in North Dakota in the state fiscal year ending June 30, 2014.

[13] The oil and gas gross production tax allocation is based on a formula which allocates a percentage of gross production tax revenue to the producing county with the remainder going to the state. Prior to the 2009-11 biennium, the amount allocated to a county was capped based on the population of the county. The 2013-15 allocations from the gross production tax revenue are distributed to counties, cities, school districts, townships, and hub cities based on a formula which provides one set of percentages for counties that received less than $5 million in allocations during the previous state fiscal year and another set of percentages for counties that received $5 million or more in allocations during the previous state fiscal year. The amounts shown for the 2013-15 biennium reflect actuals through October 2014 and estimates for the remaining nine months of the biennium.

[14] The amounts reported are based on the December 2014 revenue forecast.

SECTION D - ELEMENTARY AND SECONDARY EDUCATION

SUMMARY OF KEY RECOMMENDATIONS D-1

STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION - COMPARISON OF 2015-17 EXECUTIVE BUDGET TO 2013-15 APPROPRIATION AND ESTIMATED EXPENDITURES D-3

INTEGRATED PER STUDENT PAYMENT RATES AND WEIGHTED STUDENT UNITS FOR THE 2013-15 AND 2015-17 BIENNIUMS D-5

ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

STATE SCHOOL AID

The 2015-17 biennium executive budget recommendation provides funding of $1.99 billion, of which $1.77 billion is from the general fund and $219.1 million from the state tuition fund for the state school aid program. The following schedule summarizes state school aid program funding:

	2013-15 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2015-17 Executive Budget (Amounts Shown in Millions)
State school aid	$1,752.1	$147.9	$1,900.0
Transportation aid payments	53.5	6.5	60.0
Rapid enrollment grants	13.6	1.2	14.8
Special education - Contracts	16.5	0.8	17.3
Total	$1,835.7	$156.4	$1,992.1
General fund	$1,695.4	$77.6	$1,773.0
State tuition fund	140.3	78.8	219.1
Total	$1,835.7	$156.4	$1,992.1

The executive budget recommendation provides integrated formula payments totaling $1.9 billion, an increase of $147.9 million from the integrated formula payments provided during the 2013-15 biennium. The increase of $147.9 million includes increases in funding of $78.8 million from the state tuition fund and $69.1 million from the general fund. In addition to state school aid, integrated formula payments include funding to reduce the amount of money school districts need to raise locally through property taxes. The executive recommendation provides that total formula payments are reduced by a 60-mill levy local property tax contribution and by 75 to 100 percent of other local revenue, the same as the 2013-15 biennium.

The executive budget recommendation for the state school aid program includes the following state school aid formula changes:

- Increases integrated per student payment rates from $8,810 and $9,092 during the 2013-15 biennium to $9,482 and $9,766 during the 2015-17 biennium;
- Removes the .006 PowerSchool factor and provides $6 million for PowerSchool in a separate line of the department's appropriation;
- Reduces the migrant summer program weighting factor from 1.00 to .60;
- Increases the K-3 at-risk weighting factor from .025 to .05;
- Increases the English language learner level I weighting factor from .30 to .40;
- Increases the English language learner level II weighting factor from .20 to .27; and
- Expands eligibility for alternative high school programs to include grades 9 through 12.

In addition, the executive budget for state school aid is based on the executive recommendation to increase the allocation of oil tax revenue to political subdivisions, resulting in an increase in local funding available for integrated formula payments and a reduction in the amount of state funding required under the formula.

ONE-TIME FUNDING

The executive budget includes $14,820,000 of one-time general fund appropriations to the Department of Public Instruction for rapid enrollment grants ($14,800,000) and for a grant to the North Dakota Museum of Art to assist in the purchase of a rural outreach van ($20,000).

OTHER RECOMMENDATIONS

The executive budget recommendation also provides for:

- **College and career readiness program** - Provides $500,000 from the general fund, of which $250,000 is appropriated to the Department of Public Instruction for the cost of advanced placement teacher professional development and related expenses and $250,000 is appropriated to the Center for Distance Education to provide remedial and some advanced placement courses.
- **Academic standards** - Provides $277,351 from the general fund to support content positions in math and science.
- **Safe and Healthy Schools Unit** - Provides $597,674 from the general fund for the administration of the unit. Administrative costs of the unit were paid from the funding pool for initiatives line item during the 2013-15 biennium.
- **Information technology** - Provides $160,000 from the general fund for information technology maintenance to update the state automated reporting system (STARS) ($112,000) and updates to the department's website ($48,000). STARS maintenance and development and website updates were paid from the funding pool for initiatives line item during the 2013-15 biennium.
- **Statewide accreditation system** - Provides $799,750 from the general fund to support the statewide accreditation system paid from the funding pool for initiatives line item during the 2013-15 biennium.
- **Teacher and principal evaluation system** - Provides $300,000 from the general fund to support statewide training and implementation activities to advance the deployment of principal and teacher evaluation programs, including $240,000 for grants. Teacher and principal evaluation systems were paid from the funding pool for initiatives line item during the 2013-15 biennium.

- **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 2013-15 biennium.
- **Adult education grants** - Provides $3,734,411 from the general fund for adult education grants, an increase of $624,000 from the 2013-15 biennium appropriation of $3,110,411.
- **National writing projects** - Provides $193,000 from the general fund for national writing projects, an increase of $20,000 from the 2013-15 biennium appropriation of $173,000.
- **North Dakota Museum of Art** - Provides $415,000 from the general fund for support of the North Dakota Museum of Art educational outreach initiative, the same level of funding provided in the 2013-15 biennium. However, an additional $20,000 one-time appropriation is provided from the general fund to assist in the purchase of a rural outreach van.
- **Teacher center network** - Provides $414,000 from the general fund for the teacher center network, an increase of $54,000 from the 2013-15 biennium appropriation of $360,000.
- **North Dakota LEAD Center** - Provides $267,500 from the general fund for support of the North Dakota LEAD Center, an increase of $7,500 from the 2013-15 biennium appropriation of $260,000.
- **North Central Council for School Television** - Provides $535,000 from the general fund for support of the North Central Council for School Television, the same level of funding provided in the 2013-15 biennium.
- **Mentorship grant program** - Provides $3 million from the general fund for an expanded teacher, principal, and instructional coach mentoring program, an increase of $700,000 from the 2013-15 biennium.
- **Continuing education grants** - Provides $150,000 from the general fund for continuing education grants, the same level of funding provided in the 2013-15 biennium.
- **Global Bridges (Atlantik-Brucke) exchange program** - Provides $150,000 from the general fund for a professional exchange program, the same level of funding provided in the 2013-15 biennium.
- **North Dakota young entrepreneur education program** - Provides $140,000 from the general fund for a business education program, an increase of $20,000 from the 2013-15 biennium appropriation of $120,000.
- **"We the People" program** - Provides $25,000 from the general fund for a government education program, an increase of $5,000 from the 2013-15 biennium appropriation of $20,000.
- **National board certification** - Provides $120,000 from the general fund for teacher stipends and assessment fees for national board certification, the same level of funding provided in the 2013-15 biennium.
- **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 2013-15 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 2013-15 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 2013-15 biennium.
- **Pathfinders Parent Project** - Provides $146,106 from the general fund for a grant to the Pathfinders Parent Project to assist parents of children requiring an individualized education, an increase of $15,000 from the 2013-15 biennium appropriation of $131,106.
- **Gearing Up for Kindergarten** - Provides $675,000 from the general fund for the Gearing Up for Kindergarten program provided by the North Dakota State University Extension Service, the same level of funding provided in the 2013-15 biennium.
- **CPR grants** - Removes $450,000 provided from the general fund for reimbursement of CPR training costs during the 2013-15 biennium.

STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2015-17 EXECUTIVE BUDGET TO 2013-15 APPROPRIATION AND ESTIMATED EXPENDITURES

	2013-15 Appropriation	2013-15 Estimated Expenditures	2015-17 Executive Budget	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Estimated Expenditures	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Appropriation
State school aid program					
State school aid - Integrated formula payments	$1,752,100,000 [1]	$1,715,200,000 [1]	$1,900,000,000 [1]	$184,800,000	$147,900,000
Transportation aid payments	53,500,000	53,500,000	60,000,000	6,500,000	6,500,000
Rapid enrollment grants	13,600,000	9,938,954	14,800,000	4,861,046	1,200,000
Special education - Contracts	16,500,000	16,500,000	17,300,000	800,000	800,000
Total - State school aid program	$1,835,700,000	$1,795,138,954	$1,992,100,000	$196,961,046	$156,400,000
General fund	$1,695,374,000	$1,654,812,954	$1,772,966,000	$118,153,046	$77,592,000
State tuition fund	140,326,000	140,326,000	219,134,000	78,808,000	78,808,000
Total	$1,835,700,000	$1,795,138,954	$1,992,100,000	$196,961,046	$156,400,000
Other grants - General fund					
Teacher center network	$360,000	$360,000	$414,000	$54,000	$54,000
School food services	1,380,000	1,380,000	1,380,000	0	0
Adult education grants	3,110,411	3,110,411	3,734,411	624,000	624,000
LEAD Center	260,000	260,000	267,500	7,500	7,500
Governor's School	460,000	460,000	460,000	0	0
National writing projects	173,000	173,000	193,000	20,000	20,000
Rural art outreach project	415,000	415,000	415,000	0	0
North Dakota Museum of Art (Rural outreach van)			20,000	20,000	20,000
North Central Council for School Television	535,000	535,000	535,000	0	0
Teacher, principal, and instructional coach mentoring program	2,300,000	2,300,000	3,000,000	700,000	700,000
Continuing education grants	150,000	150,000	150,000	0	0
Global Bridges (Atlantik-Brucke) exchange program	150,000	150,000	150,000	0	0
North Dakota Young Entrepreneur education program	120,000	120,000	140,000	20,000	20,000
"We the People" program	20,000	20,000	25,000	5,000	5,000
Teacher and principal evaluation system			240,000	240,000	240,000
Curriculum alignment grants	100,000	100,000	100,000	0	0
Preschool continuing education grants	150,000	150,000	150,000	0	0
Prekindergarten space grants	125,000	125,000	125,000	0	0
Gearing Up for Kindergarten	675,000	675,000	675,000	0	0
Governing North Dakota textbook	20,000	20,000		(20,000)	(20,000)
Pathfinders Parent Project	131,106	131,106	146,106	15,000	15,000
School district safety grants	3,000,000	2,500,000		(2,500,000)	(3,000,000)
CPR training grants	450,000	50,000		(50,000)	(450,000)
PowerSchool			6,000,000	6,000,000	6,000,000
National board certification	120,000	120,000	120,000	0	0
Total - Other grants - General fund	$14,204,517	$13,304,517	$18,440,017	$5,135,500	$4,235,500

	2013-15 Appropriation	2013-15 Estimated Expenditures	2015-17 Executive Budget	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Estimated Expenditures	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Appropriation
Other grants - Other funds					
Federal grants	$261,706,744	$261,706,744	$253,837,705	($7,869,039)	($7,869,039)
Displaced homemaker program	225,000	225,000	225,000	0	0
Total - Other grants - Other funds	$261,931,744	$261,931,744	$254,062,705	($7,869,039)	($7,869,039)
Total state school aid and other grants - All funds	$2,111,836,261	$2,070,375,215	$2,264,602,722	$194,227,507	$152,766,461
Agency administration					
Administration (salaries, operating, equipment) - General fund	$11,284,808	$11,284,808	$14,113,875	$2,829,067	$2,829,067
Administration (funding pool for initiatives) - General fund	2,750,000	2,750,000		(2,750,000)	(2,750,000)
Administration (salaries, operating, equipment) - Other funds	34,739,015	34,739,015	35,864,076	1,125,061	1,125,061
Total - Agency administration - All funds	$48,773,823	$48,773,823	$49,977,951	$1,204,128	$1,204,128
Total Department of Public Instruction - All funds	$2,160,610,084	$2,119,149,038	$2,314,580,673	$195,431,635	$153,970,589
General fund	$1,723,613,325	$1,682,152,279	$1,805,519,892	$123,367,613	$81,906,567
General fund - Excess authority in executive recommendation			597,475	597,475	597,475
Total - General fund (executive recommendation)	$1,723,613,325	$1,682,152,279	$1,806,117,367	$123,965,088	$82,504,042
Other funds	$436,996,759	$436,996,759	$509,060,781	$72,064,022	$72,064,022
Other funds - Insufficient authority in executive recommendation			(597,475)	(597,475)	(597,475)
Total - Other funds (executive recommendation)	$436,996,759	$436,996,759	$508,463,306	$71,466,547	$71,466,547
Total	$2,160,610,084	$2,119,149,038	$2,314,580,673	$195,431,635	$153,970,589
Full-time equivalent (FTE) positions	99.75	99.75	99.75	0.00	0.00

[1] The 2013 Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. In addition to state school aid, the integrated formula payment includes property tax relief. The amounts reported for state school aid include per student integrated formula payments, gifted and talented payments, and payments to regional education associations.

INTEGRATED PER STUDENT PAYMENT RATES AND WEIGHTED STUDENT UNITS FOR THE 2013-15 AND 2015-17 BIENNIUMS

	2013-15 Legislative Appropriation	2013-15 Actual	2015-17 Executive Budget
First-year integrated per student payment rates	$8,810	$8,810	$9,482[1]
Second-year integrated per student payment rates	$9,092	$9,092	$9,766[1]
Weighted student units			
First year	116,715	116,982	123,244[2]
Second year	119,517	119,657[3]	126,760[2]

[1]The 2015-17 executive recommendation includes funding for a base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. Integrated formula payments provide both adequacy-based funding for kindergarten through grade 12 education and property tax relief.

[2]The anticipated increase in weighted student units for the 2015-17 biennium is the result of student enrollment growth.

[3]Estimated.

SECTION E - HIGHER EDUCATION

SUMMARY OF KEY RECOMMENDATIONS E-1

FULL-TIME EQUIVALENT STUDENT ENROLLMENTS E-3

TUITION RATES E-4

HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

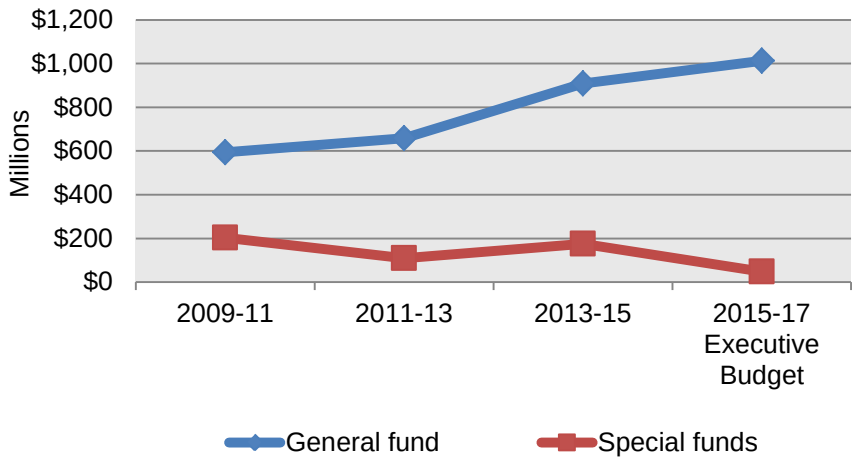
The 2015-17 executive budget recommends the following higher education funding changes compared to 2013-15 legislative appropriations for higher education:

- Increase **general fund** support by $104,274,406 as follows:

	2013-15 Legislative Appropriations	2015-17 Executive Recommendation	Increase (Decrease)	
Ongoing general fund appropriations	$679,271,846	$811,021,823	$131,749,977	19.4%
One-time general fund appropriations	229,358,069	201,882,498	(27,475,571)	(12.0%)
Total	$908,629,915	$1,012,904,321	$104,274,406	11.5%

- Decrease support from **special funds** by $126,471,531, or 72.3 percent. Special funds support relates primarily to major capital projects paid from local sources or through the issuance of revenue bonds.
- Adjust the authorized number of **full-time equivalent (FTE) positions** from 2,304.74 to 2,457.45, an increase of 152.71 to reflect the number of FTE positions supported by the general fund.

Higher Education Appropriations



Biennium	General Fund	Special Funds	Total
2009-11	$593,355,047	$202,764,364	$796,119,411
2011-13	$657,838,539	$108,817,759	$766,656,298
2013-15	$902,629,915	$174,980,941	$1,077,610,856
2015-17 - Executive budget	$1,012,904,321	$48,509,410	$1,061,413,731

Key recommendations include:

1. Increases base funding for campuses by $114.5 million, including:
   - $36 million relating to the student credit-hour funding formula to adjust the base budget to 2011-13 actual completed student credit-hour levels;
   - $13.9 million to rebalance the student credit-hour funding formula to bring each campus to the average of the two highest funded campuses in each tier and to bring North Dakota State University to the same funding level per adjusted student credit-hour as the University of North Dakota;
   - $54.1 million 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 to fully fund the University of North Dakota School of Medicine and Health Sciences Rural Medicine program;
   - $2.7 million to preclude tuition rate increases at two-year institutions;
   - $2.4 million for campus security; and
   - $6.4 million to increase base level extraordinary repairs to provide a total of $17,608,979.
2. Funding of $201,882,498 is provided for **one-time general fund appropriations**, including:

Major capital projects	$135,759,212
Higher education challenge fund	29,000,000
Deferred maintenance pool	5,000,000
Open education resources initiative	220,000
Core Technology Services projects	2,821,500
University of North Dakota School of Medicine and Health Sciences - Startup costs related to the continued implementation of the health care workforce initiative plan	13,814,806
North Dakota State College of Science Fargo campus expansion	5,000,000
Special assessments payoff	4,250,689
Campus security	6,016,291
Total	$201,882,498

3. Funding of $22.97 million from the general fund for the **student financial assistance grant program**. This represents an increase of $1.72 million from the 2013-15 biennium appropriation of $21.25 million. The increased funding would be used to increase the maximum grant award 4 percent each year of the biennium, to $1,784 per student in fiscal year 2017.

4. One-time funding of $29 million from the general fund for the **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions, the same amount as provided by the 2013 Legislative Assembly. For every two private dollars donated to an institution, a match of one dollar would be provided from the fund.

5. Funding of $1.5 million from the general fund for **tribal community college grants**. This represents an increase of $500,000 of funding as compared to the 2013-15 biennium general fund appropriation of $1 million.

6. Funding of $17.2 million from the general fund for the **career and technical education and academic scholarship program**. This represents an increase of $7.2 million of funding as compared to the 2013-15 biennium general fund appropriation of $10 million. The additional funding would be used to maintain current scholarships for existing recipients at $1,500 per year and to increase the scholarship award levels by $1,000 per year, from $1,500 to $2,500, for new recipients graduating from high school during or after the 2013-14 academic year.

7. A **system information technology services pool** of $46,475,138, of which $45,935,701 is from the general fund and $539,437 is from the student loan trust fund, 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 $7,812,587 from the 2013-15 biennium appropriation of $38,662,551. Of the $7,812,587 increase, $2,012,787 is for employee compensation and benefit increases, $2,978,300 is for ongoing security and information technology initiatives, and $2,821,500 is one-time funding for security and information technology initiatives.

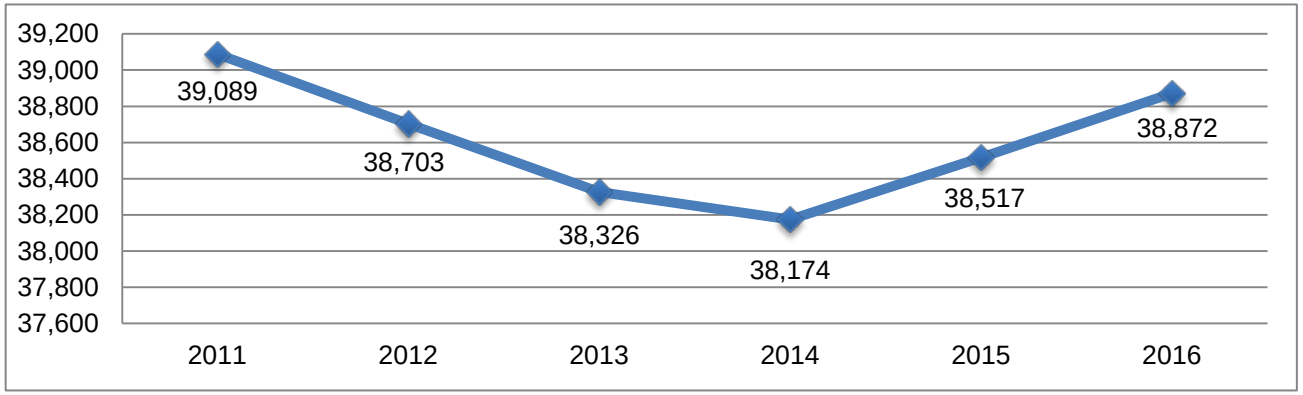
10. Ongoing funding of $750,000 is provided from the general fund for campus master planning and space utilization studies. The 2013 Legislative Assembly provided $1 million of one-time funding for a campus master plan and space utilization study.

11. Funding of $219,077,349 is provided for **capital assets**, including:

	General Fund	Special Funds	Total
Major capital projects	$135,759,212	$44,848,194	$180,607,406
Capital construction lease payments	8,368,836		8,368,836
Base campus extraordinary repairs	17,608,979		17,608,979
One-time campus security projects	3,185,191		3,185,191
Systemwide deferred maintenance pool	5,000,000		5,000,000
Forest Service equipment over $5,000	56,248		56,248
Special assessment payments	4,250,689		4,250,689
Total	$174,229,155	$44,848,194	$219,077,349

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 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
Bismarck State College	3,209	2,990	2,955	2,909	2,909	2,909
Dakota College at Bottineau	524	474	502	518	518	518
Dickinson State University	1,959	1,454	1,201	1,176	1,200	1,224
Lake Region State College	988	973	943	978	980	975
Mayville State University	704	759	749	798	785	800
Minot State University	2,795	2,731	2,710	2,600	2,574	2,548
North Dakota State University	12,606	12,707	12,797	12,934	13,063	13,194
North Dakota State College of Science	2,366	2,354	2,295	2,272	2,372	2,472
University of North Dakota	12,319	12,729	12,606	12,420	12,471	12,512
Valley City State University	1,011	995	975	990	995	1,010
Williston State College	608	537	593	579	650	710
Total	39,089	38,703	38,326	38,174	38,517	38,872

[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 2011 through fall 2014 semesters was provided by the North Dakota University System office. The estimates for the fall 2015 and fall 2016 semesters were provided by representatives of University System institutions.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2011-12 through 2014-15. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. Senate Bill No. 2003 (2013) continues this authority through June 30, 2015. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2011-12	2012-13	2013-14	2014-15
Bismarck State College[1]				
Undergraduate				
Resident	$3,364	$3,364	$3,431	$3,510
	0.0%	0.0%	2.0%	2.3%
Minnesota resident[2]	$4,627	$4,793	$3,843	$3,931
	5.6%	3.6%	(19.8%)	2.3%
Contiguous state/province[3]	$4,205	$4,205	$4,289	$4,388
	0.0%	0.0%	2.0%	2.3%
Other nonresident	$8,982	$8,982	$9,162	$9,372
	0.0%	0.0%	2.0%	2.3%
Dakota College at Bottineau				
Undergraduate				
Resident	$3,120	$3,120	$3,223	$3,301
	0.0%	0.0%	3.3%	2.4%
Minnesota resident[2]	$4,627	$4,793	$3,610	$3,697
	5.6%	3.6%	(24.7%)	2.4%
South Dakota and Montana residents	$3,901	$3,901	$4,028	$4,126
	0.0%	0.0%	3.3%	2.4%
All Canadian provinces[4]	$3,120	$3,120	$3,223	$3,301
	0.0%	0.0%	3.3%	2.4%
Other nonresident	$4,680	$4,680	$4,834	$4,951
	0.0%	0.0%	3.3%	2.4%
Dickinson State University				
Undergraduate				
Resident	$4,414	$4,524	$4,704	$4,891
	2.5%	2.5%	4.0%	4.0%
Minnesota resident[2]	$4,797	$5,027	$5,268	$5,478
	4.8%	4.8%	4.8%	4.0%
Contiguous state/province[3]	$5,517	$5,655	$5,880	$6,113
	2.5%	2.5%	4.0%	4.0%
Other nonresident[5]	$11,784	$6,786	$7,055	$7,336
	2.5%	(42.4%)	4.0%	4.0%
Lake Region State College[6]				
Undergraduate				
Resident	$3,065	$3,065	$3,130	$3,197
	0.0%	0.0%	2.1%	2.1%
Minnesota resident[2]	$3,065	$3,065	$3,130	$3,197
	0.0%	0.0%	2.1%	2.1%
Contiguous state/province[3]	$3,065	$3,065	$3,130	$3,197
	0.0%	0.0%	2.1%	2.1%

Institution	2011-12	2012-13	2013-14	2014-15
Other nonresident	$3,065	$3,065	$3,130	$3,197
	0.0%	0.0%	2.1%	2.1%
International students	$7,662	$7,662	$7,826	$7,993
	0.0%	0.0%	2.1%	2.1%
Mayville State University				
Undergraduate				
Resident	$4,375	$4,484	$4,644	$4,810
	2.5%	2.5%	3.6%	3.6%
Minnesota resident[2]	$4,707	$4,983	$5,201	$5,387
	3.7%	5.9%	4.4%	3.6%
Contiguous state/province[3]	$5,468	$5,605	$5,805	$6,012
	2.5%	2.5%	3.6%	3.6%
All Canadian provinces except Saskatchewan and Manitoba	$6,562	$6,727	$6,966	$7,215
	2.5%	2.5%	3.6%	3.6%
Other nonresident	$6,562	$6,727	$6,966	$7,215
	2.5%	2.5%	3.6%	3.6%
International students	$11,680	$11,973	$12,400	$12,842
	2.5%	2.5%	3.6%	3.6%
Minot State University[7]				
Undergraduate				
Resident	$4,588	$4,703	$4,821	$4,942
	2.5%	2.5%	2.5%	2.5%
Minnesota resident[2]	$4,588	$4,703	$4,821	$4,942
	2.5%	2.5%	2.5%	2.5%
Contiguous state/province[3]	$4,588	$4,703	$4,821	$4,942
	2.5%	2.5%	2.5%	2.5%
Other nonresident	$4,588	$4,703	$4,821	$4,942
	2.5%	2.5%	2.5%	2.5%
Graduate				
Resident	$6,068	$6,220	$6,376	$6,535
	2.5%	2.5%	2.5%	2.5%
Minnesota resident[2]	$6,068	$6,220	$6,376	$6,535
	2.5%	2.5%	2.5%	2.5%
Contiguous state/province[3]	$6,068	$6,220	$6,376	$6,535
	2.5%	2.5%	2.5%	2.5%
Other nonresident	$6,068	$6,220	$6,376	$6,535
	2.5%	2.5%	2.5%	2.5%
North Dakota State University				
Undergraduate (basic rate)[8]				
Resident	$6,135	$6,135	$6,336	$6,604
	8.8%	0.0%	3.3%	4.2%
Minnesota resident[2]	$6,417	$6,708	$7,097	$7,396
	6.9%	4.5%	5.8%	4.2%
Contiguous state/province[3]	$9,203	$9,203	$9,504	$9,906
	8.8%	0.0%	3.3%	4.2%

Institution	2011-12	2012-13	2013-14	2014-15
Other nonresident	$16,381	$16,381	$16,918	$17,633
	8.8%	0.0%	3.3%	4.2%
Graduate (basic rate)[8]				
Resident	$6,580	$6,580	$6,796	$7,083
	8.8%	0.0%	3.3%	4.2%
Minnesota resident[2]	$7,795	$8,153	$8,631	$8,996
	5.1%	4.6%	5.9%	4.2%
Contiguous state/province[3]	$9,870	$9,870	$10,194	$10,625
	8.8%	0.0%	3.3%	4.2%
Other nonresident	$17,569	$17,569	$18,145	$18,913
	8.8%	0.0%	3.3%	4.2%
North Dakota State College of Science[9,10]				
Undergraduate				
Resident	$3,368	$3,368	$3,478	$3,592
	0.0%	0.0%	3.3%	3.3%
Minnesota resident[2]	$4,629	$4,793	$3,895	$4,023
	5.6%	3.5%	(18.7%)	3.3%
Contiguous state/province[3]	$4,209	$4,209	$4,347	$4,490
	0.0%	0.0%	3.3%	3.3%
Other nonresident	$8,991	$8,991	$9,286	$9,591
	0.0%	0.0%	3.3%	3.3%
Business and industry partnership program[11]				
Resident	$3,368	$3,368	$3,478	$3,592
	0.0%	0.0%	3.3%	3.3%
Minnesota resident[2]	$4,629	$4,793	$3,895	$4,023
	5.6%	3.5%	(18.7%)	3.3%
Contiguous state/province[3]	$3,368	$3,368	$3,478	$3,592
	0.0%	0.0%	3.3%	3.3%
Other nonresident	$3,368	$3,368	$3,478	$3,592
	0.0%	0.0%	3.3%	3.3%
University of North Dakota				
Undergraduate				
Resident	$5,793	$5,938	$6,159	$6,388
	2.5%	2.5%	3.7%	3.7%
Minnesota resident[2]	$6,417	$6,708	$6,898	$7,155
	6.9%	4.5%	2.8%	3.7%
Contiguous state/province[3]	$8,690	$8,907	$9,238	$9,582
	2.5%	2.5%	3.7%	3.7%
Other nonresident	$15,468	$15,854	$16,444	$17,056
	2.5%	2.5%	3.7%	3.7%
Graduate				
Resident	$6,232	$6,388	$6,626	$6,872
	2.5%	2.5%	3.7%	3.7%

Institution	2011-12	2012-13	2013-14	2014-15
Minnesota resident[2]	$7,795	$8,153	$8,415	$8,728
	5.1%	4.6%	3.2%	3.7%
Contiguous state/province[3]	$9,348	$9,582	$9,938	$10,309
	2.5%	2.5%	3.7%	3.7%
Other nonresident	$16,639	$17,055	$17,690	$18,350
	2.5%	2.5%	3.7%	3.7%
School of Law[12]				
Resident	$6,997	$7,172	$7,439	$7,715
	2.5%	2.5%	3.7%	3.7%
Minnesota resident[2]	$10,495	$10,758	$11,158	$11,573
	2.5%	2.5%	3.7%	3.7%
Contiguous state/province[3]	$10,495	$10,758	$11,158	$11,573
	2.5%	2.5%	3.7%	3.7%
Other nonresident	$18,682	$19,149	$19,862	$20,601
	2.5%	2.5%	3.7%	3.7%
School of Medicine and Health Sciences				
Resident	$24,722	$25,340	$26,283	$27,261
	2.5%	2.5%	3.7%	3.7%
Minnesota resident[2]	$27,194	$27,874	$28,911	$29,986
	2.5%	2.5%	3.7%	3.7%
Other nonresident	$45,760	$46,904	$48,649	$50,459
	2.5%	2.5%	3.7%	3.7%
Physical therapy[13]				
Resident	$11,426	$11,712	$12,148	$12,600
	2.5%	2.5%	3.7%	3.7%
Minnesota resident[2]	$11,426	$11,712	$12,148	$12,600
	2.5%	2.5%	3.7%	3.7%
Contiguous state/province[3]	$15,809	$16,204	$16,807	$17,432
	2.5%	2.5%	3.7%	3.7%
Other nonresident	$15,809	$16,204	$16,807	$17,432
	2.5%	2.5%	3.7%	3.7%
Valley City State University[14]				
Undergraduate				
Resident	$4,544	$4,657	$4,839	$5,027
	2.5%	2.5%	3.9%	3.9%
Minnesota resident[2]	$4,889	$5,175	$5,419	$5,631
	3.8%	5.8%	4.7%	3.9%
Contiguous state/province[3]	$5,680	$5,822	$6,048	$6,284
	2.5%	2.5%	3.9%	3.9%
Other nonresident	$12,131	$12,434	$12,919	$13,423
	2.5%	2.5%	3.9%	3.9%
Graduate				
Resident	$6,044	$6,195	$6,437	$6,688
	2.5%	2.5%	3.9%	3.9%

Institution	2011-12	2012-13	2013-14	2014-15
Minnesota resident[2]	$6,044	$6,195	$6,437	$6,688
	2.5%	2.5%	3.9%	3.9%
Contiguous state/province[3]	$6,044	$6,195	$6,437	$6,688
	2.5%	2.5%	3.9%	3.9%
Other nonresident	$6,044	$6,195	$6,437	$6,688
	2.5%	2.5%	3.9%	3.9%
Williston State College[15]				
Undergraduate				
Resident	$2,819	$3,020	$3,020	$3,235
	7.7%	7.1%	0.0%	7.1%
Minnesota resident[2]	$2,819	$3,020	$3,383	$3,623
	7.7%	7.1%	12.0%	7.1%
Contiguous state/province[3]	$2,819	$3,020	$3,020	$3,235
	7.7%	7.1%	0.0%	7.1%
Other nonresident	$2,819	$3,020	$3,020	$3,235
	7.7%	7.1%	0.0%	7.1%
International	$3,808	$4,080	$4,080	$4,370
	45.5%	7.1%	0.0%	7.1%

[1]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.

[2]Under the North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate. Beginning with the 2006-07 academic year, the University of North Dakota School of Law and School of Medicine and Health Sciences are removed from the reciprocity agreement. The university is allowed to establish its own tuition rates for Minnesota residents for these programs. Beginning with the 2009-10 academic year, the reciprocity agreement was revised to allow Lake Region State College, Minot State University, and Williston State College to charge Minnesota students the North Dakota resident tuition rate rather than the rate specified under the agreement. Beginning with the 2013-14 academic year, the reciprocity agreement was revised to charge Minnesota students attending North Dakota University System institutions 112 percent of resident undergraduate tuition rates and 127 percent of resident graduate tuition rates, with provisions to increase those rates to 115 percent and 130 percent in the future.

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

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

[5]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.

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

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

[8]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.

[9]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:

	2011-12	2012-13	2013-14	2014-15
Undergraduate				
Contiguous state/province	$3,368	$3,368	$3,478	$3,592
Other nonresidents	$3,368	$3,368	$3,478	$3,592

[10]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.

[11]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.

[12]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.

[13]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.

[14]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.

[15]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 F - HUMAN SERVICES

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DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Provides a total general fund appropriation of $1,386.0 million, $214.9 million, or 18.3 percent, more than the $1,171.1 million appropriated for the 2013-15 biennium.
- Adds $11.8 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). Of the $11.8 million:

  $3.6 million relates to a reduction of the FMAP from 52.27 to 50.00 for two months.

  $8.2 million relates to a reduction in federal matching for Medicaid Expansion from 100 percent to 95 percent beginning in January 2017.

  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 (actual)	N/A
2015	50.00 (actual)	N/A
2016	50.00 (estimate)	N/A
2017	50.00 (estimate)	N/A

- Provides $90.1 million, of which $48.1 million is from the general fund, for 4 percent per year **inflationary increases** for human service providers.
- Provides $49.8 million from the general fund for cost, caseload, and utilization changes in programs authorized by the 2013 Legislative Assembly.
- Provides $23.2 million from the general fund to provide additional property tax relief for counties by the state paying:

  $19.3 million for the cost of the child welfare programs, the service payments to the elderly and disabled (SPED) program, and technology costs beginning January 1, 2016.

  $3.9 million for grants to counties that have imposed an emergency human services levy.
- Reduces salaries and wages by $4,581,770 from the general fund in anticipation of savings from **vacant positions and employee turnover**.
- Provides $6.2 million, of which $6.0 million is from the general fund for **targeted market equity increases** and to address staff compression issues.
- Provides $60.9 million, of which $14.0 million is from the general fund to complete the **eligibility modernization** computer project.

PROGRAM AND POLICY

Economic Assistance Policy Grants

- Provides $11.7 million for **temporary assistance for needy families (TANF)**, of which $1.7 million is from the general fund, a decrease in total of $2.8 million compared to the 2013-15 biennium.
- Provides $2,022,099 from the general fund, to increase **child care assistance** provider rates. Total child care assistance includes $31.7 million, of which $11.3 million is from the general fund, $6.9 million of retained funds, and $13.5 million of federal funds.

Medical Services

- Provides $1,195.6 million for **Medicaid grants**, of which $278 million is from the general fund, an increase in total of $392 million, or 48.8 percent, compared to the 2013-15 biennium appropriation. The funding provides:

  $541.8 million for **Medicaid Expansion**, an increase of $384.3 million, of which $8.2 million is from the general fund, compared to the 2013-15 biennium appropriation of $157.5 million.

  $3.8 million for **ambulance rate increases**, of which $1.9 million is from the general fund.

Long-Term Care

- Provides $529.2 million for **nursing facility care**, of which $264.6 million is from the general fund, an increase in total of $30.9 million, or 6 percent, compared to the 2013-15 biennium appropriation of $498.3 million.
- Provides $35.2 million for **basic care**, of which $22.1 million is from the general fund, a decrease in total of $3.7 million, compared to the 2013-15 biennium appropriation of $38.9 million.
- Provides $1.2 million for **spousal impoverishment**, of which $617,544 is from the general fund to rebase the monthly maintenance needs allowance to the SSI spousal impoverishment standard.

Aging Services

- Provides a $1.1 million increase from the general fund for **vulnerable adult protective services** to increase resources for the implementation of mandatory reporting requirements to provide a total of $1.7 million.

- Provides $130,000 increase from the general fund for the **guardian establishment** to support additional requests. Total funds recommended for the 2015-17 biennium are $940,500.

Mental Health and Substance Abuse

- Provides $554,989 from the general fund for **severely mentally ill extended services**.
- Provides $422,000 from the general fund for **TBI prevocational skills**.
- Provides $287,630 for **trauma-informed system of care**, of which $229,130 is from the general fund.
- Provides $130,000 from the general fund for support of the **ND Cares Task Force** which provides support for service members, veterans, families, and survivors.
- Transfers $2.3 million from the general fund to the Department of Corrections and Rehabilitation for the **high-risk sex offender treatment** program.

Vocational Rehabilitation

- Provides $17.9 million for vocational rehabilitation, of which $4.7 million is from the general fund.
- Provides an increase of $500,000 from the general fund for **centers for independent living** to provide a total of $2.9 million.
- Provides $180,783 from the general fund for **TBI extended services**.

Developmental Disabilities

- Provides $566.3 million for **developmental disabilities (DD) services grants**, of which $278.7 million is from the general fund, an increase of $63.6 million, or 13 percent, compared to the 2013-15 biennium appropriation of $502.7 million.

Autism Services

- Provides $153,703 for **autism administrative staff officer**, of which $101,442 is from the general fund, and adds **1 full-time equivalent (FTE)** position.
- Provides $1.8 million, of which $877,800 is from the general fund, to increase **autism waiver slots** from 47 to 77.
- Provides $500,002 from the general fund to increase **autism voucher slots** from 43 to 63.
- Provides $702,240, of which $351,120 is from the general fund to **increase the age limit of the autism waiver** from 7 years old to 9 years old and for **12 additional autism waiver slots**.

INSTITUTIONS

State Hospital

- Provides $1,359,505 from the general fund for **extraordinary repairs**.
- Provides $399,238 from the general fund for **equipment** over $5,000.
- Provides $2,456,762 from the general fund for **heating and cooling repairs and upgrades** and for additional surveillance cameras for the campus.
- Provides $1.5 million from the general fund, and adds **11 FTE** positions, for a 15-bed unit at the Tompkins Rehabilitation and Corrections Center for treating addiction and preventing addicted individuals from reoffending and returning to the correction system.

Life Skills and Transition Center

- Provides $1,571,360 from the general fund for **extraordinary repairs**.
- Provides $375,000 from the general fund for **equipment** over $5,000.
- Provides $1.5 million, of which $750,000 is from the general fund, to create two adjoining **medically fragile units** to serve eight individuals at the Life Skills and Transition Center.
- Provides $750,000 from the general fund to remodel **six living area kitchens** at the Life Skills and Transition Center.
- Provide $230,000 from the general fund for **heating plant repairs and upgrades**.

HUMAN SERVICE CENTERS

- Provides $1.0 million from the general fund to expand the **mobile on-call service** currently in the southeast region to a statewide program.
- Provides $601,699 from the general fund for a **10-bed short-term residential facility** to provide crisis residential and intoxication management services in the badlands region.
- Provides $903,983, of which $685,895 is from the general fund, for **a five-bed crisis residential unit** in the north central region to reduce admissions to the State Hospital, and a **five-bed transitional living unit** in the north central region.
- Provides $283,500 from the general fund for a **four-bed alternative care services unit** in the west central region.
- Provides $393,295 from the general fund, and adds **3 FTE** positions to expand the **integrated dual disorder treatment (IDDT) program** in the west central region.
- Provides $490,044, of which $437,771 is from the general fund, and adds **3 FTE** positions, for an additional child welfare regional supervisor for each of the North Central, Southeast, and West Central Human Service Centers.
- Provides $438,018, of which $249,669 is from the general fund, and adds **3 FTE** positions, for additional developmental disability case managers for North Central, Lake Region, and Northeast Human Service Centers.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The 2015-17 executive budget recommendation includes funding of $11,710,367, $2,806,305 less than the 2013-15 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 2013-15 biennium, both of which are lower than budgeted.

The 2015-17 executive budget recommendation includes funding to serve an estimated average monthly caseload of 1,359. The September 2014 caseload was 1,365.

The 2015-17 executive budget recommendation anticipates monthly assistance payments to average $331 per case for the 2015-17 biennium. The average payment per case in September 2014 was $283.

The following schedule compares the 2011-13 and 2013-15 biennium appropriations to the 2015-17 executive budget:

	2011-13 Biennium Appropriation	2013-15 Biennium Appropriation	2015-17 Executive Budget Recommendation	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Appropriation
TANF				
Federal funds	$1,734,750	$1,393,447	$2,539,461	$1,146,014
General fund	5,531,958	456,137	1,733,390	1,277,253
Retained funds[1]	5,785,053	8,979,599	5,027,280	(3,952,319)
Other funds - Child support collections	3,687,489	3,687,489	2,410,236	(1,277,253)
Total - TANF	$16,739,250	$14,516,672	$11,710,367	($2,806,305)

[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 $26.4 million of federal TANF block grant funds for each year of the 2015-17 biennium. The department projects carrying forward $10.7 million of federal TANF block grant funds from the 2013-15 biennium to the 2015-17 biennium. The executive budget recommends spending $60.5 million of the federal TANF block grant funds in the 2015-17 biennium. The department anticipates carrying forward $3 million of federal TANF block grant funds from the 2015-17 biennium to the 2017-19 biennium.

MEDICAL SERVICES FUNDING

The 2015-17 executive budget recommendation for medical services includes a total of $1,195.6 million. Of this total, $278 million is from the general fund. The actual number of eligible individuals was 65,954 in July 2013 and 79,031 in June 2014.

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

	2009-11 Actual Expenditures	2011-13 Actual Expenditures	2013-15 Appropriation	2013-15 Projected Expenditures[1]	2015-17 Executive Budget	2015-17 Increase (Decrease) to 2013-15 Projected Expenditures
General fund	$117,318,330	$205,253,375	$253,746,812	$247,119,134	$278,049,424	$30,930,290
Federal funds	353,949,706	305,257,895	499,863,943	573,278,548	877,000,658	303,722,110
Other funds	33,445,834	34,676,077	50,044,669	51,120,029	40,592,960	(10,527,069)
Total	$504,713,870	$545,187,347	$803,655,424	$871,517,711	$1,195,643,042	$324,125,331

[1]Based upon actual expenditures incurred through September 2014.

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
2000	70.42%	
2001	69.99%	
2002	69.87%	
2003	69.36%	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 - December 2010) 66.95% (2nd quarter - January - March 2011) 64.95% (3rd quarter - April - June 2011)
2012	55.40%	
2013	52.27%	
2014	50.00%	
2015	50.00%	
2016	50.00%[2]	
2017	50.00%[2]	

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

[2]Estimate.

NOTE: The federal government pays 100 percent of the costs relating to Medicaid Expansion through December 30, 2016. After which, the federal government pays for calendar year:

2017	95%
2018	94%
2019	93%
2020 and future years	90%

Inflationary Adjustments

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

	Actual		Actual		Recommended	
	July 2011 Inflationary Adjustment	July 2012 Inflationary Adjustment	July 2013 Inflationary Adjustment	July 2014 Inflationary Adjustment	July 2015 Inflationary Adjustment	July 2016 Inflationary Adjustment
Inpatient hospital	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%
Outpatient hospital	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%
Home health	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%
Dental services	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%
Drugs	4.00% brand name[1]	4.00% brand name[1]	4.40% brand name[2]	4.21% brand name[2]	7.38% brand name[2]	6.30% brand name[2]
	2.00% generic[1]	2.00% generic[1]	(6.48%) generic[2]	(6.98%) generic[2]	0% generic[2]	3.51% generic[2]
Physician services	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%

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

[2]Inflation is based upon the department's recent historical expenditure data.

Detailed Summary

The following schedule compares the 2011-13 biennium actual expenditures and 2013-15 biennium projected expenditures for medical services to the 2015-17 executive budget recommendation:

	2011-13 Actual Expenditures	2013-15 Projected Expenditures	Percentage Change From Previous Biennium	2015-17 Executive Budget	Percentage of Total	2015-17 Executive Budget Increase (Decrease) to 2013-15 Projected Expenditures	Percentage Increase (Decrease)
Medicaid Expansion[1]		$260,533,046	N/A	$541,804,955	45.31%	$281,271,909	107.96%
Inpatient hospital	$162,849,730	180,842,506	11.05%	190,876,544	15.96%	10,034,038	5.55%
Outpatient hospital	70,660,105	78,457,008	11.03%	85,166,672	7.12%	6,709,664	8.55%
Home health	4,900,540	4,933,418	0.67%	5,551,113	0.46%	617,695	12.52%
Premiums	22,863,507	23,435,706	2.50%	25,667,212	2.15%	2,231,506	9.52%
Physician services	112,117,313	123,798,960	10.42%	132,538,988	11.09%	8,740,028	7.06%
Drugs (net)	34,551,394	38,679,719	11.95%	44,302,814	3.71%	5,623,095	14.54%
Durable medical equipment	8,405,820	9,975,952	18.68%	10,510,876	0.88%	534,924	5.36%
Psychiatric residential treatment facilities	18,584,236	24,960,724	34.31%	25,615,188	2.14%	654,464	2.62%
Rural health clinics/federally qualified health centers	10,202,245	14,366,140	40.81%	14,894,870	1.25%	528,730	3.68%
Indian Health Service	30,478,160	32,900,516	7.95%	33,449,983	2.80%	549,467	1.67%
Chiropractic services	1,516,236	1,653,716	9.07%	1,654,472	0.14%	756	0.05%
Dental	26,994,152	28,827,296	6.79%	29,908,352	2.50%	1,081,056	3.75%
Hospice services	769,528	623,923	(18.92%)	861,117	0.07%	237,194	38.02%
Ambulance services	7,378,312	8,427,141	14.22%	12,012,468	1.00%	3,585,327	42.54%
Other, excluding Healthy Steps and electronic health record payments	32,916,069	39,101,940	18.79%	40,827,418	3.41%	1,725,478	4.41%
Total	$545,187,347	$871,517,711	59.86%	$1,195,643,042	100.00%	$324,125,331	37.19%
General fund	$205,253,375	$247,119,134	20.40%	$278,049,424	23.26%	$30,930,290	12.52%
Federal funds	305,257,895	573,278,548	87.80%	877,000,658	73.35%	303,722,110	52.98%
Other funds	34,676,077	51,120,029	47.42%	40,592,960	3.40%	(10,527,069)	(20.59%)
Total	$545,187,347	$871,517,711	59.86%	$1,195,643,042	100.00%	$324,125,331	37.19%

[1]Medicaid Expansion was implemented in January 2014 (18 months of the 2013-15 biennium).

LONG-TERM CARE SERVICES FUNDING

The 2015-17 executive budget recommendation for long-term care services totals $1,164.3 million. Of this total, $589.4 million is from the general fund. The schedule below summarizes the total funding recommended for long-term care services:

	2009-11 Actual Expenditures	2011-13 Actual Expenditures	2013-15 Legislative Appropriation	2013-15 Projected Expenditures[1]	2015-17 Executive Budget	2015-17 Increase (Decrease) to 2013-15 Projected Expenditures
General fund	$154,720,722	$240,761,893	$315,166,746	$300,487,448	$339,416,970	$38,929,522
Federal funds	304,210,598	264,364,646	288,475,653	278,128,532	311,151,447	33,022,915
Other funds	6,992,089	3,574,654	3,692,732	3,583,461	2,573,044	(1,010,417)
Total	$465,923,409	$508,701,193	$607,335,131	$582,199,441	$653,141,461	$70,942,020

[1]Based upon actual expenditures incurred through September 2014.

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 2011 Inflationary Adjustment	July 2012 Inflationary Adjustment	July 2013 Inflationary Adjustment	July 2014 Inflationary Adjustment	July 2015 Inflationary Adjustment	July 2016 Inflationary Adjustment
Nursing facilities	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%
Basic care	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%
Service payments for elderly and disabled (SPED)	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%
Expanded SPED	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%
Home and community-based services waiver	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%
Targeted case management	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%

Detail Summary

The following schedule compares 2011-13 expenditures and 2013-15 projected expenditures for long-term care services to the 2015-17 executive budget recommendation:

	2011-13 Actual Expenditures	2013-15 Projected Expenditures[1]	Percentage Change From Previous Biennium	2015-17 Executive Budget	Percentage of Total	2015-17 Executive Budget Increase (Decrease) to 2013-15 Projected Expenditures	2015-17 Increase (Decrease) to 2013-15 Projected Expenditures
Nursing homes	$427,435,163	$483,246,691	13.06%	$529,225,783	81.02%	$45,979,092	9.51%
Basic care assistance	27,492,876	33,187,628	20.71%	35,155,417	5.38%	1,967,789	5.93%
SPED	10,870,112	13,125,410	20.75%	15,412,710	2.36%	2,287,300	17.43%
Expanded SPED	834,214	1,236,050	48.17%	1,574,912	0.24%	338,862	27.41%
Home and community-based services waiver	9,337,246	10,955,891	17.34%	15,444,754	2.36%	4,488,863	40.97%
Technology dependent waiver	277,620	437,579	57.62%	558,936	0.09%	121,357	27.73%
Children's medically fragile waiver	121,775	255,519	109.83%	574,056	0.09%	318,537	124.66%
Targeted case management	1,408,913	1,622,375	15.15%	1,826,742	0.28%	204,367	12.60%
Personal care option	24,320,528	27,390,666	12.62%	31,271,358	4.79%	3,880,692	14.17%
Program of all-inclusive care for the elderly	6,379,524	10,391,357	62.89%	21,662,053	3.32%	11,270,696	108.46%
Children's hospice waiver	2,076	51,400	2375.92%	121,540	0.02%	70,140	136.46%
Community of care program	119,642	120,000	0.30%	120,000	0.02%	0	0.00%
Personal needs allowance supplemental security income (SSI)	101,504	178,875	76.22%	193,200	0.03%	14,325	8.01%
Total	$508,701,193	$582,199,441	14.45%	$653,141,461	100.00%	$70,942,020	12.19%
Federal funds	$264,364,646	$278,128,532	5.21%	$311,151,447	47.64%	$33,022,915	11.87%
General fund	240,761,893	300,487,448	24.81%	339,416,970	51.97%	38,929,522	12.96%
Other funds	3,574,654	3,583,461	0.25%	2,573,044	0.39%	(1,010,417)	(28.20%)
Total	$508,701,193	$582,199,441	14.45%	$653,141,461	100.00%	$70,942,020	12.19%

[1]Based upon actual expenditures incurred through September 30, 2014.

Individual Program Summary

The following schedule compares the 2015-17 executive budget recommendation to the 2013-15 biennium original appropriations for individual programs:

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds[1]	Other Funds	Total Funds
Nursing homes							
2015-17 executive recommendation	$264,612,926	$264,612,857	$0				$529,225,783
2013-15 original appropriation	250,100,467	247,701,738	546,786				498,348,991
Increase (decrease)	$14,512,459	$16,911,119	($546,786)	$0	$0	$0	$30,876,792
Basic care assistance							
2015-17 executive recommendation	$10,637,280	$22,137,775		$2,284,362		$96,000	$35,155,417
2013-15 original appropriation	11,713,683	24,790,193		2,284,362		96,000	38,884,238
Increase (decrease)	($1,076,403)	($2,652,418)	$0	$0	$0	$0	($3,728,821)
SPED							
2015-17 executive recommendation		$15,220,028			$192,682		$15,412,710
2013-15 original appropriation		14,545,977			765,584		15,311,561
Increase (decrease)	$0	$674,051	$0	$0	($572,902)	$0	$101,149
Expanded SPED							
2015-17 executive recommendation		$1,574,912					$1,574,912
2013-15 original appropriation		1,356,679					1,356,679
Increase (decrease)	$0	$218,233	$0	$0	$0	$0	$218,233
Home and community-based services waiver							
2015-17 executive recommendation	$7,722,383	$7,722,371					$15,444,754
2013-15 original appropriation	6,138,635	6,093,666					12,232,301
Increase (decrease)	$1,583,748	$1,628,705	$0	$0	$0	$0	$3,212,453
Technology dependent waiver							
2015-17 executive recommendation	$279,480	$279,456					$558,936
2013-15 original appropriation	194,530	193,586					388,116
Increase (decrease)	$84,950	$85,870	$0	$0	$0	$0	$170,820
Children's medically fragile waiver							
2015-17 executive recommendation	$287,028	$287,028					$574,056
2013-15 original appropriation	69,822	69,342					139,164
Increase (decrease)	$217,206	$217,686	$0	$0	$0	$0	$434,892
Targeted case management							
2015-17 executive recommendation	$913,380	$913,362					$1,826,742
2013-15 original appropriation	858,533	852,279					1,710,812
Increase (decrease)	$54,847	$61,083	$0	$0	$0	$0	$115,930
Personal care option							
2015-17 executive recommendation	$15,807,156	$15,464,202					$31,271,358
2013-15 original appropriation	14,167,029	14,065,133					28,232,162
Increase (decrease)	$1,640,127	$1,399,069	$0	$0	$0	$0	$3,039,196

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds[1]	Other Funds	Total Funds
Program of all-inclusive care for the elderly							
2015-17 executive recommendation	$10,831,032	$10,831,021					$21,662,053
2013-15 original appropriation	5,172,835	5,139,546					10,312,381
Increase (decrease)	$5,658,197	$5,691,475	$0	$0	$0	$0	$11,349,672
Community of care program							
2015-17 executive recommendation		$120,000					$120,000
2013-15 original appropriation		120,000					120,000
Increase (decrease)	$0	$0	$0	$0	$0	$0	$0
Personal needs allowance SSI							
2015-17 executive recommendation		$193,200					$193,200
2013-15 original appropriation		178,875					178,875
Increase (decrease)	$0	$14,325	$0	$0	$0	$0	$14,325
Children's hospice waiver							
2015-17 executive recommendation	$60,782	$60,758					$121,540
2013-15 original appropriation	60,119	59,732					119,851
Increase (decrease)	$663	$1,026	$0	$0	$0	$0	$1,689
Total - Long-term care programs							
2015-17 executive recommendation	$311,151,447	$339,416,970	$0	$2,284,362	$192,682	$96,000	$653,141,461
2013-15 original appropriation	288,475,653	315,166,746	546,786	2,284,362	765,584	96,000	607,335,131
Increase (decrease)	$22,675,794	$24,250,224	($546,786)	$0	($572,902)	$0	$45,806,330

[1]The state will assume the county share of SPED beginning January 1, 2016. The executive recommendation includes the county share for the first six months of the biennium.

HEALTHY STEPS FUNDING
(CHILDREN'S HEALTH INSURANCE PROGRAM)

The executive budget recommends maintaining eligibility requirements for the program at 160 percent of the federal poverty level based on modified adjusted gross income and serving a monthly average of 2,668 children for the 2015-17 biennium. In October 2014, 2,695 premiums were paid by the program. The 2015-17 executive budget includes funding for a monthly premium increase of $8.03, or 2.58 percent, over the 2013-15 budgeted premium.

The schedule below compares the 2015-17 executive budget recommendation to 2013-15 projected expenditures:

	2009-11 Actual Expenditures	2011-13 Actual Expenditures	2013-15 Appropriation	2013-15 Projected Expenditures[1]	2015-17 Executive Budget	2015-17 Increase (Decrease) To 2013-15 Projected
General fund	$5,281,676	$8,164,098	$11,400,407	$8,235,926	$7,166,222	($1,069,704)
Federal funds	14,369,495	17,451,370	21,293,663	15,396,987	13,308,702	(2,088,285)
Other funds	0	0	0	0	0	0
Total	$19,651,171	$25,615,468	$32,694,070	$23,632,913	$20,474,924	($3,157,989)

[1]Based upon actual expenditures incurred through September 2014.

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	66.59%	$17,311,376
September 30, 2014	65.00%	$18,787,251
September 30, 2015 (estimates)	65.00%[3]	$19,914,486
September 30, 2016 (estimates)	65.00%[3]	$20,511,921

[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.

[3]The Affordable Care Act (ACA) includes a 23 percent increase in the federal match for the children's health insurance program (CHIP) starting October 1, 2015. Current federal authority provides funds for the CHIP program through September 2015. Congress must appropriate funding for CHIP to continue after September 30, 2015. The executive recommendation assumes the 23 percent increase will not be approved by Congress.

Children Enrolled and Premium Rates

The following schedule compares recent inflationary adjustments provided for the inflationary adjustments recommended in the executive budget.

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	4,003	$12,946,819	$269.53
June 30, 2014	3,879	$13,059,110	$280.52
June 30, 2015	2,942[1]	$10,573,803[1]	$299.46[1]
June 30, 2016	2,638[1]	$9,894,142[1]	$312.61[1]
June 30, 2017	2,698[1]	$10,580,782[1]	$326.87[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 2015-17 BIENNIUM AS RECOMMENDED IN THE GOVERNOR'S BUDGET COMPARED TO THE 2007-09 THROUGH 2013-15 APPROPRIATIONS

	2007-09 Biennium Appropriations	2009-11 Biennium Appropriations	2011-13 Biennium Appropriations	2013-15 Biennium Appropriations	2015-17 Executive Budget Recommendation	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Appropriations
Life Skills and Transition Center						
Total appropriation (excluding capital improvements)	$46,788,914	$52,792,908	$49,725,776	$53,816,557	$60,473,992	$6,657,435
Less estimated income	33,330,132	39,506,611	30,721,449	28,896,308	30,092,516	1,196,208
General fund	$13,458,782	$13,286,297	$19,004,327	$24,920,249	$30,381,476	$5,461,227
DD grants						
Day supports	$39,272,074	$51,867,987	$62,031,254	$78,915,377	$94,374,714	$15,459,337
Transitional community living	14,006,195	17,418,837	21,014,522	23,367,890	24,903,962	1,536,072
Minimally supervised living	16,164,937	21,216,554	29,821,096	36,559,587	43,402,074	6,842,487
Supported living arrangement	784,988	1,163,767	1,314,023	1,400,288	1,302,968	(97,320)
Congregate care	3,782,788	3,613,328	4,507,088	5,450,496	4,752,164	(698,332)
Family subsidy	1,592,071	1,746,336	901,200	435,696	322,584	(113,112)
Infant development	10,885,129	13,630,303	12,172,112	14,052,940	16,455,822	2,402,882
Family support services - In-home support	8,775,281	12,755,898	16,570,451	28,896,343	36,208,975	7,312,632
Family support services - Family care option	794,373	733,290	952,008	751,357	602,830	(148,527)
Family support services - Family care option III	5,756,429	4,625,280	5,796,714	7,710,386	9,733,176	2,022,790
Individual supervised living arrangement	59,063,409	77,425,367	84,253,112	104,776,984	128,903,509	24,126,525
Specialized placements	1,233,638	1,482,017	1,597,120	1,798,790	1,697,588	(101,202)
Title XIX waivered services	1,018,176	1,242,518	1,132,416	1,373,196	1,373,762	566
Extended services	4,862,296	5,782,794	6,060,636	6,764,627	6,089,206	(675,421)
Adult education transition services	125,414	102,894	90,068	153,656	142,378	(11,278)
Self-directed supports	4,272,942	4,422,573	4,698,204	8,412,825	10,111,234	1,698,409
Extended home health care[1]	0	0	4,207,790	7,306,766	3,626,112	(3,680,654)
Parenting support[1]	0	0	101,148	211,314	138,646	(72,668)
DD funding buckets[2]	0	7,828,457	8,422,628	8,935,580	9,618,928	683,348
Subtotal	$172,390,140	$227,058,200	$265,643,590	$337,274,098	$393,760,632	$56,486,534
Community ICF care	100,922,835	113,446,346	129,492,119	165,443,227	172,554,861	7,111,634
Total - DD grants	$273,312,975	$340,504,546	$395,135,709	$502,717,325	$566,315,493	$63,598,168
Less estimated income	177,760,375	230,086,019 [3]	222,513,894 [3]	251,023,161	287,572,027	36,548,866
General fund - DD grants	$95,552,600	$110,418,527	$172,621,815	$251,694,164	$278,743,466	$27,049,302

	2007-09 Biennium Appropriations	2009-11 Biennium Appropriations	2011-13 Biennium Appropriations	2013-15 Biennium Appropriations	2015-17 Executive Budget Recommendation	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Appropriations
Vocational rehabilitation - Supported employment	$261,634	$256,713	$560,000	$600,000	$600,000	$0
Less estimated income	261,634	256,713	560,000	600,000	600,000	0
General fund	$0	$0	$0	$0	$0	$0
DD costs						
Central office	$6,077,151	$8,926,443	$10,970,048	$11,384,361	$10,907,195	($477,166)
Regional human service centers	11,821,503	13,486,487	14,734,650	29,037,202	29,476,408	439,206
Total additional DD costs	$17,898,654	$22,412,930	$25,704,698	$40,421,563	$40,383,603	($37,960)
Less estimated income	10,256,397	12,844,385	14,331,237	24,218,183	22,880,630	(1,337,553)
General fund - Additional DD costs	$7,642,257	$9,568,545	$11,373,461	$16,203,380	$17,502,973	$1,299,593
Grand total - DD services	$338,262,177	$415,967,097	$471,126,183	$597,555,445	$667,773,088	$70,217,643
Less grand total estimated income	221,608,538	282,693,728	268,126,580	304,737,652	341,145,173	36,407,521
Grand total - General fund - DD services	$116,653,639	$133,273,369	$202,999,603	$292,817,793	$326,627,915	$33,810,122

NOTE: The amounts shown for the 2007-09, 2009-11, 2011-13, and 2013-15 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.

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, 2015	4.00%
July 1, 2004	0.00%	July 1, 2016	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%		
July 1, 2013	3.00%		
July 1, 2014	3.00%		

MENTAL HEALTH SERVICES
EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2015-17 BIENNIUM
COMPARED TO THE 2007-09 THROUGH 2013-15 BIENNIUM LEGISLATIVE APPROPRIATIONS

	2007-09 Adjusted Appropriations	2009-11 Adjusted Appropriations	2011-13 Adjusted Appropriations	2013-15 Adjusted Appropriations	2015-17 Executive Budget Recommendation	2015-17 Executive Budget Increase (Decrease) Compared to 2013-15 Adjusted Appropriations
State Hospital						
Traditional services	$39,027,197	$46,489,131	$49,619,507	$51,909,594	$58,593,171	$6,683,577
Secure services	14,491,287	10,480,123	10,944,114	12,469,059	13,808,808	1,339,749
Capital improvements	4,862,648	4,618,531	2,596,251	1,775,168	3,816,267	2,041,099
Total	$58,381,132	$61,587,785	$63,159,872	$66,153,821	$76,218,246	$10,064,425
Less estimated income	11,605,349	13,742,143	12,591,202	14,214,982	13,700,206	(514,776)
General fund	$46,775,783	$47,845,642	$50,568,670	$51,938,839	$62,518,040	$10,579,201
Department of Human Services						
Central office - Mental health	$2,193,011	$3,557,993	$5,031,091	$4,776,261	$6,602,170	$1,825,909
Central office - Community treatment - Sex offender population	2,774,562	1,864,831	1,863,135	2,290,297	0	(2,290,297)
Human service centers - Mental health	62,201,469 [1]	70,892,132 [1]	79,054,412 [1]	90,557,128 [1]	112,065,086 [1]	21,507,958
Total	$67,169,042	$76,314,956	$85,948,638	$97,623,686	$118,667,256	$21,043,570
Less estimated income	31,268,199	41,366,275	41,147,482	41,221,480	40,913,971	(307,509)
General fund	$35,900,843	$34,948,681	$44,801,156	$56,402,206	$77,753,285	$21,351,079
Grand total - Mental health services	$125,550,174	$137,902,741	$149,108,510	$163,777,507	$194,885,502	$31,107,995
Less grand total estimated income	42,873,548	55,108,418	53,738,684	55,436,462	54,614,177	(822,285)
Grand total - General fund - Mental health	$82,676,626	$82,794,323	$95,369,826	$108,341,045	$140,271,325	$31,930,280

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

	2007-09 Adjusted Appropriations	2009-11 Adjusted Appropriations	2011-13 Adjusted Appropriations	2013-15 Adjusted Appropriations	2015-17 Executive Budget Recommendation	Increase (Decrease) Compared to 2013-15 Appropriations
General fund	$32,254,507	$31,529,246	$40,637,993	$51,353,046	$73,221,900	$21,868,854
Other funds	29,946,962	39,362,886	38,416,419	39,204,082	38,843,186	(360,896)
Total	$62,201,469	$70,892,132	$79,054,412	$90,557,128	$112,065,086	$21,507,958

ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS FOR OTHER STATE AGENCIES INCLUDED IN THE 2015-17 EXECUTIVE BUDGET

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
GENERAL GOVERNMENT					
101	**Governor's Office**				
	• Adds **one-time funding** for Governor's transition in and out expenses		$65,000		$65,000
108	**Secretary of State**				
	• Adds **one-time funding** to complete the software project started in the 2011-13 biennium		$3,050,000		$3,050,000
	• Adds funding for 3 full-time equivalent (FTE) positions authorized as one-time during the 2013-15 biennium for the business registration unit (2 FTE positions) and the business information unit (1 FTE position)	3.00	$310,451		$310,451
	• Adds 6 FTE office assistant positions	6.00	$574,777		$574,777
	• Decreases funding to reflect the projected 2015-17 election costs for Help America Vote Act			($2,346,696)	($2,346,696)
110	**Office of Management and Budget (OMB)**				
	• Decreases funding for fiscal management relating to decreased information technology (IT) costs		($335,020)		($335,020)
	• Increases funding for facility management relating to heat pump, carpet replacement, and other maintenance projects		$2,425,009		$2,425,009
	• Increases funding for administration relating to guardianship grants and statewide membership dues		$1,065,432		$1,065,432
	• Increases funding for operating expenses relating to utility rate and insurance cost increases		$650,000		$650,000
	• Increases ongoing funding for Prairie Public Broadcasting from $1,937,138 to $2,300,000		$362,862		$362,862
	• Transfers 7 FTE maintenance positions from OMB to the State Historical Society for the Heritage Center	(7.00)	($677,390)		($677,390)
	• Transfers 1 FTE position from OMB to the Information Technology Department (ITD)	(1.00)	($81,459)		($81,459)
	• Adds **one-time funding** to renovate and expand the Liberty Memorial Building to house the Supreme Court		$40,000,000		$40,000,000
	• Adds **one-time funding** to upgrade the Capitol elevators		$1,400,000		$1,400,000
	• Adds **one-time funding** for repairs to the west parking lot		$1,300,000		$1,300,000
	• Adds **one-time funding** for Prairie Public Broadcasting projects		$1,500,000		$1,500,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for Capitol entrance and building identification signs		$1,400,000		$1,400,000
	• Adds **one-time funding** for a state agency energy impact funding pool		$6,200,000	$8,500,000	$14,700,000
	• Adds **one-time funding** for health insurance pool for temporary employees		$5,000,000	$5,000,000	$10,000,000
112	**Information Technology Department**				
	• Adds **one-time funding** for education technology council grants for K-12 education		$1,050,000		$1,050,000
	• Adds **one-time funding** for criminal justice information system projects		$1,000,000		$1,000,000
	• Adds **one-time funding** for continuing statewide longitudinal data system project		$4,500,000		$4,500,000
	• Increases funding for operational changes, including $2 million for anticipated increases in software maintenance fees from software vendors		$53,506	$3,855,940	$3,909,446
	• Increases funding for operations equipment purchases			$9,150,000	$9,150,000
	• Adds funding for ITD security, including 4 FTE information system security analyst positions	4.00	$537,001	$467,000	$1,004,001
	• Adds funding for higher education video services and 1 FTE telecommunications analyst position	1.00		$225,000	$225,000
	• Adds funding for ConnectND staffing and 1 FTE position transferred from OMB	1.00		$225,000	$225,000
	• Adds funding for the Center for Distance Education for K-12, including 5 FTE teacher positions	5.00	$1,539,149	$997,279	$2,536,428
	• Adds funding for agency desktop support and 2 FTE desktop support computer and network specialist positions	2.00		$1,812,000	$1,812,000
	• Adds funding for statewide longitudinal data system ongoing operations and 1 FTE programmer analyst position	1.00	$3,500,000		$3,500,000
	• Adds funding for digital archives and 1 FTE information management analyst position	1.00	$210,000		$210,000
117	**State Auditor**				
	• Adds funding for royalty auditor authorized by the Budget Section during the 2013-14 interim			$102,750	$102,750
	• Adds funding to continue salary adjustments made during the 2013-15 biennium		$173,712		$173,712
	• Adds funding from the North Dakota University System to complete security audits of the 11 institutions			$200,000	$200,000
120	**State Treasurer**				
	• Adds one-time funding to continue the state-paid property tax relief program in the 2015-17 biennium		$250,000,000		$250,000,000
	• Increases funding for operating and information technology costs		$101,658		$101,658

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
125	**Attorney General**				
	• Adds the following 19.5 FTE positions and related operating and equity funding from the oil and gas impact grant fund for law enforcement positions: 9 FTE Bureau of Criminal Investigation (BCI) agent positions 3 FTE intelligence analyst positions 2 FTE administrative assistant positions 2.5 FTE attorney positions 1 FTE grants administrator position 1 FTE victim advocate position 1 FTE forensic scientist position	19.50	$270,336	$4,779,122	$5,049,458
	• Adds 1 FTE programmer analyst position	1.00	$142,278	$31,314	$173,592
	• Adds 2 FTE legal staff paralegal positions	2.00		$307,379	$307,379
	• Adds 1 FTE gaming auditor position	1.00	$82,907	$60,923	$143,830
	• Adds 2 FTE concealed weapons administrative assistant positions	2.00		$261,766	$261,766
	• Adds $20 million from the oil and gas impact grant fund for grants to local law enforcement agencies to address needs related to the oil industry			$20,000,000	$20,000,000
	• Increases funding for rent, inflation, and to upgrade fire marshal radio and telephone equipment (IT repair costs $828,746)		$1,195,750	$908,376	$2,104,126
	• Increases funding for multistate lottery fees for new Monopoly game ($226,200), new player's club points for prizes program ($715,000) and other increases in operating costs ($88,800)			$1,030,000	$1,030,000
	• Adds **one-time funding** for the criminal history improvements project ($970,000) and BCI and Crime Laboratory applications enhancement ($634,000)			$1,604,000	$1,604,000
	• Adds **one-time funding** to replace 10 undercover vehicles		$220,000		$220,000
	• Adds **one-time funding** for a building feasibility study to determine additional Crime Laboratory space needs			$30,000	$30,000
	• Reduces the estimated amount of federal funds to be received by BCI			($1,082,479)	($1,082,479)
127	**Tax Commissioner**				
	• Increases funding to continue the homestead tax credit program		$2,000,000		$2,000,000
	• Adds funding to expand the eligibility income threshold from $42,000 to $50,000 for the homestead tax credit program		$8,000,000		$8,000,000
	• Increases funding to continue the disabled veterans' tax credit		$767,000		$767,000
	• Adds the following FTE positions: 1 FTE compliance officer position 1 FTE audit technician position	4.00	$553,599		$553,599

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	1 FTE property tax specialist position				
	1 FTE research analyst position				
	• Increases funding for operating expenses relating primarily to IT software maintenance contracts		$834,684		$834,684
140	**Office of Administrative Hearings**				
	• No major changes for this agency				
150	**Legislative Assembly**				
	• Provides funding for proposed legislative compensation adjustments, including monthly compensation, additional leadership monthly compensation, and daily session pay, of 4 percent in the first year and 3 percent in the second year of the biennium		$310,148		$310,148
	• Adds funding for health insurance premium increases for legislators		$657,154		$657,154
	• Increases funding for anticipated increases in legislator lodging costs		$84,520		$84,520
	• Adds **one-time funding** for computer and iPad replacement		$603,050		$603,050
	• Adds **one-time funding** for LEGEND core maintenance upgrades		$191,760		$191,760
	• Adds **one-time funding** for committee room renovations		$500,000		$500,000
	• Adds **one-time funding** for the 2015 Council of State Governments Midwest Conference		$350,000		$350,000
160	**Legislative Council**				
	• Adds funding to increase legislator per diem from $167 to $174 per day for fiscal year 2016 and to $179 per day for fiscal year 2017 (4 percent increase in the first year and 3 percent increase in the second year of the biennium)		$34,594		$34,594
	• Increases funding for travel costs		$66,167		$66,167
	• Adds **one-time funding**, including $50,000 for office improvements, $30,000 for office equipment replacement, and $135,460 for desktop computer, monitor, and iPad replacement		$215,460		$215,460
180	**Judicial Branch**				
	Supreme Court				
	• Adds **one-time funding** for Supreme Court facility space expansion		$1,107,227		$1,107,227
	District Court				
	• Adds **one-time funding** for a redundant IT disaster recovery site		$2,171,672		$2,171,672
	• Adds **one-time funding** for equipment over $5,000, including funding for copy machines, steno machines, workstation systems, and other office equipment		$1,384,000		$1,384,000
	• Adds **one-time funding** to replace the juvenile case management computer system		$1,782,410		$1,782,410
	• Adds funding for 2 FTE clerk of district court I positions	2.00	$422,059		$422,059

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for 13 FTE clerk of district court II positions	13.00	$1,851,482		$1,851,482
	• Adds funding for 4 FTE district court judge positions	4.00	$1,603,148		$1,603,148
	• Adds funding for 4 FTE court reporter positions	4.00	$669,951		$669,951
	• Adds funding for 1 FTE guardian position	1.00	$191,374		$191,374
	• Adds funding for 1 FTE paralegal position	1.00	$161,962		$161,962
	• Adds funding for 1 FTE law clerk position	1.00	$175,114		$175,114
	• Adds funding for 1 FTE account analyst position	1.00	$191,374		$191,374
	• Adds funding for 1 FTE electronic court reporter position	1.00	$142,422		$142,422
188	**Commission on Legal Counsel for Indigents**				
	• Adds funding to convert temporary employees to 5 FTE positions	5.00	$720,794		$720,794
	• Adds funding from the general fund for increasing costs of legal fees, contract fees, case specific fees, and other costs related to increasing case loads		$4,200,000		$4,200,000
	• Adds funding for 1 FTE attorney position and 1 FTE administrative assistant position for the Dickinson conflict office	2.00	$539,555		$539,555
	• Adds funding for 1 FTE attorney position and 1 FTE administrative assistant position and related costs to establish a Watford City office	2.00	$539,555		$539,555
	• Adds funding for professional services fees		$194,662		$194,662
190	**Retirement and Investment Office**				
	• No major changes for this agency				
192	**Public Employees Retirement System (PERS)**				
	• Adds 1 FTE Chief Financial Officer position	1.00		$216,069	$216,069
	• Adds .5 FTE benefits position	0.50		$51,346	$51,346
	• Adds 2 FTE administrative positions and related funding for planning to transition to a self-funded health insurance plan	2.00		$406,294	$406,294
	• Adds 2015-17 **one-time funding**, including $147,000 for PERSLink refinements, $73,880 for PERS website mobile access redesign, and $27,500 to redesign and secure office reception area			$248,380	$248,380
EDUCATION					
226	**Department of Trust Lands**				
	• Adds 1 FTE lands management specialist position	1.00		$198,278	$198,278
	• Adds 1 FTE public information officer position	1.00		$198,278	$198,278
	• Adds 1 FTE compliance auditor position	1.00		$186,968	$186,968
	• Adds 1 FTE unclaimed property auditor position	1.00		$186,968	$186,968
	• Adds 1 FTE accounting specialist position	1.00		$181,644	$181,644

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for oil impact grants to higher education			$4,000,000	$4,000,000
	• Adds **one-time funding** for oil impact grants to airports			$50,000,000	$50,000,000
	• Adds **one-time funding** for oil impact grants to schools			$30,000,000	$30,000,000
	• Adds **one-time funding** for oil impact grants to cities			$10,000,000	$10,000,000
270	**Department of Career and Technical Education**				
	• Adds **one-time funding** for equipment grants to secondary and postsecondary career and technical education (CTE) programs		$1,500,000		$1,500,000
	• Adds funding to increase reimbursement rates for secondary and postsecondary CTE programs		$2,000,000		$2,000,000
	• Adds funding for workforce training for inflationary adjustments and new program development		$1,000,000		$1,000,000
	• Adds funding for new and expanded programs		$700,000		$700,000
HEALTH AND HUMAN SERVICES					
301	**State Department of Health**				
	• Adjusts funding for continuing programs, including increases in the tobacco prevention and control, operating expenses, and grants line items and a decrease in the women, infants, and children (WIC) food payments line item		$969,681	($3,847,541)	($2,877,860)
	• Adjusts funding for bond payments, extraordinary repairs, and equipment		($245,263)	$729,785	$484,522
	• Adds funding for 14 FTE positions in air quality (3 FTE positions), laboratory services (1 FTE position), municipal facilities (3 FTE positions), waste management (4 FTE positions), and water quality (3 FTE positions) to meet increased demands in oil-impacted areas	14.00	$3,694,249	$2,462,881	$6,157,130
	• Adds funding for 5 FTE food and lodging inspector positions	5.00	$749,873	$42,143	$792,016
	• Adds funding to contract with the University of North Dakota 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 $3,076,853 from the general fund, including a school interface module		$576,853		$576,853
	• Increases funding for local public health units to provide a total of $5 million from the general fund.		$1,000,000		$1,000,000
	• Increases funding for rural emergency medical services grants to provide a total of $8.94 million, of which $1.25 million is from the insurance tax distribution fund		$1,600,000		$1,600,000
	• Adjusts funding for the continuation of the cardiac care system		$213	($2,055,906)	($2,055,693)
	• Adds funding for a catastrophic infectious disease outbreak fund		$550,000		$550,000
	• Increases funding for suicide prevention grants to provide a total of $1,180,000 from the general fund		$500,000		$500,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for domestic violence and rape crisis grants		$500,000		$500,000
	• Adjusts funding for the Women's Way program to provide a total of $500,000 from the general fund instead of the community health trust fund		$500,000	($400,500)	$99,500
	• Increases funding for the dental loan repayment program to provide a total of $600,000, of which $240,000 is from the general fund and $360,000 is from the community health trust fund		$60,000		$60,000
	• Increases funding for the medical loan repayment program to provide a total of $698,800 from the general fund		$157,500		$157,500
	• Adds funding for a behavioral health professional loan repayment program to provide loan repayment for one psychologist and four social workers, addiction counselors, professional counselors, psychology nurse practitioners, licensed practical nurses, and registered nurses each year of the biennium		$495,000		$495,000
	• Adds funding for a mobile dental services grant		$100,000		$100,000
	• Adds **one-time funding** for a school immunization interface module		$179,100		$179,100
	• Adds **one-time funding** for equipment costs related to additional environmental impact positions		$303,400	$536,300	$839,700
	• Adjusts federal funding for WIC food payments			$1,712,110	$1,712,110
	• Removes funding for regional public health network grants		($700,000)		($700,000)
	• Removes contingent funding for family violence grant		($80,000)		($80,000)
	• Adds **one-time funding** for medical cache supplies		$989,000		$989,000
	• Adds **one-time funding** to modify vital records system to allow electronic review		$20,000		$20,000
	• Adds **one-time funding** for digital x-ray equipment		$44,000		$44,000
305	**Tobacco Prevention and Control Advisory Committee**				
	• No major changes for this agency				
313	**Veterans' Home**				
	• Adds funding for patient lift systems		$261,660		$261,660
	• Adds funding for construction of a pedestrian bridge over the Sheyenne River			$930,225	$930,225
	• Adds funding for salary equity to make salaries more competitive in hard-to-fill occupations			$429,624	$429,624
316	**Indian Affairs Commission**				
	• Adds funding for the American Indian Business Development Office contract that is being moved from the Department of Commerce		$100,000		$100,000
	• Adds funding for desktop services		$12,000		$12,000
	• Adds **one-time funding** for desktop services hardware		$9,775		$9,775

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
321	**Department of Veterans' Affairs**				
	• Adds funding for stand down events		$10,000		$10,000
	• Adds funding for vans		$15,000		$15,000
	• Adds funding for salary equity to make salaries more competitive in hard-to-fill occupations		$55,100		$55,100
	• Adds funding for increased operating costs for travel, supplies, and IT services		$47,846		$47,846
360	**Protection and Advocacy Project**				
	• Adds funding for salary equity to make salaries more competitive in hard-to-fill occupations		$399,404		$399,404
	• Adds funding for 1 FTE paralegal position	1.00	$90,492	$62,602	$153,094
	• Adds funding and 1 FTE position for quality assurance/intake for individuals with developmental disabilities	1.00	$85,209	$85,210	$170,419
	• Adds funding for desktop support services		$132,838		$132,838
380	**Job Service North Dakota**				
	• Adjusts funding for decreases in expenditures due to cost-savings and for increases for estimated inflationary adjustments		$47,598	($8,751,529)	($8,703,931)
	• Adds **one-time funding** to continue the oil and gas employment survey		$80,000		$80,000
	• Adds **one-time funding** for Virtual OneStop application for access to Job Service job listings		$109,500		$109,500
	• Removes funding for 13 FTE positions as the result of reduced federal funding	(13.00)		($1,743,316)	($1,743,316)
REGULATORY					
401	**Insurance Commissioner, including insurance tax payments to fire departments**				
	• Decreases federal funds ($692,031) and increases special funds ($346,065) for operating expenses			($345,966)	($345,966)
	• Adds **one-time funding** for a new boiler inspection software program			$90,000	$90,000
	• Adds **one-time funding** for a grant to the North Dakota Firefighters' Association to create a central database for all data relating to firefighters			$130,000	$130,000
	• Increases grants to fire districts from the insurance tax distribution fund			$1,144,821	$1,144,821
	• Increases the grant to the North Dakota Firefighters' Association from the insurance tax distribution fund			$90,000	$90,000
405	**Industrial Commission**				
	• Adds 9 FTE engineering technician positions	9.00	$1,945,537		$1,945,537
	• Adds 1 FTE pipeline engineering technician position	1.00	$162,018		$162,018
	• Adds 1 FTE petroleum engineer position	1.00	$222,508		$222,508

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds 3 FTE positions for a safety officer, a human resources specialist, and a budget specialist	3.00	$501,616		$501,616
	• Adds 1 FTE reclamation specialist position	1.00	$230,911		$230,911
	• Adds 2 FTE surface geologist positions	2.00	$488,384		$488,384
	• Adds 2 FTE survey engineering technician positions	2.00	$323,769		$323,769
	• Adds 3 FTE engineering technician contingency positions	3.00	$648,512		$648,512
	• Adds funding for increased operating costs		$627,272		$627,272
	• Adds **one-time funding** for aerial photography, digital analysis, and drilling analysis		$329,143		$329,143
	• Adds **one-time funding** for new energy and water-related software		$250,000		$250,000
	• Adds **one-time funding** for possible litigation relating to federal regulation of hydraulic fracturing and gas flaring		$3,000,000		$3,000,000
	• Adds **one-time funding** to expand the core library		$16,033,942		$16,033,942
406	**Labor Commissioner**				
	• Adds funding for 4 FTE compliance investigator positions and 1 FTE wage and hour director position	5.00	$941,928		$941,928
	• Adds funding for salary equity to make salaries more competitive in hard-to-fill occupations		$139,744		$139,744
408	**Public Service Commission**				
	• Adds 5 FTE positions and related operating funding for the following natural gas pipeline/hazardous liquids safety positions: 1 FTE natural gas pipeline inspector position 3 FTE hazardous liquids safety program positions 1 FTE manager of the natural gas pipeline inspectors and hazardous liquids safety program position	5.00	$850,906	$850,908	$1,701,814
	• Adds 3 FTE positions for track safety inspectors and costs associated to begin a railroad safety program	3.00	$929,910		$929,910
	• Adds 1 FTE weights and measures inspector position	1.00	$313,035		$313,035
	• Adds funding for increased operating costs for an existing natural gas pipeline inspector		$70,000	$20,000	$90,000
	• Adds funding to replace or upgrade IT equipment		$26,400		$26,400
	• Adds **one-time funding** for reclamation and grain litigation		$414,000	$336,000	$750,000
	• Adds **one-time funding** for accrued leave payouts		$99,507	$44,707	$144,214
412	**Aeronautics Commission**				
	• Adds 1 FTE position to assist with the increased workload due to energy development and the increase in airport grants	1.00		$149,933	$149,933

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Increases airport grant funding for airport infrastructure projects		$450,000		$450,000
	• Adds funding for the International Peace Garden airport terminal and lighting			$300,000	$300,000
	• Increases funding for operating expenses			$81,051	$81,051
413	**Department of Financial Institutions**				
	• Adds 1 FTE credit union examiner position	1.00		$218,089	$218,089
	• Increases funding for operating expenses			$37,207	$37,207
414	**Securities Commissioner**				
	• Adds funding for desktop support services to be received from ITD		$46,805		$46,805
	• Adds **one-time funding** for retirement leave payouts		$53,252		$53,252
471	**Bank of North Dakota**				
	• Increases funding for operating expenses			$3,581,593	$3,581,593
	• Adds 1 FTE credit analyst position	1.00		$177,836	$177,836
	• Adds 1 FTE IT security analyst position	1.00		$209,809	$209,809
	• Provides for a transfer of $28 million from Bank profits to partnership in assisting community expansion (PACE) fund				
	• Provides for a transfer of $3 million from Bank profits to Ag PACE fund				
	• Provides for a transfer of $2 million from Bank profits to Biofuels PACE fund				
	• Provides for a transfer of $7 million from Bank profits to the beginning farmer revolving loan fund				
473	**Housing Finance Agency**				
	• Provides for a transfer from the general fund to the housing incentive fund		$20,000,000		$20,000,000
	• Decreases funding for grants and federal programs			($3,502,270)	($3,502,270)
475	**Mill and Elevator Association**				
	• Increases funding for operations			$5,631,000	$5,631,000
	• Adds the following FTE positions to operate a new milling unit:	6.00		$812,026	$812,026
	3 FTE mill operator positions				
	3 FTE rail car loader positions				
	• Adds the following FTE positions for mill operations:	6.00		$831,880	$831,880
	2 FTE flour packer positions				
	2 FTE utility worker positions				
	1 FTE electrician position				
	1 FTE maintenance worker position				
485	**Workforce Safety and Insurance**				
	• Adds funding for computer software replacement			$6,000,000	$6,000,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for litigation of computer system with Aon eSolutions regarding failure of the computer replacement system			$1,000,000	$1,000,000
	• Adds funding for 1 FTE underwriter position, 2 FTE vocation rehabilitation case manager positions, 2 FTE nurse case manager positions, and 1 FTE physical therapist position	6.00		$878,474	$878,474
	• Adds funding to convert 6 temporary employees to FTE positions	6.00		$662,052	$662,052
PUBLIC SAFETY					
504	**Highway Patrol**				
	• Adds funding for 4 new FTE sworn officer positions and related operating and equipment	4.00	$917,992	$130,857	$1,048,849
	• Provides funding for increases in building lease costs ($116,000), IT costs ($36,000), ammunition expenses ($100,000), and motor pool rental rates ($188,000)		$391,723	$48,277	$440,000
	• Adds funding for vehicle equipment installation costs		$262,000	$38,000	$300,000
	• Provides **one-time funding** for Phase II of the new law enforcement training academy facility		$24,090,000	$3,442,000	$27,532,000
	• Provides **one-time funding** to replace mobile radio equipment		$548,000	$78,000	$626,000
	• Provides **one-time funding** for upgrades to an outdoor gun range		$70,000	$10,000	$80,000
	• Provides **one-time funding** for a skid car training system		$58,000	$8,000	$66,000
530	**Department of Corrections and Rehabilitation**				
	Juvenile Services				
	• Adds funding for professional and medical services		$230,934		$230,934
	• Adds 1 FTE juvenile corrections specialist position and related operating funding	1.00	$172,154		$172,154
	• Adds 1 FTE Youth Correctional Center position and related operating funding	1.00	$133,713		$133,713
	• Adds funding for an attorney		$61,522		$61,522
	• Adds funding for Youth Correctional Center security upgrades		$204,233		$204,233
	Adult Services				
	• Adds funding for community sex offender treatment		$1,865,810		$1,865,810
	• Increases funding for contract housing and programming		$6,243,102		$6,243,102
	• Adds funding for targeted occupation salary equity		$2,126,442		$2,126,442
	• Adds funding for Hepatitis C treatment		$1,080,000		$1,080,000
	• Adds 13 FTE parole and probation positions and related operating funding	13.00	$2,294,179		$2,294,179
	• Adds 1 FTE central office position and related operating funding	1.00	$177,641		$177,641
	• Adds 3 FTE treatment positions and related operating funding	3.00	$360,006		$360,006
	• Adds 1 FTE attorney position and related operating funding	1.00	$231,448		$231,448

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds 2 FTE James River Correctional Center central receiving positions and related operating funding	2.00	$231,617	$471,247	$702,864
	• Adds funding for an adult recidivism reduction reentry program		$1,705,382		$1,705,382
	• Increases funding for the Dakota Women's Correctional and Rehabilitation Center contract		$2,250,000		$2,250,000
	• Adds **one-time funding** for a Missouri River Correctional Center building project		$29,550,000		$29,550,000
	• Adds **one-time funding** for IT items		$1,716,144		$1,716,144
540	**Adjutant General, including the National Guard and Department of Emergency Services**				
	• Reduces federal emergency services grants			($40,700,000)	($40,700,000)
	• Adds funding for targeted occupation salary equity		$153,528		$153,528
	• Adds funding for base map maintenance ($382,000), next generation 911 maintenance ($209,280), radio tower redundancy maintenance ($120,000), and records management system maintenance ($150,000)		$861,280		$861,280
	• Adds funding for ND Cares Task Force		$260,000		$260,000
	• Increases funding for special assessment and payments in lieu of taxes		$74,000		$74,000
	• Removes funding for the book of veterans		($50,000)		($50,000)
	• Adds **one-time funding** for grants to fire departments to purchase equipment for train derailment fires		$3,000,000		$3,000,000
	• Adds **one-time funding** for the next generation 911 initial purchase		$386,000		$386,000
	• Adds **one-time funding** for flooding and hazardous materials emergency response supplies		$550,000		$550,000
	• Adds **one-time funding** for a statewide radio communication improvement project		$5,000,000		$5,000,000
	• Adds **one-time funding** for the veterans' bonus program		$500,000		$500,000
	• Adds **one-time funding** for the Veterans' Cemetery land purchase		$69,500	$69,500	$139,000
AGRICULTURE AND ECONOMIC DEVELOPMENT					
601	**Department of Commerce**				
	• Adds **one-time funding** for a new marketing campaign in Midwest markets		$1,000,000		$1,000,000
	• Adds **one-time funding** for unmanned aerial systems		$2,718,620		$2,718,620
	• Adds **one-time funding** for Research North Dakota		$8,000,000		$8,000,000
	• Adds **one-time funding** for child care facility grants		$3,000,000		$3,000,000
	• Adds **one-time funding** for workforce enhancement grants		$1,500,000		$1,500,000
	• Adds **one-time funding** for base retention grants		$1,500,000		$1,500,000
	• Adds **one-time funding** for tribal college workforce grants		$6,000,000		$6,000,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds **one-time funding** for entrepreneurial centers and vouchers		$1,000,000		$1,000,000
	• Adds **one-time funding** for homeless shelter grants		$1,000,000		$1,000,000
	• Adds **one-time funding** for prekindergarten community grants		$6,000,000		$6,000,000
	• Adds **one-time funding** for a grant to an organization that provides workplace safety		$2,000,000		$2,000,000
	• Adds **one-time funding** for a contingent grant to an organization that provides training and competition for athletes with special needs		$2,000,000		$2,000,000
	• Adds funding for a contingent grant for enhanced use lease for developing infrastructure			$5,000,000	$5,000,000
	• Increases funding for partner programs related to small business development programs for a total of $2,322,044		$400,000		$400,000
602	**Department of Agriculture**				
	• Increases funding for operations relating to contracted mediation services and the specialty crop block grant program		$92,908	$226,883	$319,791
	• Reduces funding for IT operations		($21,699)	$181	($21,518)
	• Increases funding for the specialty crop block grant program			$3,827,946	$3,827,946
	• Reduces grant funding for organic certification			($150,000)	($150,000)
	• Adds funding for part-time salaries and operating expenses to assist with Japanese beetle and emerald ash borer monitoring, surveying, and inspection		$82,297		$82,297
	• Adds funding for ITD desktop support		$352,912		$352,912
	• Adds **one-time funding** for an ITD analysis of IT data and application structure		$150,222		$150,222
	• Adds **one-time funding** to redesign the department website		$150,000		$150,000
627	**Upper Great Plains Transportation Institute**				
	• Reduces federal grant funding and provides general funds to aid in obtaining federal grants		$300,548	($4,187,424)	($3,886,876)
628	**Branch Research Centers**				
	• Increases funding for equipment over $5,000		$550,000	$3,049,950	$3,599,950
	• Reduces funding from other revenues		$57,986	($350,000)	($292,014)
	• Adds funding for State Board of Agricultural Research and Education (SBARE) priority - Dickinson technical support	1.00	$130,000		$130,000
	• Adds funding for SBARE priority - Hettinger animal science technical support	1.00	$130,000		$130,000
	• Adds funding for SBARE priority - Williston crop disease research	2.00	$330,000		$330,000
	• Adds funding for SBARE priority - Operational support		$210,000		$210,000
630	**North Dakota State University Extension Service**				
	• Adds funding for SBARE priority - Food systems and health	1.00	$340,000		$340,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for SBARE priority - Hettinger agricultural programs and capacity	1.00	$240,000		$240,000
	• Adds funding for SBARE priority - Community vitality	1.00	$240,000		$240,000
638	**Northern Crops Institute**				
	• No major changes for this agency				
640	**North Dakota State University Main Research Center**				
	• Adds funding for SBARE priority - Research equipment		$550,000		$550,000
	• Adds funding for SBARE priority - Bioinformatics	2.00	$800,000		$800,000
	• Adds funding for SBARE priority - Precision agriculture	2.00	$455,000		$455,000
	• Continues funding for the flooded lands study		$82,000		$82,000
	• Increases funding for equipment over $5,000			$2,388,216	$2,388,216
	• Adds **one-time funding** for the Central Grasslands Research Center agronomy laboratory project		$783,796		$783,796
	• Adds **one-time funding** for greenhouse utilities		$400,000		$400,000
	• Adds **one-time funding** for the veterinary diagnostics laboratory project		$18,000,000		$18,000,000
649	**Agronomy Seed Farm**				
	• No major changes for this agency				
665	**State Fair Association**				
	• Removes 2013-15 **one-time funding** for flood damage repair		($2,750,000)		($2,750,000)
	• Adds **one-time funding** for fairgrounds asphalt overlay project		$1,750,000		$1,750,000
	• Provides funding to increase exhibitor premium payments from $546,000 to $570,000		$24,000		$24,000
670	**Racing Commission**				
	• No major changes were identified for this agency.				
NATURAL RESOURCES					
701	**State Historical Society**				
	• Adds 6 FTE positions to provide staffing for the newly expanded Heritage Center: 1 FTE to continue the technology administrator position 1 FTE visitor services/security officer position 2 FTE security officer positions 1 FTE historic site supervisor position 1 FTE electronic records archivist position	6.00	$1,208,304		$1,208,304
	• Transfers 7 FTE maintenance positions from OMB to the Heritage Center	7.00	$778,269		$778,269
	• Increases temporary employees' salaries		$155,226		$155,226
	• Increases overall base budget funding relating primarily to operations of the Heritage Center.		$2,008,639	$200,000	$2,208,639

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for salary adjustments for targeted market equity		$620,486		$620,486
	• Increases funding for historic site operating budgets for inflating costs		$223,580		$223,580
	• Increases funding for operating expenses related to ongoing storage costs of historical documents and maintenance agreements		$320,304		$320,304
	• Adds promotional funding for publicizing historical events, speakers, short film series, and booth display banners at historic sites		$200,000		$200,000
	• Adds funding for traveling exhibits in the Governor's Gallery and historic sites		$450,000		$450,000
	• Adds funding to convert 4th grade history curriculum to online and for costs associated with continued maintenance and updating		$100,000		$100,000
	• Adds **one-time funding** for additional digital storage		$100,650		$100,650
	• Adds **one-time funding** for Phase II repairs at Fort Totten and renovation of the Stutsman County Courthouse		$1,000,000	$175,000	$1,175,000
	• Adds **one-time funding** for the electronic records project		$264,000		$264,000
	• Adds ongoing funding for the electronic records project		$172,800		$172,800
	• Adds **one-time funding** for the Double Ditch Historic Site repairs		$3,500,000		$3,500,000
709	**Council on the Arts**				
	• Provides additional funding to increase the agency grant program, including the Arts in Education grant program		$300,000		$300,000
	• Adds **one-time funding** for an exhibition featuring traditional American Indian stories		$30,000		$30,000
	• Adds **one-time funding** for the economic impact study on the arts		$10,000		$10,000
720	**Game and Fish Department**				
	• Adds 1 FTE administrative staff officer position	1.00		$139,475	$139,475
	• Adds the following 3 FTE positions transitioned from temporary employees: 1 FTE biologist I position in Williston 1 FTE administrative assistant I position to work with the hunter safety program 1 FTE administrative assistant I position in Williston	3.00		$322,615	$322,615
	• Adds funding for extraordinary repairs of $1.125 million ($625,000 base building repairs and $500,000 Bismarck shop yard expansion)			$1,125,000	$1,125,000
	• Adds funding for extraordinary repairs for dam repair, hatchery repairs, and fishing and boating facility construction on lands owned by the department			$985,000	$985,000
	• Increases funding for boat access grants			$1,000,000	$1,000,000
	• Adds funding for extraordinary repairs for Lewis and Clark shooting range improvements in Williston			$400,000	$400,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Increases funding for the land habitat and deer depredation program due to increased funds received from the Pittman-Robertson federal funds apportioned to the state			$1,500,000	$1,500,000
	• Adds **one-time funding** for Devils Lake storage building			$200,000	$200,000
	• Adds **one-time funding** for State Fair shooting skills building			$200,000	$200,000
	• Adds **one-time funding** for a grant received from the North Dakota outdoor heritage fund for the United States Department of Agriculture conservation reserve enhancement program			$2,000,000	$2,000,000
750	**Parks and Recreation Department**				
	• Adds 1 FTE park ranger position	1.00	$133,354		$133,354
	• Adds 7 FTE administrative assistant positions	7.00	$733,730		$733,730
	• Adds 1 FTE project manager position	1.00	$168,003		$168,003
	• Adds funding to convert four .75 FTE positions into four 1 FTE positions by adding 1 FTE position	1.00	$93,647		$93,647
	• Adds funding to purchase land to replace 36 acres being sold to the Adjutant General's office adjacent to the Veterans' Cemetery			$278,000	$278,000
	• Adds **one-time funding** for the park improvement plan		$30,400,000		$30,400,000
	• Adds **one-time funding** for extraordinary repairs		$1,470,620		$1,470,620
	• Adds **one-time funding** to the International Peace Garden for deferred maintenance and equipment purchases		$335,297		$335,297
770	**State Water Commission**				
	• Adds funding for the following 5 FTE positions authorized by the Budget Section during the 2013-14 interim: 1 FTE water resource program administrator position 1 FTE hydrologist manager position 1 FTE hydrologist II position 2 FTE hydrologist III positions	5.00		$979,015	$979,015
	• Adds 1 FTE regulatory division director position	1.00		$273,871	$273,871
	• Adds 1 FTE water supply project manager position	1.00		$229,840	$229,840
	• Adds 1 FTE sovereign lands program administrator position	1.00		$192,784	$192,784
	• Adds 1 FTE investigations engineer position	1.00		$210,184	$210,184
	• Adds 1 FTE cost-share program administrator position	1.00		$165,013	$165,013
	• Increases funding for professional engineering fees due to the increase in new projects			$10,606,409	$10,606,409
	• Increases funding for equipment to upgrade technology for 70 well monitoring recording devices			$213,994	$213,994

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Increases funding for the Devils Lake outlet maintenance			$228,134	$228,134
	• Adds funding for construction of the Southwest Pipeline Project			$147,766,811	$147,766,811
	• Adds funding for construction of the Northwest Area Water Supply Project			$47,109,823	$47,109,823
	• Adds funding to insulate a cold storage bay and construct a new cold storage unit on existing property			$300,000	$300,000
	• Adds funding for water project grants			$619,284,097	$619,284,097
	• Adds funding to address salary compression			$851,259	$851,259
TRANSPORTATION					
801	**Department of Transportation**				
	• Adds the following 2 FTE positions: 1 FTE archeologist position 1 FTE environmental scientist position	2.00		$377,423	$377,423
	• Increases funding for base budget expenditures relating primarily to contractor payments, motor vehicle costs, and building and grounds maintenance			$733,213,454	$733,213,454
	• Adds **one-time funding** for IT Maintenance Management System			$589,000	$589,000
	• Adds **one-time funding** for enhanced state infrastructure investments			$1,354,115,558	$1,354,115,558
	• Adds **one-time funding** to cover Fleet Services loss on disposal of motor coaches		$1,000,000		$1,000,000
	• Adds **one-time funding** for improvements to roads leading to recreational areas			$5,000,000	$5,000,000
	• Adds **one-time funding** for road needs in non-oil-producing counties			$100,000,000	$100,000,000
	• Adds **one-time funding** to continue the motor vehicle registration and titling system replacement project			$2,500,000	$2,500,000
	• Provides for a transfer from the general fund to the highway fund for state highway investments		$1,350,000,000		$1,350,000,000
	• Provides for a transfer from the general fund to the highway fund for distributions to non-oil-producing political subdivisions		$100,000,000		$100,000,000
	• Provides for a transfer from the general fund to the special roads fund for improvements to roads that lead to recreational areas		$5,000,000		$5,000,000

SECTION H - CAPITAL CONSTRUCTION

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CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The executive budget recommendation includes a total of $2,587,820,289 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	$295,408,247	$90,071,894	$385,480,141
Extraordinary repairs - See the extraordinary repairs schedule on page H-3	54,927,748	6,694,157	61,621,905
Department of Transportation - Bond payments		2,027,665	2,027,665
Department of Transportation - Contractor payments		638,653,193	638,653,193
Department of Transportation infrastructure investment		1,284,115,558	1,284,115,558
Water projects		195,281,634	195,281,634[1]
Veterans' Home - Patient lifts	261,660		261,660
Institutions of higher education special assessments	4,250,689		4,250,689
State agency special assessments	174,046	39,000	213,046
Payments in lieu of taxes	50,000	1,000,000	1,050,000[2]
Game and Fish Department land acquisitions		800,000	800,000
Other bond payments	13,538,310	526,488	14,064,798
Total	$368,610,700	$2,219,209,589	$2,587,820,289

[1]This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project.

[2]This amount includes payments in lieu of taxes of approximately $1,000,000 for Game and Fish Department from special funds and $50,000 for the Adjutant General from the general fund. This amount does not include payments in lieu of taxes of approximately $375,000 estimated to be paid by Workforce Safety and Insurance in the 2015-17 biennium under the agency's continuing appropriation for building maintenance.

LEASE PAYMENTS

The executive budget recommendation includes a total of $13,538,182 from the general fund for 2015-17 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 2015-17 biennium is estimated to be $66,218,440 based on projected sales, use, and motor vehicle excise tax collections included in the 2015-17 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 2015-17 BIENNIUM COMPARED TO 2013-15 LEGISLATIVE APPROPRIATIONS

			2015-17 Executive Budget Recommendations			2013-15 Legislative Appropriations		
Bill No.	Agency or Institution	Project	General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2015	Office of Management and Budget (110)	Renovation and addition to Liberty Memorial Building	$40,000,000					
HB 1003	Bismarck State College (227)	Major campus infrastructure	1,575,000					
		Student Union lower level renovation		$600,000				
HB 1003	Lake Region State College (228)	Switchgear, electrical service, window replacements	1,648,423					
HB 1003	University of North Dakota (UND) (230)	School of Medicine and Health Sciences facility - Phase II	62,000,000					
		Student engagement projects		6,000,000				
		Airport project	16,000,000					
HB 1003	North Dakota State University (NDSU) (235)	Aquatic Center (revenue bonds)		1,000,000	$10,000,000			
		Minard Hall		600,000				
HB 1003	North Dakota State College of Science (238)	Water and sewer infrastructure	13,298,000					
HB 1003	Valley City State University (242)	Communications and fine arts building	25,850,000					
		Health, Wellness, and Physical Education facility		16,000,000				
		Heating plant replacement	14,289,000					
HB 1003	Dakota College at Bottineau (243)	Allied Health and Wellness Center		6,864,118				
		Dormitory updates and remodeling		3,784,076				
		Nelson Science Center renovation	1,098,789					
HB 1007	Veterans' Home (313)	Resident workshop		126,800				
HB 1014	Industrial Commission (405)	Wilson M. Laird Core and Sample Library expansion	16,013,442					
HB 1011	Highway Patrol (504)	Law enforcement training academy facility - Phase II	24,090,000	3,442,000				
		Upgrade outdoor gun range	70,000	10,000				
HB 1015	Department of Corrections and Rehabilitation (530)	Missouri River Correctional Center building project	29,550,000					
		State Penitentiary security camera upgrade	337,000					
SB 1016	Adjutant General (540)	Federal construction estimate		30,000,000				
		Veterans' Cemetery land purchase	69,500	69,500				
HB 1020	NDSU Main Research Center (640)	Agronomy laboratory Central Grasslands Research Extension Center	783,796					
		Veterinary Diagnostic Laboratory replacement	18,000,000					
SB 2017	Game and Fish Department (720)	Devils Lake storage building		200,000				
		State Fair shooting skills building		200,000				
SB 2019	Parks and Recreation Department (750)	Land acquisition - Park land		278,000				
		Park improvements	30,400,000					
		International Peace Garden for capital projects	335,297					
HB 1012	Department of Transportation (801)	Land and buildings		9,697,400				
		Radio sites, prefabricated buildings		1,200,000				
Total 2015-17 executive budget recommendation			$295,408,247	$80,071,894	$10,000,000			
Total 2013-15 legislative appropriations						$179,437,213 [1]	$144,566,867 [1]	$56,487,262 [1]

[1] Represents the total appropriation for major new capital construction provided by the 2013 Legislative Assembly. Please refer to the Legislative Council's *State Budget Actions for the 2013-15 Biennium* report for details regarding the 2013-15 appropriations. The 2013 Legislative Assembly authorized the State Board of Higher Education to issue $56,487,262 of revenue bonds.

EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2015-17 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs:

Agency or Institution	2015-17 Executive Budget Recommendations		
	General Fund	Special Funds	Total
Office of Management and Budget (110)			
Electrical improvements	$250,000		$250,000
Fire safety issues in the Judicial Wing	650,000		650,000
Install new entrance and building identification signs	1,400,000		1,400,000
Mailroom equipment upgrades	30,000		30,000
Mechanical improvements	725,000		725,000
Mechanical upgrade to Inspiration Gallery: Yesterday and Today	600,000		600,000
Replace tractor and lawn mower	67,928		67,928
Security enhancements for the Governor's residence	175,000		175,000
Upgrade Capitol elevators	1,400,000		1,400,000
West parking lot repair	1,300,000		1,300,000
Total - Office of Management and Budget	$6,597,928		$6,597,928
Judicial branch (180)			
Supreme Court facility space expansion	$786,577		$786,577
Total - Judicial branch	$786,577		$786,577
North Dakota University System office (215)			
Deferred maintenance pool	$5,000,000		$5,000,000
Total - North Dakota University System office	$5,000,000		$5,000,000
Bismarck State College (227)			
Building exterior	$636,675		$636,675
Campus security	337,500		337,500
Total - Bismarck State College	$974,175		$974,175
Lake Region State College (228)			
Building exterior	$296,983		$296,983
Total - Lake Region State College	$296,983		$296,983
Williston State College (229)			
Chiller repairs and replacement	$80,000		$80,000
Furnace repairs and replacement	172,758		172,758
Campus security	866,250		866,250
Roofing repair and replacement	140,000		140,000
Total - Williston State College	$1,259,008		$1,259,008

Agency or Institution	2015-17 Executive Budget Recommendations General Fund	Special Funds	Total
University of North Dakota (230)			
Campus repairs	$6,683,338		$6,683,338
Total - University of North Dakota	$6,683,338		$6,683,338
North Dakota State University (235)			
Campus repairs	$4,461,355		$4,461,355
Total - North Dakota State University	$4,461,355		$4,461,355
North Dakota State College of Science (238)			
Building exterior	$1,200,000		$1,200,000
Mechanical and electrical upgrade	397,488		397,488
Total - North Dakota State College of Science	$1,597,488		$1,597,488
Dickinson State University (239)			
Building exterior	$409,078		$409,078
Mechanical and electrical repairs	400,663		400,663
Total - Dickinson State University	$809,741		$809,741
Mayville State University (240)			
Campus repairs	$513,486		$513,486
Campus security	435,000		435,000
Total - Mayville State University	$948,486		$948,486
Minot State University (241)			
Building exterior	$202,867		$202,867
Interior finishes	1,200,000		1,200,000
Campus security	814,500		814,500
Total - Minot State University	$2,217,367		$2,217,367
Valley City State University (242)			
Campus repairs	$554,004		$554,004
Fire alarm upgrades	544,441		544,441
Total - Valley City State University	$1,098,445		$1,098,445
Dakota College at Bottineau (243)			
Campus security	$187,500		$187,500
Mechanical and electrical upgrades - Boiler replacement	171,062		171,062
Total - Dakota College at Bottineau	$358,562		$358,562
Forest Service (244)			
Office building interior restroom repairs - Walhalla	$10,260		$10,260
Office building interior restroom repairs - Towner	44,962		44,962
Shop structural floor repairs - Walhalla	34,000		34,000
Total - Forest Service	$89,222		$89,222

Agency or Institution	2015-17 Executive Budget Recommendations General Fund	Special Funds	Total
School for the Deaf (252)			
Repairs to activities building, kitchen, and dining area, including asbestos abatement, and parking lot	$192,174		$192,174
Smith Building renovations (phase 1 of 3)	1,050,000	$600,000	1,650,000
Master facility projects, including boiler replacement and Smith Building projects		600,000	600,000
Total - School for the Deaf	$1,242,174	$1,200,000	$2,442,174
North Dakota Vision Services - School for the Blind (253)			
Base budget extraordinary repairs	$49,454		$49,454
Phase 2 of repair and upgrade projects included in 2012 facility master plan	1,000,000	$590,000	1,590,000
Total - North Dakota Vision Services - School for the Blind	$1,049,454	$590,000	$1,639,454
State Department of Health (301)			
Connect north laboratory to generator		$32,000	$32,000
Carpet laboratory office area and vestibule		15,000	15,000
Connect annex air conditioning	$25,000		25,000
Flush, repair control valves, refill hot water heat system	3,000		3,000
Gutter covers for cold storage		4,000	4,000
Install HVAC ductwork east mechanical room		5,000	5,000
Install fix to prevent freeze up of HVAC in winter		5,500	5,500
Install fix to prevent overheat of condenser coils		1,550	1,550
Install knee holes at benches per ergo consult		17,500	17,500
Landscape: replace shelter belt die off, sidewalks		4,800	4,800
Pallet racking for storage		5,000	5,000
Recarpet office areas		10,000	10,000
Repair driveway and park lot - Including restriping		28,000	28,000
Repair and paint annex walls - Centers for Disease Control and Prevention review		10,000	10,000
Repair and enhance air conditioning in annex instrument rooms		10,000	10,000
Replace boiler in north laboratory		50,000	50,000
Replace humidifier in north laboratory	2,803	22,197	25,000
Replace laboratory window		5,000	5,000
Replace northwest atrium window		5,000	5,000
Replace south air conditioning condenser	4,620	380	5,000
Replace and update signage in front of building		5,500	5,500
Seal coat exterior brick and remortar		7,000	7,000
Seamless siding for morgue	19,820		19,820
Upgrade access control hardware		12,500	12,500
Upgrade data system for HVAC controls	25,000		25,000
Total - State Department of Health	$80,243	$255,927	$336,170
Veterans' Home (313)			
Bridge		$930,225	$930,225
Irrigation		83,000	83,000
Total - Veterans' Home		$1,013,225	$1,013,225

Agency or Institution	2015-17 Executive Budget Recommendations General Fund	Special Funds	Total
Department of Human Services (325)			
Various projects - Human Service Centers	$49,956		$49,956
Heating plant repairs and upgrades - Life Skills and Transition Center	230,000		230,000
Six living area kitchens - Life Skills and Transition Center	750,000		750,000
Demolition - Pleasant View and Refectory Buildings - Life Skills and Transition Center	695,570		695,570
Central air - Tompkins Rehabilitation Center - Life Skills and Transition Center	557,606		557,606
Asbestos abatement - Life Skills and Transition Center	75,000		75,000
Various projects - Life Skills and Transition Center	815,790		815,790
Campus surveillance cameras - State Hospital	390,000		390,000
Heating plant repairs and upgrades - State Hospital	1,509,156		1,509,156
Asbestos abatement - State Hospital	260,000		260,000
Various projects - State Hospital	1,084,505		1,084,505
Total - Department of Human Services	$6,417,583		$6,417,583
Department of Labor and Human Rights(406)			
Complete office space to accommodate new full-time equivalent position	$25,000		$25,000
Total - Department of Labor and Human Rights	$25,000		$25,000
Aeronautics Commission (412)			
International Peace Garden airport terminal and lighting		$300,000	$300,000
Total - Aeronautics Commission		$300,000	$300,000
Department of Corrections and Rehabilitation (530)			
James River Correctional Center extraordinary repairs	$1,506,580		$1,506,580
Missouri River Correctional Center extraordinary repairs	165,000		165,000
North Dakota State Penitentiary extraordinary repairs	1,681,000		1,681,000
Roughrider Industries extraordinary repairs		$250,000	250,000
Youth Correctional Center extraordinary repairs	360,000		360,000
Total - Department of Corrections and Rehabilitation	$3,712,580	$250,000	$3,962,580
North Dakota State University Main Research Center (640)			
Building exterior repair	$268,093		$268,093
Interior repair	268,093		268,093
Mechanical and electrical repair	268,093		268,093
Paving and area lighting	134,046		134,046
Structural repair	134,047		134,047
Utilities and infrastructure	268,093		268,093
Total - North Dakota State University Main Research Center	$1,340,465		$1,340,465

Agency or Institution	2015-17 Executive Budget Recommendations General Fund	Special Funds	Total
State Fair Association (665)			
Fairgrounds asphalt repair	$1,750,000		$1,750,000
Total - State Fair Association	$1,750,000		$1,750,000
State Historical Society (701)			
Double Ditch Site repairs and stabilization	$3,500,000		$3,500,000
Fort Totten and Stutsman County Courthouse repairs	1,000,000	$175,000	1,175,000
Miscellaneous repairs and maintenance	410,959		410,959
Total - State Historical Society	$4,910,959	$175,000	$5,085,959
Game and Fish Department (720)			
Department facility repairs		$1,125,000	$1,125,000
Fishing area projects		985,000	985,000
Lonetree improvements		50,000	50,000
Shooting range improvements		400,000	400,000
Wildlife management area improvements		100,000	100,000
Total - Game and Fish Department		$2,660,000	$2,660,000
Parks and Recreation Department (750)			
Beaver Lake State Park repairs and maintenance	$95,000		$95,000
Cross Ranch State Park repairs and maintenance	50,000	$10,000	60,000
Fort Abraham Lincoln State Park repairs and maintenance	85,000	75,000	160,000
Fort Ransom State Park repairs and maintenance	90,000		90,000
Fort Stevenson State Park repairs and maintenance	105,000	30,000	135,000
Grahams Island State Park repairs and maintenance	50,000	5,005	55,005
Icelandic State Park repairs and maintenance	20,000		20,000
Lake Metigoshe State Park repairs and maintenance	68,000		68,000
Lake Sakakawea State Park repairs and maintenance	120,000	30,000	150,000
Lewis and Clark State Park repairs and maintenance	80,000	40,000	120,000
Sully Creek State Park repairs and maintenance	15,000		15,000
Turtle River State Park repairs and maintenance	110,000	60,000	170,000
Woodland Resort repairs and maintenance	8,000		8,000
North Dakota outdoor heritage fund match	102,000		102,000
Residence renovation Grahams Island State Park, Turtle River State Park, and Fort Ransom State Park	80,000		80,000
Horse corrals at various state parks	20,000		20,000
Trail rehabilitation at various state parks	40,000		40,000
Vault toilet and ADA sidewalk replacements at various state parks	82,615		82,615
Total - Parks and Recreation Department	$1,220,615	$250,005	$1,470,620
Total 2015-17 executive budget recommendation - Extraordinary repairs	$54,927,748	$6,694,157	$61,621,905

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, 2013	Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017
				2011-13 Actual Payments	2013-15 Estimated Payments	2015-17 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	$0	$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	2,315,238	966,273	0	950,000	0	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017
				2011-13 Actual Payments	2013-15 Estimated Payments	2015-17 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	2,970,800	2,566,291	1,283,975	3,655,000	1,265,000	0
University of North Dakota (UND) - Abbott Hall renovations ($2,371,769)									
North Dakota State University (NDSU) - Emission control renovations on power plant ($2,145,000)									
Dickinson State University - Klinefelter Hall renovations ($2,750,000)									
1997 Legislative Assembly approved:									
North Dakota State College of Science - Bute Gym remodeling ($1,700,000)	2006 Series A State Building Authority refunding revenue bonds (4.4% to 5.125% - 20-year bonds) - Used to refund 1998 Series A and 2000 Series A (2020)	10,782,500[3,4]	9,750,000	1,957,998	1,973,073	2,004,003	5,800,000	4,140,000	2,340,000
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, 2013	Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017
				2011-13 Actual Payments	2013-15 Estimated Payments	2015-17 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	2,068,704	2,085,795	2,110,338	8,325,000	6,870,000	5,260,000
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	933,524	925,197	917,956	3,885,000	3,190,000	2,470,000
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]	2,080,983	1,765,392	1,784,469	7,280,000	5,825,000	4,250,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017
				2011-13 Actual Payments	2013-15 Estimated Payments	2015-17 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]	6,063,634	6,082,438	6,079,508	30,740,000	26,645,000	22,190,000
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, 2013	Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017
				2011-13 Actual Payments	2013-15 Estimated Payments	2015-17 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 2011-13 Actual Payments	Lease Payments 2013-15 Estimated Payments	Lease Payments 2015-17 Estimated Payments	Outstanding Principal Balance June 30, 2013	Outstanding Principal Balance June 30, 2015	Outstanding Principal Balance June 30, 2017
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	116,042	149,544	387,027[10]	2,355,000[11]	2,355,000[11]	2,225,000
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	260,842	266,467	73,519[10]	390,000	135,000	0
Total		$116,047,815	$118,005,000	$18,767,765	$16,780,470	$14,640,795	$63,380,000	$50,425,000	$38,735,000
Breakdown of payments									
General fund				$16,910,481[12]	$15,497,264[12]	$13,538,183[12]			
Agency contributions				1,857,284	1,283,206	1,102,612			
Total				$18,767,765	$16,780,470	$14,640,795			

[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
Minot State University	Library renovation	$255,000
Job Service North Dakota	Grand Forks office building	1,735,000
Total		$1,990,000

In addition to the $2,550,000 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
Bismarck State College	Science and mathematics center	$1,060,000
UND	Abbott Hall renovation	871,769
Dickinson State University	Klinefelter Hall renovation	275,000
Total		$2,206,769

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

[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 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 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]2015-17 estimated bond payments for Veterans' Home Series A bond payments of $387,027 and Series B bond payments of $73,519 total $460,546. Of the total bond payments for the Veterans' Home, House Bill No. 1014 provides $353,210 for the Veterans' Home share. In addition, a federal bond subsidy of $107,336 is paid to the trustee, which is the Bank of North Dakota.

[11]Interest only payments are made on the Veterans' Home Series A bonds until the Veterans' Home Series B bonds are paid off. The first principal payment on the Series A bonds will be made on December 1, 2016.

[12]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 2013-15 through 2021-23 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 2013-15 biennium and using the December 2014 forecast for the 2015-17 biennium and the December 2014 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
2013-15	$16,780,470*	$1,283,206	$15,497,264	$61,759,540	$46,262,276
2015-17	$14,640,795*	$1,102,614	$13,538,181	$73,565,700	$60,027,519
2017-19	$12,802,722*	$1,146,911	$11,655,811	$76,508,328	$64,852,517
2019-21	$11,148,742*	$1,140,293	$10,008,449	$79,568,661	$69,560,212
2021-23	$8,769,401*	$840,392	$7,929,009	$82,751,408	$74,822,399

*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 was 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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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, 2015, and July 1, 2016. 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 14 of 2015 Senate Bill No. 2015--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 2 percent salary increase for employees in the lowest quartile pay range and 1 percent salary increase for employees in the second lowest quartile pay range effective July 1, 2015, and July 1, 2016, to ensure market competitiveness. Classified employees in the third and fourth quartiles, which would be above the market policy point, are not eligible for a market equity salary increase.

TARGETED MARKET EQUITY

The executive budget recommendation includes funding for compensation enhancements for employees in the following agencies to make salaries more competitive in hard-to-fill occupations:

Agency	General Fund	Special Funds	Total
Office of the Attorney General		$322,814	$322,814
Department of Public Instruction	$332,932		332,932
State Library	181,121		181,121
School for the Deaf	285,458		285,458
North Dakota Vision Services - School for the Blind	215,939		215,939
Career and Technical Education	209,202		209,202
State Department of Health	1,559,659		1,559,659
Veterans Home		429,624	429,624
Department of Veterans Affairs	55,100		55,100
Department of Human Services	5,959,527	248,314	6,207,841
Protection and Advocacy	399,404		399,404
Department of Labor and Human Rights	139,744		139,744
Department of Corrections and Rehabilitation	2,126,442		2,126,442
Adjutant General	153,528		153,528
Historical Society	620,486		620,486
State Water Commission		851,259	851,259
Total	$12,238,542	$1,852,011	$14,090,553

ENERGY IMPACT FUNDING POOL

The executive budget provides an energy impact funding pool in the OMB's appropriation in Senate Bill No. 2015 of $14.7 million ($6.2 million from the general fund and $8.5 million from other funds). Section 11 of the bill authorizes OMB to transfer appropriation authority from the pool to allow agencies to provide incentives to recruit and retain employees in hard-to-fill positions in oil-impacted areas.

HIGHER EDUCATION

The executive budget recommendation authorizes the State Board of Higher Education in Section 17 of 2015 House Bill No. 1003 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 2017-19 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.

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, 2015, and 4 percent effective July 1, 2016. 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 state employees, or from 3 to 5 percent based on market and documented performance effective July 1, 2015, and July 1, 2016. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule 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 $1,161.59 per month for employee health insurance (an increase of $179.91, or 18.3 percent, compared to the 2013-15 premium of $981.68). A recent history of monthly health insurance premiums provided for each employee is listed below.

Biennium	Monthly Premium	Percentage Change from Previous Biennium
2001-03	$409	16.9%
2003-05	$489	19.6%
2005-07	$554	13.3%
2007-09	$658	18.8%
2009-11	$826	25.5%
2011-13	$887	7.4%
2013-15	$982	10.7%
2015-17 executive recommendation	$1,162	18.3%

The executive budget also includes a funding pool of $10 million ($5 million from the general fund and $5 million from other funds) in OMB's appropriation in Senate Bill No. 2015 to allocate to state agencies for temporary employees that qualify for health insurance under the federal Affordable Care Act for the 2015-17 biennium.

RETIREMENT CONTRIBUTIONS

The executive budget includes a recommended increase in contributions to the retirement system of 2 percent on January 1, 2016. For the increase, it is recommended employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent.

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 2015-17 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 2015 and from 3 to 5 percent July 2016	$44,409,140	$31,327,331	$75,736,471
Market equity salary increases - Classified employees - Up to 2 percent July 2015 and up to 2 percent July 2016	7,817,852	5,515,002	13,332,854
Targeted market equity	8,262,137	5,828,416	14,090,553
Energy impact funding pool	8,619,492	6,080,508	14,700,000
Health insurance premium increase	23,872,339	16,840,152	40,712,491
Health insurance pool for temporary employees	5,863,600	4,136,400	10,000,000
State share of retirement contribution increase, excluding higher education	4,767,239	3,362,931	8,130,170
Total	$103,611,799	$73,090,740	$176,702,539

FULL-TIME EQUIVALENT POSITIONS

The 2015-17 executive budget includes a total of 11,895.48 FTE positions, 411 FTE positions more than the 2013-15 authorized level.

The executive budget includes a total of 9,438.03 FTE positions (excluding higher education), 258.29 FTE positions more than the 2013-15 authorized level. The recommendation includes the addition of 288.79 new FTE positions and the deletion of 30.5 FTE positions. The cost of the 288.79 new FTE positions totals $46,399,491 for the 2015-17 biennium, including retirement and health insurance increases. Of this amount, $31,507,290 is from the general fund. Funding reductions relating to the 30.50 deleted FTE positions total $4,098,012. Of this amount, $548,372 is from the general fund.

The executive budget includes a total of 2,457.45 FTE positions for entities under the control of the State Board of Higher Education, 152.71 FTE positions more than the 2013-15 authorized level. The 152.71 new FTE positions includes 39.50 FTE positions recommended under the executive budget and 113.21 FTE positions adjusted by agencies under the control of the State Board of Higher Education as permitted under Section 36 of 2013 Senate Bill No. 2003.

ANALYSIS OF NEW FTE POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS RECOMMENDED IN THE 2015-17 EXECUTIVE BUDGET

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
			GENERAL GOVERNMENT				
18.00	18.00	0.00	**101 - Governor's office**				18.00
31.00	37.00	6.00	**108 - Secretary of State**				38.00
			Adds:				
			3.00 FTE positions authorized as one-time during the 2013-15 biennium	$310,451		$310,451	
			6.00 FTE office assistant positions	95,087		95,087	
			Deletes:				
			(3.00) FTE positions authorized as one-time during the 2013-15 biennium	(283,754)		($283,754)	
			6.00	$121,784	$0	$121,784	
130.50	122.50	(8.00)	**110 - Office of Management and Budget**				130.50
			Transfers:				
			(1.00) FTE custodian position to State Historical Society	($108,854)		($108,854)	
			(1.00) FTE custodian position to State Historical Society	(103,098)		(103,098)	
			(1.00) FTE custodian position to State Historical Society	(84,814)		(84,814)	
			(1.00) FTE custodian position to State Historical Society	(101,003)		(101,003)	
			(1.00) FTE custodian position to State Historical Society	(90,664)		(90,664)	
			(1.00) FTE custodian position to State Historical Society	(95,597)		(95,597)	
			(1.00) FTE custodian position to State Historical Society	(93,360)		(93,360)	
			(1.00) FTE position to Information Technology Department	(81,459)		(81,459)	
			(8.00)	($758,849)	$0	($758,849)	
340.30	355.30	15.00	**112 - Information Technology Department**				363.30
			Adds:				
			4.00 FTE Center for Distance Education teacher positions	$623,088		$623,088	
			1.00 FTE Center for Distance Education programmer analyst position	151,059		151,059	
			1.00 FTE telecommunications analyst position		$212,497	212,497	
			2.00 FTE desktop support computer and network specialist positions		424,994	424,994	
			1.00 FTE information management analyst position	197,138		197,138	
			1.00 FTE programmer analyst position (statewide longitudinal data system)	212,497		212,497	
			4.00 FTE information systems security analyst positions	424,994	424,994	849,988	
			Transfers:				
			1.00 FTE programmer analyst position (ConnectND project) from Office of Management and Budget		212,497	212,497	
			15.00	$1,608,776	$1,274,982	$2,883,758	
53.80	53.80	0.00	**117 - State Auditor**				56.80

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
8.00	8.00	0.00	**120 - State Treasurer**				8.00
213.50	238.00	24.50	**125 - Attorney General**				232.00
			Adds:				
			1.00 FTE programmer analyst position	$154,572		$154,572	
			1.00 FTE gaming auditor position	66,381	$66,381	132,761	
			2.00 FTE concealed weapons administrative assistant positions		232,692	232,692	
			1.00 FTE grants administrator position		116,346	116,346	
			3.00 FTE intelligence analyst positions		437,175	437,175	
			1.00 FTE forensic scientist I position		165,603	165,603	
			1.00 FTE Assistant Attorney General position		215,457	215,457	
			1.00 FTE Assistant Attorney General position		181,912	181,912	
			1.00 FTE victim advocate position		191,529	191,529	
			4.00 FTE criminal investigator II - BCI agent positions		766,116	766,116	
			2.00 FTE administrative assistant II positions		232,692	232,692	
			4.00 FTE BCI agent II positions		766,116	766,116	
			1.00 FTE BCI agent I position		145,725	145,725	
			2.00 FTE paralegal positions		293,968	293,968	
			0.50 FTE attorney position		139,397	139,397	
			Deletes:				
			(1.00) FTE programmer analyst position		(178,100)	(178,100)	
			24.50	$220,953	$3,773,009	$3,993,961	
134.00	138.00	4.00	**127 - Tax Department**				141.00
			Adds:				
			1.00 FTE compliance officer position	$136,048		$136,048	
			1.00 FTE audit technician position	108,083		108,083	
			1.00 FTE property tax specialist position	145,315		145,315	
			1.00 FTE research analyst position	145,315		145,315	
			4.00	$534,761	$0	$534,761	
5.00	5.00	0.00	**140 - Office of Administrative Hearings**				5.00
37.00	37.00	0.00	**160 - Legislative Council**				37.00
363.00	391.00	28.00	**180 - Judicial branch**				391.00
			Adds:				
			2.00 FTE clerk of district court I positions	$422,059		$422,059	
			13.00 FTE clerk of district court II positions	1,851,482		1,851,482	
			4.00 FTE district judge positions	1,603,148		1,603,148	
			4.00 FTE court reporter positions	669,951		669,951	
			1.00 FTE guardian position	191,374		191,374	
			1.00 FTE paralegal position	161,962		161,962	

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
			1.00 FTE law clerk position	175,114		175,114	
			1.00 FTE account analyst position	191,374		191,374	
			1.00 FTE electronic court reporter position	142,422		142,422	
			28.00	$5,408,884	$0	$5,408,884	
33.00	42.00	9.00	**188 - Commission on Legal Counsel for Indigents**				42.00
			Adds:				
			5.00 FTE administrative positions	$632,420		$632,420	
			1.00 FTE attorney position Watford City office	227,857		227,857	
			1.00 FTE attorney position Bismarck office	203,282		203,282	
			1.00 FTE attorney position Dickinson office	227,857		227,857	
			1.00 FTE attorney position Williston office	200,210		200,210	
			9.00	$1,491,626	$0	$1,491,626	
19.00	19.00	0.00	**190 - Retirement and Investment Office**				19.00
33.00	36.50	3.50	**192 - Public Employees Retirement System**				36.50
			Adds:				
			1.00 FTE chief financial officer position		$211,863	$211,863	
			0.50 FTE benefits position		54,807	54,807	
			2.00 FTE self-funded insurance plan administrator positions		394,563	394,563	
			3.50	$0	$661,233	$661,233	
1,419.10	1,501.10	82.00	**TOTAL GENERAL GOVERNMENT**	$8,627,935	$5,709,224	$14,337,158	1,518.10
			OTHER EDUCATION				
99.75	99.75	0.00	**201 - Department of Public Instruction**				99.75
31.00	36.00	5.00	**226 - Department of Trust Lands**				36.00
			Adds:				
			1.00 FTE lands management specialist position		$178,840	$178,840	
			1.00 FTE public information officer position		178,840	178,840	
			1.00 FTE compliance auditor position		166,767	166,767	
			1.00 FTE unclaimed property auditor position		166,767	166,767	
			1.00 FTE accounting specialist position		178,706	178,706	
			5.00	$0	$869,920	$869,920	
29.75	29.75	0.00	**250 - State Library**				29.75
44.61	45.61	1.00	**252 - School for the Deaf**				46.61
			Adds:				
			1.00 FTE adult services vision outreach specialist position	$141,050	$0	$141,050	
30.00	30.00	0.00	**253 - North Dakota Vision Services - School for the Blind**				31.00

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
27.00	26.50	(0.50)	**270 - State Board for Career and Technical Education**				27.00
			Deletes:				
			(0.50) FTE administrative assistant position	($65,590)	$0	($65,590)	
262.11	267.61	5.50	**TOTAL OTHER EDUCATION**	$75,460	$869,920	$945,380	270.11
			HEALTH AND WELFARE				
354.00	373.00	19.00	**301 - State Department of Health**				384.00
			Adds:				
			1.00 FTE air quality environmental scientist II position		$141,343	$141,343	
			1.00 FTE air quality environmental scientist II position		141,343	141,343	
			1.00 FTE air quality environmental scientist II position		141,343	141,343	
			1.00 FTE chemistry lab chemist II position	$141,304		141,304	
			1.00 FTE municipal facilities data processing coordinator II position	121,887		121,887	
			1.00 FTE municipal facilities environmental engineer II position	163,583		163,583	
			1.00 FTE municipal facilities environmental engineer II position	163,583		163,583	
			1.00 FTE waste management environmental scientist II position	141,343		141,343	
			1.00 FTE waste management environmental scientist II position	141,343		141,343	
			1.00 FTE waste management environmental scientist II position	141,343		141,343	
			1.00 FTE waste management environmental scientist II position	141,343		141,343	
			1.00 FTE water quality environmental scientist II position	141,343		141,343	
			1.00 FTE water quality environmental scientist II position	141,343		141,343	
			1.00 FTE water quality environmental scientist administrator I position	193,001		193,001	
			1.00 FTE food and lodging environmental health practitioner II position	141,977		141,977	
			1.00 FTE food and lodging environmental health practitioner II position	141,977		141,977	
			1.00 FTE food and lodging environmental health practitioner II position	141,977		141,977	
			1.00 FTE food and lodging environmental health practitioner II position	141,977		141,977	
			1.00 FTE food and lodging environmental health practitioner II position	141,977		141,977	
			19.00	$2,341,301	$424,029	$2,765,330	
8.00	8.00	0.00	**305 - Tobacco Prevention and Control Executive Committee**				8.00
120.72	120.72	0.00	**313 - Veterans' Home**				120.72
5.00	5.00	0.00	**316 - Indian Affairs Commission**				5.00
8.00	9.00	1.00	**321 - Department of Veterans' Affairs**				10.00
			Transfers:				
			1.00 FTE State Approving Agency position from the North Dakota University System	$0	$233,847	$233,847	
494.60	499.10	4.50	**325 - Department of Human Services (excluding State Hospital and Developmental Center)**				499.10
			Adds:				
			1.50 FTE program specialist positions in Children and Family Services	$181,008	$31,943	$212,951	
			1.00 FTE Developmental Disabilities nurse position	91,924	91,924	183,848	

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
			1.00 FTE autism administrative staff officer position	110,066	56,701	166,767	
			1.00 FTE assisted living position	144,088	0	144,088	
			4.50	$527,086	$180,568	$707,654	
392.55	392.55	0.00	**Department of Human Services - Developmental Center**				392.55
457.45	467.45	10.00	**Department of Human Services - State Hospital**				467.45
			Transfers:				
			(1.00) FTE central receiving position to Department of Corrections and Rehabilitation	$0	$0	$0	
			Adds:				
			2.00 FTE addiction counselor positions	355,716		355,716	
			2.00 FTE direct care supervisor positions	248,138		248,138	
			7.00 FTE direct care staff positions	738,980		738,980	
			10.00	$1,342,834	$0	$1,342,834	
856.48	865.48	9.00	**Department of Human Services - Human service centers**				865.48
			Adds:				
			3.00 FTE child welfare regional supervisor positions	$437,803	$52,275	$490,078	
			3.00 FTE DD case manager positions	254,130	191,712	445,842	
			3.00 FTE Integrated dual disorder treatment (IDDT) programming positions	421,501		421,501	
			9.00	$1,113,434	$243,987	$1,357,421	
2,201.08	2,224.58	23.50	Department of Human Services subtotal	$2,983,354	$424,555	$3,407,909	2,224.58
27.50	29.50	2.00	**360 - Protection and Advocacy Project**				29.50
			Adds:				
			1.00 FTE paralegal position	$83,156	$68,037	$151,193	
			1.00 FTE quality assurance/intake position	82,708	82,708	165,416	
			2.00	$165,864	$150,745	$316,609	
250.76	237.76	(13.00)	**380 - Job Service North Dakota**				237.76
			Deletes:				
			(13.00) FTE positions	$0	($1,743,316)	($1,743,316)	
2,975.06	3,007.56	32.50	**TOTAL HEALTH AND WELFARE**	$5,490,519	($510,140)	$4,980,379	3,019.56
			REGULATORY				
49.50	49.50	0.00	**401 - Insurance Department**				49.50
98.75 [2]	121.75	23.00	**405 - Industrial Commission**				127.75
			Adds:				
			9.00 FTE engineering technician positions	$1,493,226		$1,493,226	
			1.00 FTE pipeline engineering technician position	165,354		165,354	

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
			1.00 FTE petroleum engineer position	182,103		182,103	
			1.00 FTE safety officer position	192,786		192,786	
			1.00 FTE human resources specialist position	141,198		141,198	
			1.00 FTE budget specialist position	178,706		178,706	
			1.00 FTE reclamation specialist position	181,677		181,677	
			2.00 FTE surface geologist positions	390,562		390,562	
			2.00 FTE survey engineering technician positions	330,442		330,442	
			3.00 FTE engineering technician contingency positions	497,742		497,742	
			1.00 FTE industrial water sales analyst position (2013 Senate Bill No. 2233)		$141,198	141,198	
			23.00	$3,753,796	$141,198	$3,894,994	
13.00	18.00	5.00	**406 - Labor Commissioner**				18.00
			Adds:				
			4.00 FTE compliance investigator positions	$666,208		$666,208	
			1.00 FTE wage and hour director position	200,343		200,343	
			5.00	$866,551	$0	$866,551	
44.00	53.00	9.00	**408 - Public Service Commission**				53.00
			Adds:				
			1.00 FTE weights and measures inspector I position	$212,764		$212,764	
			3.00 FTE railroad track safety inspector I positions	776,529		776,529	
			1.00 FTE natural gas pipeline inspector I position	274,203		274,203	
			0.50 FTE natural gas pipeline inspector I position	143,647		143,647	
			0.50 FTE hazardous liquids safety inspector I position	151,326		151,326	
			3.00 FTE hazardous liquids safety inspector I positions	822,609		822,609	
			9.00	$2,381,078	$0	$2,381,078	
6.00	7.00	1.00	**412 - Aeronautics Commission**				7.00
			1.00 FTE aviation education coordinator position		$162,743	$162,743	
29.00	30.00	1.00	**413 - Department of Financial Institutions**				30.00
			1.00 FTE credit union examiner position		$202,831	$202,831	
9.00	9.00	0.00	**414 - Securities Department**				9.00
179.50	181.50	2.00	**471 - Bank of North Dakota**				181.50
			Adds:				
			1.00 FTE credit analyst position		$192,545	$192,545	
			1.00 FTE information technology security analyst position		226,673	226,673	
			2.00	$0	$419,218	$419,218	
46.00	46.00	0.00	**473 - Housing Finance Agency**				46.00

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
135.00	147.00	12.00	**475 - Mill and Elevator Association**				147.00
			Adds:				
			3.00 FTE mill operator positions		$441,396	$441,396	
			3.00 FTE rail car loader positions		405,030	405,030	
			2.00 FTE flour packer positions		261,186	261,186	
			2.00 FTE utility worker positions		259,782	259,782	
			1.00 FTE electrician position		181,891	181,891	
			1.00 FTE maintenance worker position		154,712	154,712	
			12.00	$0	$1,703,997	$1,703,997	
250.14	262.14	12.00	**485 - Workforce Safety and Insurance**				269.14
			Adds:				
			1.00 FTE underwriter position		$134,739	$134,739	
			2.00 FTE vocational rehabilitation case manager positions		269,477	269,477	
			2.00 FTE nurse case manager positions		289,226	289,226	
			1.00 FTE physical therapist position		215,532	215,532	
			Converts FTE from temporary:				
			1.00 FTE claim adjuster position		130,985	130,985	
			1.00 FTE collections specialist position		126,062	126,062	
			1.00 FTE document processing specialist position		86,094	86,094	
			1.00 FTE bill input specialist position		87,111	87,111	
			1.00 FTE support specialist position		94,404	94,404	
			1.00 FTE customer service representative position		108,108	108,108	
			12.00	$0	$1,541,738	$1,541,738	
859.89	924.89	65.00	**TOTAL REGULATORY**	$7,001,425	$4,171,725	$11,173,150	937.89
			PUBLIC SAFETY				
213.00	217.00	4.00	**504 - Highway Patrol**				217.00
			Adds:				
			1.00 FTE Highway Patrol officer I position	$152,989	$21,855	$174,844	
			1.00 FTE Highway Patrol officer I position	152,989	21,855	174,844	
			1.00 FTE Highway Patrol officer I position	152,989	21,855	174,844	
			1.00 FTE Highway Patrol officer I position	152,989	21,855	174,844	
			4.00	$611,956	$87,420	$699,376	
814.29	836.29	22.00	**530 - Department of Corrections and Rehabilitation**				851.29
			Adds:				
			13.00 FTE parole and probation officer positions	$2,173,864		$2,173,864	
			1.00 FTE juvenile corrections specialist position	162,712		162,712	
			3.00 FTE adult services treatment positions	365,198		365,198	
			1.00 FTE Youth Correctional Center position	142,066		142,066	

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
			1.00 FTE adult services central office position	184,359		184,359	
			1.00 FTE attorney position	308,030		308,030	
			2.00 James River Correctional Center central receiving positions	245,654		245,654	
			22.00	$3,581,883	$0	$3,581,883	
246.00	234.00	(12.00)	**540 - Adjutant General**				217.00
			Deletes:				
			(12.00) FTE National Guard security officer/firefighter positions	$0	($1,628,224)	($1,628,224)	
1,273.29	1,287.29	14.00	**TOTAL PUBLIC SAFETY**	$4,193,839	($1,540,804)	$2,653,035	1,285.29
			AGRICULTURE AND ECONOMIC DEVELOPMENT				
69.25	69.40	0.15	**601 - Department of Commerce**				69.40
			Adds:				
			0.15 FTE tourism administration position	$11,727	$0	$11,727	
77.00	77.00	0.00	**602 - Department of Agriculture**				77.00
53.75 [3]	54.98	1.23	**627 - Upper Great Plains Transportation Institute**				58.98
			Adds:				
			1.23 FTE position adjustment[3]	$0	$0	$0	
107.04 [3]	114.94	7.90	**628 - Branch research centers**				116.94
			Adds:				
			3.90 FTE position adjustment[3]				
			1.00 FTE animal science technician position	$141,240		$141,240	
			1.00 FTE dust issue technician position	141,240		141,240	
			1.00 FTE plant pathologist position	109,816		109,816	
			1.00 FTE plant pathologist technical support position	141,240		141,240	
			7.90	$533,537	$0	$533,537	
258.26 [3]	265.91	7.65	**630 - North Dakota State University Extension Service**				274.66
			Adds:				
			4.65 FTE position adjustment[3]				
			1.00 FTE food and health specialist position	$216,088		$216,088	
			1.00 FTE livestock specialist position	218,088		218,088	
			1.00 FTE community vitality specialist position	216,088		216,088	
			7.65	$650,264	$0	$650,264	
12.00	12.00	0.00	**638 - Northern Crops Institute**				12.00

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
351.49 [3]	355.85	4.36	**640 - Main Research Center**				368.85
			Adds:				
			0.36 FTE position adjustment[3]				
			2.00 FTE bioinformaticist positions	$857,465		$857,465	
			1.00 FTE precision agriculture scientist position	242,713		242,713	
			1.00 FTE precision agriculture technician position	141,240		141,240	
			4.36	$1,241,417	$0	$1,241,417	
3.00	3.00	0.00	**649 - Agronomy Seed Farm**				3.00
2.00	2.00	0.00	**670 - Racing Commission**				2.00
933.79	955.08	21.29	**TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT**	$2,436,945	$0	$2,436,945	982.83
			NATURAL RESOURCES AND HIGHWAYS				
69.00	81.00	12.00	**701 - State Historical Society**				79.00
			Adds:				
			1.00 FTE technology coordinator position authorized as one-time during the 2013-15 biennium	$199,274		$199,274	
			1.00 FTE visitor services security officer position	152,213		152,213	
			2.00 FTE security officer positions	256,830		256,830	
			1.00 FTE historic site supervisor position	176,788		176,788	
			1.00 FTE archives specialist position	194,451		194,451	
			Transfers:				
			1.00 FTE maintenance position from Office of Management and Budget	118,784		118,784	
			1.00 FTE maintenance position from Office of Management and Budget	112,640		112,640	
			1.00 FTE maintenance position from Office of Management and Budget	93,250		93,250	
			1.00 FTE maintenance position from Office of Management and Budget	110,428		110,428	
			1.00 FTE maintenance position from Office of Management and Budget	99,492		99,492	
			1.00 FTE maintenance position from Office of Management and Budget	104,758		104,758	
			1.00 FTE maintenance position from Office of Management and Budget	103,307		103,307	
			Deletes:				
			(1.00) FTE technology coordinator position authorized as one-time in 2013-15 biennium	(199,028)		(199,028)	
			12.00	$1,523,187	$0	$1,523,187	
5.00	5.00	0.00	**709 - Council on the Arts**				5.00
158.00	162.00	4.00	**720 - Game and Fish Department**				164.00
			Adds:				
			1.00 FTE administrative staff officer position	$146,861		$146,861	
			1.00 FTE biologist I position	148,489		148,489	
			1.00 FTE administrative assistant I position - Williston	101,960		101,960	
			1.00 FTE administrative assistant I position - Bismarck	101,960		101,960	
			4.00	$499,270	$0	$499,270	

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
55.00	65.00	10.00	**750 - Parks and Recreation Department**				65.00
			Adds:				
			1.00 FTE park ranger position - Cross Ranch	$138,346		$138,346	
			1.00 FTE administrative assistant II position	109,643		109,643	
			1.00 FTE administrative assistant II position	109,643		109,643	
			1.00 FTE administrative assistant II position	109,643		109,643	
			1.00 FTE administrative assistant II position	109,643		109,643	
			1.00 FTE administrative assistant II position	109,643		109,643	
			1.00 FTE administrative assistant II position	109,643		109,643	
			1.00 FTE administrative assistant II position	109,643		109,643	
			1.00 FTE administrative officer I position	94,231		94,231	
			0.25 FTE maintenance supervisor II position - Beaver Lake State Park	28,205		28,205	
			0.25 FTE maintenance supervisor II position - Fort Ransom State Park	28,205		28,205	
			0.25 FTE administrative officer I position	26,376		26,376	
			0.25 FTE park interpreter position - Fort Lincoln State Park	27,475		27,475	
			10.00	$1,110,339	$0	$1,110,339	
90.00	100.00	10.00	**770 - State Water Commission**				100.00
			Adds:				
			1.00 FTE regulatory director position		$295,030	$295,030	
			1.00 FTE project manager water supply position		248,030	248,030	
			1.00 FTE sovereign lands program administrator position		208,484	208,484	
			1.00 FTE investigations engineer position		227,049	227,049	
			1.00 FTE cost-share program administrator position		178,840	178,840	
			1.00 FTE water resource program administrator II position		223,383	223,383	
			1.00 FTE hydrologist manager position		227,049	227,049	
			1.00 FTE hydrologist II position		180,540	180,540	
			1.00 FTE hydrologist III position		218,908	218,908	
			1.00 FTE hydrologist III position		227,049	227,049	
			10.00	$0	$2,234,362	$2,234,362	
1,079.50	1,081.50	2.00	**801 - Department of Transportation**				1,081.50
			Adds:				
			1.00 FTE archeologist I position		$197,271	$197,271	
			1.00 FTE environmental scientist I position		211,003	211,003	
			2.00	$0	$408,274	$408,274	
1,456.50	1,494.50	38.00	**TOTAL NATURAL RESOURCES AND HIGHWAYS**	$3,132,796	$2,642,636	$5,775,432	1,494.50
			SUMMARY TOTALS				
1,419.10	1,501.10	82.00	General Government	$8,627,935	$5,709,224	$14,337,158	1,518.10
262.11	267.61	5.50	Other Education	75,460	869,920	945,380	270.11
2,975.06	3,007.56	32.50	Health and Welfare	5,490,519	(510,140)	4,980,379	3,019.56

2013-15 FTE Positions	Executive Recommendation 2015-17 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	2015-17 FTE Positions in Agency Budget Request [1]
859.89	924.89	65.00	Regulatory	7,001,425	4,171,725	11,173,150	937.89
1,273.29	1,287.29	14.00	Public Safety	4,193,839	(1,540,804)	2,653,035	1,285.29
933.79	955.08	21.29	Agriculture and Economic Development	2,436,945	0	2,436,945	982.83
1,456.50	1,494.50	38.00	Natural Resources and Highways	3,132,796	2,642,636	5,775,432	1,494.50
9,179.74	9,438.03	258.29	**TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)**	$30,958,918	$11,342,561	$42,301,479	9,508.28
			HIGHER EDUCATION				
112.91 [4]	114.99	2.08	215 - North Dakota University System office				114.99
126.96 [4]	136.53	9.57	227 - Bismarck State College				137.53
40.22 [4]	53.19	12.97	228 - Lake Region State College				54.19
44.15 [4]	49.96	5.81	229 - Williston State College				50.96
633.60 [4]	630.20	(3.40)	230 - University of North Dakota				631.20
156.55 [4]	184.58	28.03	232 - University of North Dakota School of Medicine and Health Sciences				184.58
491.21 [4]	537.10	45.89	235 - North Dakota State University				538.10
171.87 [4]	169.80	(2.07)	238 - North Dakota State College of Science				170.80
100.32 [4]	120.26	19.94	239 - Dickinson State University				122.26
62.78 [4]	69.23	6.45	240 - Mayville State University				70.23
201.76 [4]	204.10	2.34	241 - Minot State University				205.10
97.29 [4]	108.59	11.30	242 - Valley City State University				109.59
36.12 [4]	48.96	12.84	243 - Dakota College at Bottineau				49.46
29.00 [4]	29.96	0.96	244 - Forest Service				31.96
2,304.74	2,457.45	152.71	**TOTAL HIGHER EDUCATION**	$0	$0	$0	2,470.95
11,484.48	11,895.48	411.00	**TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)**	$30,958,918	$11,342,561	$42,301,479	11,979.23

NOTE: The funding for the positions added includes the executive recommendation for salary increases based on performance and retirement and health insurance adjustments. The positions deleted reflect funding prior to adjustments for salary and benefits.

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

[2] The executive recommendation included 1 FTE position in the 2013-15 biennium related to 2013 Senate Bill No. 2233 for a total of 99.75 FTE positions. However, the position was not approved by the 2013 Legislative Assembly, and as a result, the amount shown for the 2013-15 biennium reflects 98.75 FTE positions, which is one less than the executive recommendation.

[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 8 of 2013 Senate Bill No. 2020:

	2013-15 Legislative Authorization	Adjusted FTE Level	Variance
Upper Great Plains Transportation Institute	53.75	54.98	1.23
Branch research centers	107.04	110.94	3.90
North Dakota State University Extension Service	258.26	262.91	4.65
Main Research Center	351.49	351.85	0.36
Total	770.54	780.68	10.14

[4] Section 36 of 2013 Senate Bill No. 2003 allows the following entities under the control of the State Board of Higher Education to adjust FTE positions as needed to the level supported by the general fund. The following is the original 2013-15 legislatively authorized FTE positions for each entity and the adjusted FTE positions:

	2013-15 Legislative Authorization	Adjusted FTE Level	Variance
North Dakota University System office	112.91	112.99	0.08
Bismarck State College	126.96	133.53	6.57
Lake Region State College	40.22	50.19	9.97
Williston State College	44.15	49.96	5.81
University of North Dakota	633.60	630.20	(3.40)
University of North Dakota School of Medicine and Health Sciences	156.55	163.58	7.03
North Dakota State University	491.21	537.10	45.89
North Dakota State College of Science	171.87	168.30	(3.57)
Dickinson State University	100.32	120.26	19.94
Mayville State University	62.78	66.23	3.45
Minot State University	201.76	204.10	2.34
Valley City State University	97.29	105.59	8.30
Dakota College at Bottineau	36.12	46.96	10.84
Forest Service	29.00	28.96	(0.04)
Total	2,304.74	2,417.95	113.21

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%
2013[5]	From 3 to 5 percent based on performance and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range for market equity	1.5%
2014[5]	From 2 to 4 percent based on performance and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range for market equity	1.7%
2015[6]	From 3 to 5 percent based on performance and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range for market equity	1.9% (projected)
2016[6]	From 3 to 5 percent based on performance and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range for market equity	2.3% (projected)

*Percentage change, consumer price index annual rate, Moody's

[1]In addition, the 2001 Legislative Assembly provided:

- $5 million, $2.7 million of which was from the general fund, for market equity compensation adjustments for classified employees as approved by Human Resource Management Services.
- $4,628,824 from the general fund for equity and special needs for entities under the control of the State Board of Higher Education. A portion of this amount was used for salary increases to address equity issues.
- $178,233, $142,697 of which was from the general fund, for salary equity adjustments for elected and appointed officials.

[2]In addition, the 2007 Legislative Assembly provided $10 million, $5 million of which was from the general fund and $5 million of special funds, for market equity salary adjustments based on market data for classified employees. Employees furthest from market were to receive the largest increase (2007 Senate Bill No. 2189).

The 2007-09 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

[3]In addition, the 2009 Legislative Assembly provided an appropriation of $15,984,000, of which $9 million is from the general fund, to OMB to address salary equity issues. House Bill No. 1015 (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 2011 Legislative Assembly provided additional salary equity-related funding for the following agencies:

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

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

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

[5]The 2013 Legislative Assembly provided salary increases for eligible classified employees of up to 2 percent per year based on an employee's position in the assigned pay range and increases of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance. The Legislative Assembly provided salary increases to eligible nonclassified employees of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance.

The Legislative Assembly also provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2014. For the increase, employees paid 1 percent of the increased contribution and the state paid the remaining 1 percent.

[6]The executive budget recommends salary increases for all eligible classified and nonclassified employees of 3 to 5 percent per year based on performance.

In addition, the executive budget recommends a market rate adjustment for eligible classified employees in the lower half of their salary ranges. The increase would be from 1 to 2 percent per year for employees in the lowest quartile of their salary range and up to 1 percent per year for employees in the second lowest quartile of their salary range. Employees in the third and fourth quartiles would not be eligible for a market policy salary increase.

In addition, the executive budget recommends target market equity funds of $14.1 million, which includes $12.2 million from the general fund for salary equity adjustments to allow agencies to pay, on average, 98 percent of market for hard to fill positions.

The executive budget also recommends funding for an increase in contributions to the retirement system of 2 percent on January 1, 2016. Employees would pay 1 percent of the contribution increase and the state would pay 1 percent of the contribution increase.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2015-17 biennium includes funding to provide salary increases of 4 percent effective July 1, 2015, and 4 percent effective July 1, 2016, 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 2013 Legislative Assembly and the salary being proposed in the executive budget.

State Official	Statutory Annual Salary Authorized by the 2013 Legislative Assembly		Proposed Annual Salary Included in the 2015-17 Executive Budget Recommendation	
	Effective July 1, 2013	Effective July 1, 2014	Effective July 1, 2015	Effective July 1, 2016
Governor	$121,681	$125,331	$130,343	$135,556
Lieutenant Governor	$94,462	$97,296	$101,187	$105,234
Secretary of State	$96,794	$99,698	$103,686	$107,833
Attorney General	$143,685	$147,996	$153,916	$160,072
Superintendent of Public Instruction	$110,192	$113,498	$118,038	$122,759
Tax Commissioner	$105,050	$108,202	$112,530	$117,031
Insurance Commissioner	$96,794	$99,698	$103,686	$107,833
Public Service Commissioners (3)	$99,435	$102,418	$106,515	$110,775
Agriculture Commissioner	$99,435	$102,418	$106,515	$110,775
State Auditor	$96,794	$99,698	$103,686	$107,833
State Treasurer	$91,406	$94,148	$97,914	$101,830

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 2013 Legislative Assembly		Proposed Annual Salary Included in the 2015-17 Judicial Branch Budget Request	
	Effective July 1, 2013	Effective July 1, 2014	Effective July 1, 2015	Effective July 1, 2016
Supreme Court Chief Justice	$147,812	$152,246	$159,858	$167,851
Other Supreme Court justices	$143,685	$147,996	$155,396	$163,166
District court presiding judges	$135,464	$139,528	$146,505	$153,830
Other district court judges	$131,661	$135,611	$142,392	$149,511

SECTION J - TRUST FUND ANALYSES

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ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$583,545,799		$687,095,131
Add estimated revenues				
Investment income	$0[1]		$0[1]	
Transfer from general fund	103,549,332[2]		0	
Total estimated revenues		103,549,332		0
Total available		$687,095,131		$687,095,131
Less estimated expenditures and transfers				
None				
Total estimated expenditures and transfers		0[3]		0[3]
Estimated ending balance		$687,095,131		$687,095,131

[1]Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under North Dakota Century Code Section 54-27.2-01.

[2]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, 2015, general fund balance of $681,015,929 and the recommended 2013-15 biennium general fund appropriations of $7,232,580,330; therefore, the maximum balance in the fund is limited to $687,095,131.

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

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 COMMON SCHOOLS TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2015-17 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Minerals Values)	Distributions	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	$400,689,879	$23,200,000	13.57%
	1999	$444,823,559	$23,200,000	7.50%
1999-2001	2000	$467,059,293	$23,775,000	11.05%
	2001	$521,509,978	$23,775,000	2.03%
2001-03	2002	$533,360,593	$28,896,500	(1.34%)
	2003	$522,905,814	$28,896,500	4.57%
2003-05	2004	$547,047,877	$30,000,000	12.60%
	2005	$614,738,548	$30,000,000	8.58%
2005-07	2006	$686,273,875	$31,100,000	7.51%
	2007	$761,901,287	$31,100,000	12.82%
2007-09	2008	$887,092,909	$33,400,000	(4.22%)
	2009	$908,928,685	$33,400,000	(13.75%)
2009-11	2010	$846,314,086	$38,589,000	14.48%
	2011	$1,221,501,801	$38,589,000	17.99%
2011-13	2012	$1,622,412,984	$46,257,000	2.42%
	2013	$1,917,135,220	$46,257,000	10.65%
2013-15	2014	$2,417,363,782	$65,163,000	13.85%
	2015	$3,128,315,233	$65,163,000	[1]
2015-17	2016	[1]	$103,067,000	[1]
	2017	[1]	$103,067,000	[1]

[1]Article IX, Section 2, of the Constitution of North Dakota, was amended in November 2006 through voter approval of Measure No. 1 (2005 House Concurrent Resolution No. 3037). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the five-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was $3,210,620,099 as of October 31, 2014.**

MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides that the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.

- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. In 2006 Measure No. 1 approved by voters removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

Article IX, Section 5

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

Article X, Section 24

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of Measure No. 1 (1993 Senate Concurrent Resolution No. 4011). The section has not been changed since enactment.

Select North Dakota Century Code Provisions

Section 47-30.1-23

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. Forty-five percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund must be transferred to the common schools trust fund and become a part of the principal of the fund.

To date, $162,774,059 of tobacco settlement money received by the state has been transferred to the common schools trust fund. The following is a summary of transfers to the common schools trust fund from the tobacco settlement trust fund:

1999-2001	$23,805,353 (actual)
2001-03	$23,998,745 (actual)
2003-05	$20,977,123 (actual)
2005-07	$19,722,653 (actual)
2007-09	$27,672,929 (actual)
2009-11	$18,248,834 (actual)
2011-13	$18,108,052 (actual)
2013-15	$19,240,371 (estimate)
2015-17	$18,000,000 (estimate)
2017-25 ($23,626,724 per biennium)	$94,506,896 (estimate)

DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

Article IX, Section 2

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the five-year average value of the trust assets, excluding the value of land and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (2005 House Concurrent Resolution No. 3037). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 biennium and all subsequent bienniums are based on the distribution formula.
- All fines for violation of state laws. (This money is not added to the trust fund but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of Measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.
- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

Select North Dakota Century Code Provisions

Section 15-01-02

This section provides that the Board of University and School Lands has full control of:

- The selection, appraisement, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

INVESTMENT OF THE COMMON SCHOOLS TRUST FUND

Section 15-03-04 provides that the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$47,258		$337,042
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	$2,275,638[1]		$0	
Projected remaining transfers from the tobacco settlement trust fund	2,000,000[2]		4,000,000[2]	
Total estimated revenues		4,275,638[2]		4,000,000[2]
Total available		$4,322,896		$4,337,042
Less estimated expenditures and transfers				
State Department of Health (2013 SB 2004, 2015 HB 1004)				
Tobacco prevention and control, including the Tobacco Quitline and the tobacco cessation coordinator and operating expenses	$3,220,354[3]		$3,440,864[3]	
Dentists' loan program	340,000[4]		360,000[4]	
Women's Way program	400,500[5]		0[5]	
Dental grant program	25,000[6]		0[6]	
Behavioral Risk Factor State Survey (BRFSS)			520,500	
Total estimated expenditures and transfers		3,985,854		4,321,364
Estimated ending balance		$337,042		$15,678

[1]As of December 2014, $2,275,638 has been transferred from the tobacco settlement trust fund for the 2013-15 biennium. Total transfers of $36,172,013 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 during the 2009-11 and 2011-13 bienniums.

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
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	65.2 million	22.5 million	19.2 million	19.2 million	4.3 million
Estimated 2015-17 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 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	$540.4 million	$105.5 million	$195.6 million	$195.6 million	$43.7 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.

[3]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 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the quitline to provide nicotine replacement therapy and cessation counseling. The 2007 Legislative Assembly authorized 1 full-time equivalent (FTE) tobacco prevention coordinator position and related funding for salaries and wages and operating expenses for the position. The 2013 Legislative Assembly did not approve direct funding for the quitline or the tobacco prevention coordinator position, but appropriated $3,220,354 from the community health trust fund to the department for tobacco prevention and control programs for the 2013-15 biennium. The department anticipates expending $3,220,354 from the fund for the 2013-15 biennium. The 2015-17 executive budget recommendation provides $3,440,864 from the community health trust fund to the department for tobacco prevention and control programs for the 2015-17 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 2015-17 biennium, tobacco prevention and control expenditures from the community health trust fund are required to total $3.2 million.

[4]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) provided a dentist practicing in Bismarck, Fargo, or Grand Forks must have received dental medical payments of at least $20,000 in the form of medical assistance reimbursement or practiced at least two full workdays per week at a public health clinic or nonprofit dental clinic in order to qualify for the dentists' loan repayment program. The 2013 Legislative Assembly appropriated $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. The department anticipates expending $340,000 from the fund for the dentists' loan repayment program for the 2013-15 biennium. The 2015-17 executive budget recommendation includes $600,000, of which $240,000 is from the general fund and $360,000 is from the community health trust fund, for the dentists' loan repayment program, $80,000 more than the 2013-15 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
2007-09 biennium (6)	Park River Bismarck Grand Forks Cando/Devils Lake Rugby Wishek

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2009-11 biennium (6)	Bismarck Fargo Jamestown Larimore Valley City Williston
2011-13 biennium (6)	Bowman Hazen Langdon/Walhalla Carrington Cavalier Williston
2013-15 biennium (6 to date)	Minot New Rockford Fargo/Grand Forks Watford City (3)

In addition, the 2009 Legislative Assembly provided in Senate Bill No. 2358 an appropriation of $180,000 from the general fund for a loan repayment program for dentists in public health and nonprofit dental clinics. The bill also created Section 43-28.1-01.1 which provides if funds are appropriated, the Health Council is to select up to three dentists who provide or will provide dental services for three years in a public health clinic or nonprofit dental clinic that uses a sliding fee schedule to bill patients for loan repayment grants. The grant award is $60,000 per recipient and is paid over a two-year period. This loan repayment program was not funded by the Legislative Assembly in 2011. In 2013 the Legislative Assembly provided, in Senate Bill No. 2354, $180,000 from the general fund for the loan repayment program for three dentists who practice in a public health setting or a nonprofit dental clinic that uses a sliding fee schedule to bill patients. The State Department of Health has enrolled four dentists (Grand Forks (2) and Fargo (2)) in the loan repayment program for dentists in public health and nonprofit dental clinics. The State Department of Health used state funds to leverage federal funds for three of the four dentists in the loan repayment program. Additional funding ($30,000) remains in the loan repayment program and will be used to leverage federal funds if an applicant is received with sufficient time to comply with the requirements outlined in Century Code prior to the close of the biennium. The 2015-17 executive budget recommendation includes $180,000 from the general fund for the loan repayment program for three dentists who practice in a public health setting or a nonprofit dental clinic that uses a sliding fee schedule to bill patients.

[5]The 2013 Legislative Assembly provided $400,500 from the community health trust fund for the Women's Way program. The department anticipates expending $400,500 from the fund for the Women's Way program during the 2013-15 biennium. The 2015-17 executive budget recommendation includes $500,000 from the general fund for the Women's Way program, $99,500 more than the legislative appropriation for the 2013-15 biennium.

[6]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 2013 Legislative Assembly appropriated $25,000 from the community health trust fund for the dental grant program during the 2013-15 biennium. The department anticipates expending $25,000 from the fund for the dental grant program during the 2013-15 biennium for expenditures related to one grant awarded to a dentist in Larimore during the 2009-11 biennium and for other dental loan repayments. The 2015-17 executive budget recommendation does not include funding for the dental grant program.

FUND HISTORY

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

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

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

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

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$335,364,942		$667,447,813
Add estimated revenues				
Oil extraction tax allocations	$332,082,871[1]		$409,932,596[1]	
Total estimated revenues		332,082,871		409,932,596
Total available		$667,447,813		$1,077,380,409
Less estimated expenditures and transfers				
Transfer to foundation aid program	$0[2]		$0[2]	
Total estimated expenditures and transfers		0		0
Estimated ending balance		$667,447,813		$1,077,380,409

[1]Estimated revenues - Based on actual oil extraction tax collections deposited in the fund through October 2014 and estimated allocations for the remainder of the 2013-15 biennium and the 2015-17 biennium per the December 2014 revenue forecast.

[2]Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. No foundation aid reductions as a result of a revenue shortfall are currently anticipated in the 2013-15 biennium or the 2015-17 biennium.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment, now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction tax revenue be allocated as follows:

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

The principal of the foundation aid stabilization fund may only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that the Director of the Budget may order an allotment to control the rate of expenditures of state agencies. This section provides that an allotment must be made by specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

Article X, Section 24, of the Constitution of North Dakota, provides that the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the period July 1, 2013, through October 31, 2014, $283,289 of interest from the foundation aid stabilization fund has been allocated to the general fund.

ANALYSIS OF THE LEGACY FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$1,280,714,486		$3,611,105,672
Add estimated revenues				
30 percent of oil and gas gross production and extraction tax collections[1]	$1,884,944,942		$2,314,334,647	
Transfer of oil and gas tax revenues from the strategic investment and improvements fund[2]	305,689,491		286,089,435	
Transfer of other revenue sources from the strategic investment and improvements fund[3]	34,756,753		31,222,080	
Investment earnings[4]	105,000,000		134,000,000	
Total estimated revenues		2,330,391,186		2,765,646,162
Total available		$3,611,105,672		$6,376,751,834
Total estimated expenditures and transfers[5]		0		0
Estimated ending balance		$3,611,105,672		$6,376,751,834

[1]Estimated revenues - These amounts reflect actual oil extraction tax collections deposited in the fund through October 2014 and estimated allocations for the remainder of the 2013-15 biennium and the 2015-17 biennium based on the December 2014 revenue forecast. These amounts do not reflect any transfers from the strategic investment and improvements fund.

[2]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. These amounts do not reflect additional transfers from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue.

[3]These amounts reflect 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.

[4]These amounts reflect investment earnings estimated by the Retirement and Investment Office.

[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 NORTH DAKOTA OUTDOOR HERITAGE FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$0		$7,003,663
Add estimated revenues				
Oil and gas gross production tax collections	$21,207,063[1]		$50,000,000[1]	
Interest income	7,000		20,000	
Total estimated revenues		21,214,063		50,020,000
Total available		$21,214,063		$57,023,663
Less estimated expenditures and transfers				
Grants	$14,110,400[2]		$50,000,000[3]	
Administrative expenses	100,000		300,000	
Total estimated expenditures and transfers		14,210,400		50,300,000
Estimated ending balance		$7,003,663		$6,723,663

[1]Pursuant to North Dakota Century Code Section 57-51-15, the amount of oil and gas gross production tax collections deposited in the fund may not exceed $15 million per fiscal year or $30 million per biennium. The December 2014 forecast for oil and gas taxes estimates $21.2 million of oil and gas gross production tax collections will be deposited in the fund during the 2013-15 biennium. The executive budget for the 2015-17 biennium proposes increasing the allocation to $50 million per biennium.

[2]The Industrial Commission established five rounds of grant awards during the 2013-15 biennium and has approved contract awards of $14,110,400 through November 2014. The board awarded grants of $5,848,133 on December 2, 2013, $2,509,428 on April 1, 2014, and $5,752,839 on August 1, 2014. The board anticipates two more rounds of grant awards during the 2013-15 biennium which are scheduled for January 2015 and May 2015. The North Dakota Outdoor Heritage Advisory Board is recommending the Industrial Commission approve projects up to the amount of anticipated collections this biennium; however, not all of those funds will be expended in the 2013-15 biennium as many of the grants are for multiyear projects. The Industrial Commission has expended $870,791 from the fund through September 2014 and anticipates $6 million of the funds will be expended during the 2013-15 biennium.

[3]The 2015-17 executive budget recommends commitments of $80.4 million for new conservation and outdoor recreation projects, including $30.4 million from general fund and $50 million from grants from the North Dakota outdoor heritage fund.

FUND HISTORY

The North Dakota outdoor heritage fund was established in 2013 House Bill No. 1278 (Chapter 54-17.8) to provide, pursuant to a continuing appropriation, grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations to:

- Provide access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improve, maintain, and restore water quality, soil conditions, plant diversity, animal systems, and to support other practices of stewardship to enhance farming and ranching;
- Develop, enhance, conserve, and restore wildlife and fish habitat on private and public lands; and
- Conserve natural areas for recreation through the establishment and development of parks and other recreation areas.

Four percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund. A maximum of $15 million of oil and gas gross production tax collections may be deposited in the fund each year. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

ANALYSIS OF THE PROPERTY TAX RELIEF FUND
FOR THE 2013-15 AND 2015-17 BIENNIUMS
(REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$341,790,000		$657,000,000
Add estimated revenues				
Allocation of oil and gas tax revenues (North Dakota Century Code Section 57-51.1-07.5)	$341,790,000		$341,790,000	
Transfer from general fund for the property tax relief component of the integrated school aid formula for the 2015-17 biennium (Section 3 of 2013 HB 1015)	315,210,000			
Total estimated revenues		657,000,000		341,790,000
Total available		$998,790,000		$998,790,000
Less estimated expenditures and transfers				
Transfer to general fund (Section 5 of 2013 HB 1013) (Section 3 of 2015 SB 2015)	$341,790,000		$657,000,000	
Total estimated expenditures and transfers		341,790,000		657,000,000
Estimated ending balance		$657,000,000		$341,790,000

FUND HISTORY

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 provides for an allocation of the state's share of oil and gas tax revenues of $341,790,000 each biennium to the property tax relief sustainability fund after an allocation of $200 million to the general fund.

Section 15.1-27-45 created by the Legislative Assembly in Section 40 of 2013 House Bill No. 1013 changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$292,961,846		$593,415,760
Add estimated revenues				
Oil extraction tax collections	$664,165,744		$819,865,190	
Repayments and reimbursements	9,104,000		12,682,000	
Investment earnings/miscellaneous income	2,284,170		3,445,000	
Total estimated revenues		675,553,914[1]		835,992,190
Total available		$968,515,760		$1,429,407,950
Less estimated expenditures and transfers				
State Water Commission - Grants, projects, and project administration, including expenditures approved by the Budget Section pursuant to 2013 HB 1020	$370,900,000[2]		$1,268,373,031[3]	
Transfer to renewable energy development fund (2013 SB 2014)	3,000,000[4]		3,000,000[4]	
Transfer to energy conservation grant fund (2013 SB 2014)	1,200,000[4]		1,200,000[4]	
Total estimated expenditures and transfers		375,100,000		1,272,573,031
Estimated ending balance		$593,415,760		$156,834,919
Restricted fund estimated income				
Infrastructure revolving loan fund pursuant to 2013 SB 2233		21,145,419[3]		103,131,937[5]
Estimated ending balance - Undesignated		$572,270,341		$53,702,982

[1]Estimated revenues - 2013-15 - The estimated revenues for the 2013-15 biennium reflect actual revenues through October 2014 and estimated revenues for the remainder of the biennium based on the December 2014 revenue forecast. The current estimate of revenues for the 2013-15 biennium is $101,307,564 more than the estimate of $574,246,350 made at the end of the 2013 legislative session. The increase is attributable to the following changes:

Increase in oil extraction tax collections	$99,892,394
Increase in repayments and reimbursements	490,000
Increase in investment earnings/miscellaneous income	925,170
Net increase from 2013-15 revenue estimate made at the end of the 2013 legislative session	$101,307,564

[2]Sections 1 and 4 of 2013 House Bill No. 1020 appropriate $700.9 million, or any additional amount that becomes available subject to Budget Section approval, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2013-15 biennium. If funding available from the resources trust fund for water projects for the 2013-15 biennium exceeds $287 million, Section 13 of House Bill No. 1020 provides legislative intent that, of the funds appropriated to the commission in the water and atmospheric resources line item, $60 million from the resources trust fund is provided to the commission for the purpose of paying off or defeasing the commission's outstanding bond issues. Through October 2014, $403.8 million has been credited to the resources trust fund. 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 the commission's outstanding bond issues of $75,250,000 and pay related fees. The State Water Commission has used $17.7 million of the $60 million authorized from the resources trust fund to retire five Southwest Pipeline series bonds and defease another. The State Water Commission plans to defease two remaining water development series bonds before the end of the 2013-15 biennium with the remaining $42.3 million of the $60 million.

[3]Sections 1 and 4 of 2015 Senate Bill No. 2020 appropriate $1,268,373,031 or any additional funding that becomes available from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2015-17 biennium.

[4]The 2013 Legislative Assembly Senate Bill No. 2014 authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up $3 million per biennium and of one-half of 1 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to $1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings.

[5]Effective January 1, 2015, the Legislative Assembly in 2013 Senate Bill No. 2233 established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota. The estimated effect of 2013 Senate Bill No. 2233 on oil extraction tax allocations during the remainder of the 2013-15 biennium and the 2015-17 biennium reflect actual revenues through October 2014 and estimated revenues for the remainder of the 2013-15 biennium and the 2015-17 biennium, based on the December revenue forecast.

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.

The 1995 Legislative Assembly amended North Dakota Century Code Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 percent to 20 percent. The state general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Article X, Section 24, of the Constitution of North Dakota.

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

- 20 percent to the resources trust fund.
- 20 percent allocated as provided in 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 fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in 2011 House Bill No. 1451.

The 2013 Legislative Assembly in Senate Bill No. 2014 authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to $3 million per biennium and of one-half of 1 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to $1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly in Senate Bill No. 2233 established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$27,330,704		$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 40 percent of an equivalent one-cent sales tax through June 30, 2014, and 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	$258,002,576		$320,011,000	
Total estimated revenues		258,002,576		320,011,000
Total available		$285,333,280		$320,011,000
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	$153,223,971		$171,845,907	
City share (46.3 percent)	132,109,309		148,165,093	
Total estimated expenditures and transfers		285,333,280		320,011,000
Estimated ending balance		$0		$0

FUND HISTORY

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

The 1997 Legislative Assembly amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

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

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

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

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

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

Senate Bill No. 2325 (2013), which became effective July 1, 2014, increased the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE 2009-11, 2011-13, 2013-15, AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2009-11 Biennium Actual		2011-13 Biennium Actual		2013-15 Biennium Estimates		2015-17 Biennium Executive Budget	
Beginning balance		$37,623,216		$34,675,167		$77,651,986		$76,808,019
Add revenues								
Transfer from the general fund								
Transfer from the permanent oil tax trust fund (2011 SB 2369)	$22,000,000[1]							
Transfer from the general fund (Section 17 of 2011 SB 2371)			$48,700,000[2]					
Interest income	199,420		70,784		76,000		$76,000	
Federal funds - Volunteer hours adjustment and local share federal-to-federal mission assignments	612,263		1,604,101					
National Guard reimbursements	136,057		705,950		1,800,000		200,000	
Oil and gas tax collections			22,000,000[3]		22,000,000[3]		22,000,000[3]	
Total revenues		22,947,740		73,080,835		23,876,000		22,276,000
Total available		$60,570,956		$107,756,002		$101,527,986		$99,084,019
Less estimated expenditures								
Emergency snow removal grants (2009 SB 2012; 2011 SB 2369)	$9,000,000[4]							
Costs relating to disasters occurring prior to 2009	513,321[5]		$826,535[6]					
Costs relating to 2009 flooding	5,739,762[5]		2,656,019[6]		$3,075,469[6,13]		$669,990	
Costs relating to the January 2010 winter snowstorm	1,506,693[5]		69,717[2]		310,392[2]		18,044	
Costs relating to 2010 flooding	3,390,192[5]		164,272[2]		1,324,682[2]		208,927	
Costs relating to the April 2010 ice storm	2,854,089[5]		544,138[2]		561,900[2]			
Costs relating to the April 2011 blizzard	16,937[5]							
Costs relating to 2011 flooding	2,874,795[5]		12,261,836[2,7,8]		8,940,334[2,7,8,13]		13,796,037	
2011 ice storm (2013 HB 1016)					590,239		68,469	
2013 flood							914,426	
Costs relating to flooding in incorporated cities			1,715,887[8]		978,578[8]			

	2009-11 Biennium Actual		2011-13 Biennium Actual		2013-15 Biennium Estimates		2015-17 Biennium Executive Budget	
Disaster response coordination contract (2011 SB 2016)			400,000[9]		400,000[9]		400,000[9]	
State disasters and flood mitigation efforts (2011 SB 2016; 2011 SB 2369)			7,240[8]		1,996,744[8]			
Contingent appropriation for 2012 disaster event (Section 16 of 2011 SB 2371)			0[2]					
Housing rehab and retention (Section 9 of 2011 SB 2371)			5,458,372[2]		3,541,629[2]			
Flood-impacted housing assistance grant program (Section 4 of 2013 HB 1016)					1,500,000[11]			
Road grade raising projects - Department of Transportation (Section 14 of 2011 SB 2371)			6,000,000[2]					
Disaster recovery planning and technical services					1,500,000[12]		1,000,000[12]	
2013 snow storm							482,702	
2014 rain storms							225,000	
Total estimated expenditures and transfers		25,895,789		30,104,016[10]		24,719,967[13]		17,783,595
Estimated ending balance		$34,675,167		$77,651,986		$76,808,019		$81,300,424

[1]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.

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

Relief Assistance	Transfer Amount	Appropriation Authority
Disaster-related expenses	$32,700,000	Section 15 of 2011 Senate Bill No. 2371 provided appropriation authority of $29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters. Section 16 of 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.

Relief Assistance	Transfer Amount	Appropriation Authority
		• 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	

[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 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.

[4]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.

[5]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.

[6]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.

[7]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.

[8]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.

[9]In 2011 Senate Bill No. 2016, the Legislative Assembly provided authority to the Department of Emergency Services to utilize $400,000 from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters. House Bill No. 1016 (2013) continued the same level of funding for the 2013-15 biennium. The executive budget recommends continuing the same level of funding for the 2015-17 biennium.

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

$22,000,000	see Footnote 8
3,500,000	see Footnote 7
7,842,304	see Footnote 6
400,000	see Footnote 9
42,700,000	see Footnote 2
$76,442,304	

[11]Section 4 of 2013 House Bill No. 1016 appropriates $1.5 million from the state disaster relief fund to the Housing Finance Agency to provide grants to counties, cities, local housing authorities, and other nonprofit entities providing flood-impacted housing assistance. The section requires an entity requesting grant funding to certify to the Housing Finance Agency that housing occupants are eligible to receive housing assistance under federal Department of Housing and Urban Development guidelines, that a land use agreement is in place for temporary housing units, and that a plan has been developed for the disposal of temporary housing units. The Housing Finance Agency is to develop guidelines for the distribution of funds, including the frequency of the distribution of grant funds.

[12]The 2013-15 biennium legislative appropriations include funding of $1.5 million for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs associated with preparedness, mitigation, and response and recovery. The executive budget recommends funding of $1 million for continuing the disaster recovery planning and technical assistance contracted services for the 2015-17 biennium.

[13]This amount is an estimate based on actual expenditures through September 30, 2014 and agency estimated expenditures through June 30, 2015.

FUND HISTORY

Section 37-17.1-27 (Section 4 of 2009 Senate Bill No. 2012) establishes a state disaster relief fund. In 2011 Senate Bill No. 2369, the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidential-declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. Senate Bill No. 2292 (2013) further amended the section to allow money in the fund to be used for wide area search and rescue activities. Any interest or other fund earnings must be deposited in the fund.

ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$969,920,162		$1,454,778,710
Add estimated revenues				
Production royalties[1]	$225,423,159		281,430,780	
Mineral leases[1]	537,827		400,000	
Oil and gas bonuses[1]	31,980,143		16,000,000	
Loan income[1]	2,650,966		14,590,000	
Investment earnings[1]	3,609,273		11,503,914	
Oil and gas tax collections[2]	1,406,549,220		1,202,498,280	
Total estimated revenues		1,670,750,588		1,526,422,974
Total available		$2,640,670,750		$2,981,201,684
Less estimated expenditures and transfers				
Transfer to legacy fund from oil and gas tax revenue[3]	$305,689,491		$286,089,435	
Transfer to legacy fund from other revenue sources[3]	34,756,753		31,222,080	
Transfer to the general fund (2013 HB 1015; 2015 SB 2015)	520,000,000		700,000,000	
Grants to critical access hospitals - Department of Human Services (2013 HB 1358)	9,600,000			
Grants for law enforcement needs - Attorney General (2013 HB 1358)	9,600,000			
Enhanced use lease grant program - Department of Commerce (2013 SB 2018)	2,500,000			
Grant program for nursing homes, basic care facilities, and providers of services to developmentally disabled individuals - Department of Commerce (2013 HB 1358)	2,000,000			
Private land study - Department of Trust Lands (2013 SB 2013)	50,000			
Funding for cities in oil-producing counties (Executive recommendation)	300,000,000			
Shortline railroad revolving loan fund (2015 HB 1014)			10,000,000	
Contingent appropriation - Enhanced use lease grant program - Department of Commerce (2015 HB 1018)			5,000,000	
Administrative costs/other fees	1,695,796		1,980,000	
Total estimated expenditures and transfers		1,185,892,040		1,034,291,515
Estimated ending balance		$1,454,778,710		$1,946,910,169
Restricted fund income				
Reserve relating to potential title disputes[4]		$144,197,060		$148,197,060
Expanded school construction loan program - Department of Public Instruction (2013 HB 1013; 2015 SB 2013)		150,000,000		450,000,000
Medical facility infrastructure loans - Bank of North Dakota (2013 SB 2187)		50,000,000		50,000,000
Bank of North Dakota - Maintain guarantee reserve fund balance (2011 SB 2306; 2013 SB 2287)[5]		25,000,000		25,000,000
Ending balance - Undesignated		$1,085,581,650		$1,273,713,109

[1]The amounts shown reflect projections by the Department of Trust Lands for the 2013-15 and 2015-17 bienniums.

[2]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 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.

Estimated revenues - These amounts reflect actual oil extraction tax collections deposited in the fund through October 2014 and estimated allocations for the remainder of the 2013-15 biennium and the 2015-17 biennium based on the December 2014 revenue forecast. These amounts do not reflect any transfers from the strategic investment and improvements fund.

[3]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.

[4]These amounts 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.

[5]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. Senate Bill No. 2287 (2013) which became effective on March 27, 2013, provides that money in the strategic investment and improvements fund is available to the Bank to maintain 100 percent of the guarantee reserve fund balance not to exceed a total of $25 million. Any money transferred from the strategic investment and improvements fund to maintain the guarantee reserve fund is available to reimburse lenders for guaranteed loans in default.

FUND HISTORY

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

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

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

ANALYSIS OF THE TOBACCO PREVENTION AND CONTROL TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$40,654,656		$47,405,222
Add estimated revenues				
Tobacco settlement revenues collected to date	$11,205,876[1]		$0	
Projected tobacco settlement revenues	11,304,243[2]		22,608,486[2]	
Investment and miscellaneous revenue	56,275		56,521	
Total estimated revenues		22,566,394[3]		22,665,007[3]
Total available		$63,221,050		$70,070,229
Less estimated expenditures and transfers				
Tobacco Prevention and Control Executive Committee expenditures (2013 SB 2024; 2015 HB 1024)	$15,815,828[4]		$16,109,756[4]	
Total estimated expenditures and transfers		15,815,828		16,109,756
Estimated ending balance		$47,405,222		$53,960,473

[1]As of December 2014, the state has received tobacco settlement payments totaling $33,962,256 for the 2013-15 biennium, of which $22,756,380 was deposited in the tobacco settlement trust fund and $11,205,876 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of $433,319,780, including $347,922,402 under subsection IX(c)(1) of the Master Settlement Agreement and $85,397,378 under subsection IX(c)(2) of the Master Settlement Agreement. Of the $433,319,780, $361,720,131 has been deposited into the tobacco settlement trust fund and $71,599,649 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 annual revenues received into the tobacco prevention and control trust fund during fiscal years 2013 and 2014.

[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 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 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
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	65.2 million	22.5 million	19.2 million	19.2 million	4.3 million
Estimated 2015-17 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 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	$540.4 million	$105.5 million	$195.6 million	$195.6 million	$43.7 million

[4]The 2013 Legislative Assembly appropriated $15,815,828 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 2013-15 biennium. The 2015-17 executive budget recommendation provides $16,109,756 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 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 WATER DEVELOPMENT TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS (REFLECTING THE 2015-17 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2013-15 Biennium		2015-17 Biennium	
Beginning balance		$26,550,736		$9,501,107
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	$10,240,371[1]			
Projected remaining transfers from tobacco settlement trust fund	9,000,000[2]		$18,000,000[2]	
Total estimated revenues		19,240,371[3]		18,000,000[5]
Total available		$45,791,107		$27,501,107
Less estimated expenditures and transfers				
Water projects	$19,408,500[4]		$27,500,000[5]	
State Water Commission (2013 HB 1020; 2015 SB 2020)	16,881,500[4]			
Total estimated expenditures and transfers		36,290,000		27,500,000
Estimated ending balance		$9,501,107		$1,107

[1]As of December 2014, $10,240,371 has been transferred from the tobacco settlement trust fund for the 2013-15 biennium. Total transfers of $162,774,059 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 annual revenues received into the tobacco prevention and control trust fund during fiscal years 2013 and 2014.

[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
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Estimated 2013-15 biennium	65.2 million	22.5 million	19.2 million	19.2 million	4.3 million
Estimated 2015-17 biennium	62.6 million	22.6 million	18.0 million	18.0 million	4.0 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	$540.4 million	$105.5 million	$195.6 million	$195.6 million	$43.7 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]Sections 1 and 4 of 2013 House Bill No. 1020 appropriate $44,250,000, or any additional funding that becomes available subject to Budget Section approval, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2013-15 biennium, including bond payments. Bond payments for the 2013-15 biennium are estimated to total $16,881,500. The remainder of the funds appropriated totaling $27.4 million is available for water projects. However, if funding available from the resources trust fund for water projects for the 2013-15 biennium exceeds $287 million, Section 13 of House Bill

No. 1020 provides legislative intent that, of the funds appropriated to the commission in the water and atmospheric resources line item, $60 million from the resources trust fund is provided to the commission for the purpose of paying off or defeasing the commission's outstanding bond issues. 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 the commission's outstanding bond issues of $75,250,000 and pay related fees. Through October 2014, $403.8 million has been credited to the resources trust fund. The State Water Commission has retired five Southwest Pipeline Project series bonds and defeased another. In addition, the State Water Commission anticipates using funds available in the water development trust fund and the resources trust fund to pay off two remaining water development series bonds before the end of the 2013-15 biennium.

[5]Sections 1 and 4 of 2015 Senate Bill No. 2020 appropriate $27.5 million, or any additional funding that becomes available from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2015-17 biennium.

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 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 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.