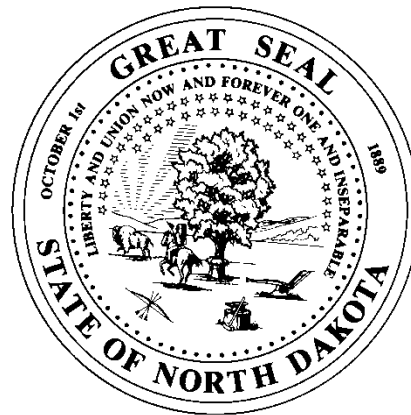


ANALYSIS OF 2023-25 EXECUTIVE BUDGET

Supplement to the

Report of the Legislative Management

Budget Section



68th Legislative Assembly

January 2023

LEGISLATIVE ANALYSIS OF 2023-25 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 7, 2022, the Legislative Assembly met in joint session to receive from Governor Doug Burgum the executive budget and revenue proposals. After adjournment of the organizational session, the Budget Section, chaired by Representative Don Vigesaa, heard the detailed presentation of the Governor's budget on December 7, 2022. The Governor's proposed budget is for the period beginning July 1, 2023, through June 30, 2025, or the 2023-25 biennium.

An analysis of the recommended appropriations and estimated revenues contained in the 2023-25 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, 2023	\$1,267,456,703 ¹
Add estimated 2023-25 biennium general fund revenues and transfers	5,006,556,636
Total resources available	\$6,274,013,339
Less recommended 2023-25 biennium general fund appropriations	5,864,252,193 ²
Estimated general fund balance - June 30, 2025	\$409,761,146 ³

¹This amount reflects the following recommendations proposed to occur prior to July 1, 2023:

- Estimated 2021-23 biennium unspent general fund appropriations (turnback) of \$169.7 million.
- Deficiency appropriations of \$42 million.
- Transferring \$118 million to the general fund from the budget stabilization fund.
- Transferring \$250 million from the general fund to the retirement system.

²The executive budget includes \$374.9 million of one-time general fund appropriations.

³Projected June 30, 2025, balances for other major special funds are as follows:

- Strategic investment and improvements fund unobligated balance - \$511.5 million.
- Tax relief fund - \$201.2 million.
- Foundation aid stabilization fund undesignated balance - \$136.6 million.
- Budget stabilization fund - \$602.2 million.
- Legacy fund - \$8,876.3 million.

4. Major areas of **revenue change** compared to the November 2021 special legislative session forecast for the 2021-23 biennium:
 - a. Sales and use taxes **increasing** by \$475 million, or 27 percent.
 - b. Individual income taxes **increasing** by \$79 million, or 13 percent.
 - c. Corporate income taxes **increasing** by \$286 million, or 138 percent.
 - d. Oil and gas tax collections **increasing** by \$200 million, or 50 percent.
5. Recommends **transferring \$126 million of motor vehicle excise tax collections** from the general fund to the highway fund and providing **\$500 million of individual income tax relief** by exempting taxable income in the first tax bracket from taxation and by implementing a flat tax of 1.5 percent for all taxable income exceeding the first tax bracket.
6. Includes **transfers to the general fund** of \$443 million compared to \$612 million in the November 2021 special legislative session forecast for the 2021-23 biennium. Major changes to transfers for the 2023-25 biennium include:
 - a. Suspending the transfers from Bank of North Dakota profits and Mill and Elevator profits, a decrease of \$155.5 million compared to the 2021-23 biennium.
 - b. \$400 million from the strategic investment and improvements fund compared to \$410 million in the 2021-23 biennium.

TOTAL APPROPRIATIONS SUMMARY

	2021-23 Legislative Appropriations	Increase (Decrease)	2023-25 Executive Budget
General fund	\$5,010,457,330	\$853,794,863	\$5,864,252,193
Estimated income	12,836,238,167	(253,226,575)	12,583,011,592
Total all funds	\$17,846,695,497	\$600,568,288	\$18,447,263,785

2023-25 BIENNIUM GENERAL FUND REVENUES

1. Reflects total **2023-25 biennium general fund resources** of \$6.27 billion, an increase of \$1.03 billion, or 20 percent, compared to the November 2021 special legislative session forecast for the 2021-23 biennium.
2. Includes an **estimated beginning general fund balance** of \$1.27 billion with no transfer to the budget stabilization fund for the 2021-23 biennium. The projected July 1, 2023, balance made at the close of the November 2021 special legislative session was \$232 million.
3. Includes estimated **2021-23 biennium unspent general fund appropriation authority (turnback) of \$170 million** and **2021-23 biennium deficiency appropriations of \$292 million**, including a transfer of \$250 million to the Public Employees Retirement System (PERS) main system plan prior to the end of the 2021-23 biennium.

OIL TAX COLLECTIONS AND ALLOCATIONS

1. Anticipates **oil production** to remain at 1.1 million barrels per day for the remainder of the 2021-23 biennium and for the entire 2023-25 biennium. In September 2022, oil production averaged 1.12 million barrels per day.
2. Anticipates **oil prices** decreasing from \$80 to \$75 per barrel for the remainder of the 2021-23 biennium and averaging \$70 per barrel in the 1st year and \$65 per barrel in the 2nd year of the 2021-23 biennium. The average oil price in November 2022 was \$83 per barrel based on the average of the West Texas Intermediate price (\$84) and the Flint Hill Resources price (\$82).
3. Adjusts the oil tax revenue allocation formula to increase the allocation to the general fund from \$400 million to \$600 million.

LEGACY FUND EARNINGS

1. Anticipates \$680 million of legacy fund earnings at the end of the 2021-23 biennium with \$486 million available for spending in the 2023-25 biennium based on the current percent of market value calculation, which uses 7 percent of the 5-year average balance of the legacy fund.
2. Recommends allocating the earnings for community and workforce development (\$68 million), legacy projects (\$96 million), bond payments

and a transfer to the retirement system (\$150 million), and economic development and research (\$172 million) and returning excess earnings to the legacy fund (\$194 million).

2023-25 GENERAL FUND APPROPRIATIONS

	2021-23 Legislative Appropriations	Increase (Decrease)	2023-25 Executive Budget
Ongoing appropriations	\$4,878,875,745	\$610,486,860	\$5,489,362,605
One-time appropriations	131,581,585	243,308,003	374,889,588
Total	\$5,010,457,330	\$853,794,863	\$5,864,252,193

- Includes general fund appropriations of \$5,864.3 million, an increase of \$853.8 million compared to the 2021-23 biennium appropriation of \$5,010.5 million.
- Major general fund appropriations increases (decreases) relate to:
 - Department of Health and Human Services - \$412.3 million.
 - Department of Commerce - \$84.6 million.
 - Office of Management and Budget - \$78.0 million.
 - Department of Public Instruction (DPI) - (\$77.0 million).
 - Department of Corrections and Rehabilitation - \$70.6 million.
 - Higher education - \$38.8 million.
 - Information Technology Department - \$32.5 million.
 - Judicial branch - \$24.9 million.
 - Attorney General - \$21.9 million.

2023-25 OTHER FUNDS APPROPRIATIONS

- Includes other funds (federal funds and estimated income) appropriations of \$12.6 billion, a decrease of \$253.2 million compared to the 2021-23 biennium appropriation.
- Major other funds appropriations increases (decreases) relate to:
 - Bank of North Dakota - (\$693.9 million).
 - Information Technology Department - \$222.1 million.
 - Department of Health and Human Services - \$171.4 million.
 - Department of Transportation - (\$142.5 million).
 - Department of Corrections and Rehabilitation - \$134.6 million.
 - Department of Career and Technical Education - (\$84.2 million).
 - State Water Commission - \$79.1 million.
 - State Treasurer - (\$73.2 million).
 - Industrial Commission - (\$67.1 million).
 - Higher education - \$53.2 million.

2023-25 BIENNIUM ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

- Reflects ongoing general fund revenues, including transfers from the lottery and the gas tax administration, of \$4,606.6 million and recommends \$5,489.4 million of ongoing general fund appropriations, resulting in an estimated shortfall of \$882.8 million.
- Recommends \$374.9 million of one-time general fund appropriations from the estimated \$1,667.5 million of one-time general fund resources for the 2023-25 biennium.
- Retains an estimated \$409.8 million in the general fund at the end of the 2023-25 biennium.

ELEMENTARY AND SECONDARY EDUCATION

- Provides \$2,355 million, of which \$1,559 million is from the general fund, \$282 million is from the foundation aid stabilization fund, and \$514 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:

	2021-23 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2023-25 Executive Budget (Amounts Shown in Millions)
State school aid	\$2,131.8	\$138.2	\$2,270.0
Transportation aid payments	58.1		58.1
Special education - Contracts	27.0		27.0
Total	\$2,216.9	\$138.2	\$2,355.1
General fund	\$1,640.4	(\$80.8)	\$1,559.6
Foundation aid stabilization fund	143.5	138.2	281.7
State tuition fund	433.0	80.8	513.8
Total	\$2,216.9	\$138.2	\$2,355.1

- Provides **integrated formula payments** totaling \$2,270.0 million, an increase of \$138.2 million from the integrated formula payments provided during the 2021-23 biennium. When compared to the appropriation for the 2021-23 biennium, the increase of \$138.2 million includes a decrease in funding from the general fund of \$80.8 million, which is offset by increases in funding from the state tuition fund of \$80.8 million, and an increase of one-time funding from the foundation aid stabilization fund of \$138.2 million.
- Provides **integrated per student payment rates** will increase to \$10,646 effective July 1, 2023, and \$10,965 effective July 1, 2024. The executive budget recommends, during the 2023-25 biennium, school boards be required to use at least 70 percent of all new money received, as a result of increases in the integrated per student payment rate, to increase compensation paid to nonadministrative personnel.

4. Provides funding to accelerate the elimination of the **transition maximum** adjustment (\$14.8 million) and to increase the integrated per student payment rate by **4 percent** in the 1st year and **3 percent** in the 2nd year of the 2023-25 biennium (\$146.4 million). The executive budget recommends these increases be offset by cost-to-continue savings related to slower enrollment growth (\$35.3 million) and by savings related to accelerating the implementation of **on-time payment** for fall enrollment (\$2.4 million). These formula adjustments result in increases to state school aid of \$123.5 million. The executive budget inadvertently included an additional \$14.7 million when calculating the total funding for integrated formula payments.
5. Provides \$9 million of one-time funding from the foundation aid stabilization fund for school board training (\$3 million), cybersecurity credentials for teachers (\$2 million), and a grow your own teacher program (\$4 million).
6. Provides authorization for DPI to continue up to \$10,387,064 remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for various program and passthrough grants.
7. Provides authorization for DPI to continue unspent federal elementary and secondary school emergency relief funds, appropriated for the 2021-23 biennium, to the 2023-25 biennium.

HIGHER EDUCATION

1. Increases total **general fund** support by \$38.8 million compared to 2021-23 appropriations. Ongoing general fund support is increased by \$40.2 million, from \$686.3 million to \$726.5 million, while one-time general fund appropriations are decreased by \$1.4 million, from \$17.0 million to \$15.6 million.
2. Increases appropriations from **special funds** by \$53.2 million, or 2.5 percent. The increase relates primarily to the institutions' special funds share of salary and health insurance increases.
3. Increases the authorized number of **full-time equivalent (FTE) positions** from 6,533.99 to 6,605.91, an increase of 71.92 positions. The increase relates primarily to position increases made by North Dakota University System institutions in response to budget adjustments approved for the 2021-23 biennium.
4. Increases funding by \$34.4 million from the general fund to be distributed to institutions through the **higher education funding formula** for student credit-hour production (\$9.2 million decrease), inflationary adjustments (\$38.4 million increase), and a 96 percent minimum amount payable allocation (\$5.2 million increase).
5. Provides \$1.8 million from the general fund, of which \$1.5 million is one-time funding and \$273,180 is ongoing, for a new **financial aid processing system**.

6. Appropriates one-time funding of \$3.6 million from the general fund for the **behavioral health initiative**.
7. Appropriates one-time funding of \$10 million from the general fund for **workforce education innovation grants** to expand educational programs to meet critical workforce needs of the state.
8. Appropriates one-time funding of \$10 million from the legacy earnings fund for **energy workforce education scholarships**.
9. Appropriates one-time funding of \$50 million from the legacy earnings fund for the **higher education challenge fund** to provide matching grants for academic enhancements to University System institutions.
10. Appropriates one-time funding of \$19 million from the strategic investment and improvements fund to continue the **capital building fund program**.

HEALTH AND HUMAN SERVICES

1. Provides a total general fund appropriation of \$2,035.5 million, \$412.4 million, or 25.4 percent, more than the \$1,623.1 million 2021-23 biennium general fund appropriation.
2. Provides \$504.1 million, of which \$122.3 million is from the general fund for cost to continue, and anticipated **cost, caseload, and utilization changes** in the department's budget.
3. Increases funding from the general fund by \$21.6 million for estimated increases in the state matching funds required due to changes in the state's **federal medical assistance percentage (FMAP)**.
4. Appropriates \$76.3 million, of which \$63.0 million is from the general fund, for **workforce initiatives** related to increases in the child care assistance program (\$22.0 million), expansion of the ability for lower income families to access quality child care (\$12.9 million), expansion of the best in class program (\$16.0 million), and increased early childhood career development grants (\$2.0 million).
5. Provides \$93.8 million, of which \$46.9 million is from the general fund, for **inflationary increases** of 4 percent the 1st year of the biennium and 3 percent the 2nd year of the biennium for human service providers in the 2023-25 biennium.
6. Adds \$8.2 million, of which \$3.8 million is from the general fund, to expand services under the autism waiver program and to discontinue the autism voucher program.
7. Transfers \$200.0 million from the tax relief fund to the human service finance fund and appropriates the funding, along with \$21.2 million from the general fund, for costs associated with the **county social and human services program**.
8. Provides \$10 million from the strategic investment and improvements fund planning and designing a new state hospital.

9. Provides one-time funding of \$60.0 million, of which \$20.4 million is from the community health trust fund and \$39.6 million is from federal funds, to replace the child support case management system.
10. Provides one-time funding of \$11 million from the strategic investment and improvements fund for a procurement and grants management system.
11. Increases funding from the community health trust fund by \$2,750,000 for local public health state aid to provide a total of \$8,000,000, of which \$4,725,000 is from the general fund and \$3,275,000 is from the community health trust fund.
12. Increases funding from the general fund by \$2.7 million for domestic violence prevention grants to provide a total of \$4.6 million from the general fund for domestic violence prevention.
13. Provides \$55.1 million of federal state fiscal recovery funding for a new laboratory building shared with the Department of Environmental Quality. In addition, the executive recommendation authorizes the department to continue unexpended funds appropriated for the laboratory building during the 2021-23 biennium to the 2023-25 biennium.

CAPITAL CONSTRUCTION

1. The executive budget recommendation includes a total of \$2,279,862,285 for capital projects as reflected on the following schedule:

	2021-23 Biennium		
	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page H-2	\$682,000	\$370,164,100	\$370,846,100
Extraordinary repairs - See the extraordinary repairs schedule on page H-6	39,550,987	48,603,500	88,154,487
Department of Transportation - Contractor payments	106,284,580	1,523,187,366	1,629,471,946
Water projects ¹	0	167,600,000	167,600,000
Game and Fish Department - Land Acquisition	0	893,750	893,750
Institutions of higher education special assessments	0	433,997	433,997
State agency special assessments	224,046	20,000	244,046
Payments in lieu of taxes ²	0	1,958,020	1,958,020
Other bond payments	13,881,576	6,378,363	20,259,939
Total	\$160,623,189	\$2,119,239,096	\$2,279,862,285

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

²This amount includes payments in lieu of taxes of approximately \$1,958,020 for the Game and Fish Department from special funds. This amount does not include payments in lieu of taxes of approximately \$438,000 estimated to be paid by Workforce Safety and Insurance in the 2023-25 biennium under the agency's continuing appropriation for building maintenance.

STATE EMPLOYEES

1. Provides \$210.9 million, of which \$87.7 million is from the general fund, for **salary increases** for state employees of 6 percent of salaries effective July 1, 2023, and 4 percent of salaries effective July 1, 2024. For agencies able to identify long-term salary savings, additional salary increases are authorized during the biennium.
2. Continues funding for the cost of **health insurance premiums** for state employees. The executive budget recommends continuing the existing health insurance plan with no changes to deductibles or coinsurance and providing for health insurance premiums of \$1,643 per month, an increase of \$214, or 15 percent, compared to the 2021-23 biennium premium rate of \$1,429. The estimated cost of the health insurance premium increase is \$78.2 million, of which approximately \$31.5 million is from the general fund.
3. Recommends closing the PERS main system defined benefit plan and requiring new employees to participate in the state's defined contribution plan. The Governor recommends transferring \$250 million from the general fund to the PERS fund during the 2021-23 biennium to reduce the main system defined benefit plan unfunded liability.
4. Includes a **total of 16,284.54 FTE positions**, an increase of 469.21 FTE positions from the 2021-23 authorized level of 15,815.33 FTE positions, including an increase of 71.92 FTE positions in higher education and an increase of 397.29 FTE positions in all other state agencies. The increase of 397.29 in non-higher education FTE positions includes an increase of \$63.6 million, of which \$33.7 million is from the general fund and \$29.9 million is from other funds.

CORRECTIONS

1. Provides a total **general fund** appropriation for the Department of Corrections and Rehabilitation of \$288.7 million, \$70.5 million, or 32.3 percent, more than the \$218.2 million appropriation for the 2021-23 biennium.
2. Includes \$18.4 million from the general fund to **restore funding for salaries** paid from the general fund that were paid from federal funds during the 2021-23 biennium.
3. Includes \$3.3 million from the general fund and 25 new FTE positions to reduce average **parole and probation caseloads**, to expand **pretrial services** to one additional judicial district, and for additional inmate **case managers**.
4. Includes \$8.3 million from the general fund to expand the **free through recovery program**.
5. Includes \$3.5 million of one-time funding from the general fund for **inflationary costs**, including food, medical, clothing, and resident payroll.
6. Includes \$4.0 million of one-time funding from the general fund for **maintenance and extraordinary repairs**.

- Includes \$161.2 million of one-time funding from the strategic investment and improvements fund for a **new facility for female inmates** at the Heart River Correctional Center.

INFORMATION TECHNOLOGY

- Recommends funding of \$209.4 million, of which \$37.4 million is from the general fund and \$172.0 million is from other funds, for state agency **large information technology projects** for the 2023-25 biennium. Of the total, \$60.0 million relates to a Department of Health and Human Services child support case management system replacement project, \$45.0 million relates to the Job Service North Dakota unemployment insurance system replacement project, and \$54.3 million relates to various Information Technology Department (ITD) projects.
- Adds 5 FTE positions and \$29.5 million, including \$3.2 million from the general fund, to ITD for an enterprise digitization project to modernize state technology. Of the total, \$25.2 million is considered one-time funding.
- Adds 4 FTE positions and \$12.4 million, including \$1.6 million from the general fund, to ITD for DPI's Lighthouse project. Of the total, \$11.4 million is considered one-time funding.
- Adds 8 FTE positions and \$12 million, including \$2.8 million from the general fund, to ITD for an enterprise customer relationship management program. Of the total, \$8.7 million is considered one-time funding.
- Adds 17 FTE positions and \$3.3 million, including approximately \$444,000 from the general fund, to ITD for additional salaries and operating expenses to support state agency information technology systems.
- Transfers 3 FTE positions, including 2 FTE positions from the Department of Corrections and Rehabilitation and 1 FTE position from the Insurance Department, to ITD for the **information technology unification initiative**.
- Adds 2 FTE positions and approximately \$519,000 from the general fund to ITD for the customer success management program. Existing funding for the program is adjusted to increase \$2 million from the general fund and decrease \$2 million from special funds for 6 FTE positions.
- Adds 2 FTE positions and \$1.9 million from the general fund to ITD for the K-12 ClassLink project.
- Adds \$24.2 million from special funds to ITD for the **statewide interoperable radio network** project, of which \$20.0 million is considered one-time funding from Bank of North Dakota profits.
- Adds \$45 million of one-time federal funds to ITD to continue funding provided by the 2021 Legislative Assembly for **broadband infrastructure grants**.
- Adds \$148.25 million of one-time federal funds for the **broadband, equity, access, and deployment program**.

ECONOMIC DEVELOPMENT AND WORKFORCE

- The 2021 Legislative Assembly appropriated \$88,276,228 to the Department of Career and Technical Education for the **statewide area career center initiative grant program** during the 2021-23 biennium, of which \$68,276,228 was from the federal Coronavirus Capital Projects Fund and \$20,000,000 was from the federal State Fiscal Recovery Fund. The 2023-25 executive budget recommendation includes authorization for the department to access a \$108,276,228 Bank of North Dakota line of credit for the grant program to be repaid using funding appropriated from the federal Coronavirus Capital Projects Fund (\$68.3 million) and funding made available by the 2025 Legislative Assembly through a deficiency appropriation (\$40 million).
- Provides **\$366.0 million for major economic development and workforce-related programs**, of which \$157.3 million is from the general fund, as follows:

Agency and Program	General Fund	Other Funds	Total
270 - Department of Career and Technical Education			
RURReady career resource network		\$500,000	\$500,000
Grants for school district career advisors	\$3,000,000		3,000,000
Grants to schools for work-based learning coordinators	3,000,000		3,000,000
325 - Department of Health and Human Services			
Child care assistance programs	34,900,000		34,900,000
Best in class program expansion	16,000,000		16,000,000
Early childhood career development grants	2,000,000		2,000,000
Business and operating grants	7,000,000		7,000,000
Public-private business child care program	5,000,000		5,000,000
Nontraditional hours child care pilot program	1,000,000		1,000,000
380 - Job Service North Dakota			
Ex-offender job placement pilot program	640,000		640,000
Temporary foreign agriculture workers program	463,000		463,000
Career and technical education job placement pilot program	390,000		390,000
471 - Bank of North Dakota			
Innovation loan fund transfer		20,000,000	20,000,000
Partnership in assisting community expansion (PACE)		39,000,000	39,000,000
Agriculture PACE		5,000,000	5,000,000
Biofuels PACE		1,000,000	1,000,000
Beginning farmer loan program		15,000,000	15,000,000
601 - Department of Commerce			
Automation grant	10,000,000		10,000,000
Rural revitalization and redevelopment grant	10,000,000		10,000,000

Agency and Program	General Fund	Other Funds	Total
Workforce talent attraction	24,797,060		24,797,060
Rural renewal workforce housing	5,500,000		5,500,000
Destination North Dakota awareness marketing	5,000,000		5,000,000
Workforce investment funding	20,000,000		20,000,000
Volunteer generation fund	278,571	600,000	878,571
Community development grants	800,000		800,000
Automation workforce transition training	5,000,000		5,000,000
Workforce enhancement grant	2,000,000		2,000,000
Destination development		50,000,000	50,000,000
Unmanned aircraft system program		30,000,000	30,000,000
Enhanced use lease grants		7,000,000	7,000,000
North Dakota development fund transfer		30,000,000	30,000,000
602 - Agriculture Commissioner			
North Dakota Trade Office	500,000		500,000
Bioscience innovation grants		5,500,000	5,500,000
Agricultural Products Utilization Commission program		5,110,417	5,110,417
Total	\$157,268,631	\$208,710,417	\$365,979,048

TRANSPORTATION

1. Anticipates **federal highway construction funds** of \$870.1 million and \$400.0 million from state and local matching funds for the 2023-25 biennium compared to \$828.0 million and \$249.3 million respectively for the 2021-23 biennium. The 2023-25 state and local revenues include \$100.0 million from the general fund and \$300.0 million from the strategic investments and improvements fund.
2. Provides \$140 million for a state transportation program, including \$115 million of motor vehicle excise taxes deposited in the highway fund and \$25 million from the general fund.
3. Adds 29 FTE positions and \$5.8 million from the highway fund for snow and ice control operators, fiscal staff, auditors, and driver's license examiners.

ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS AS IDENTIFIED AND RECOMMENDED IN THE 2023-25 EXECUTIVE BUDGET

Ongoing General Fund Resources and Appropriations

Recommended ongoing general fund revenues	\$4,592,112,212 ¹
Less recommended ongoing appropriations	(5,489,362,605)
Excess (shortfall)	(\$897,250,393)
Add transfers to the general fund identified in the executive budget recommendation as ongoing	14,444,424 ²
Shortfall in ongoing general fund resources	(\$882,805,969)
¹ This amount includes \$600 million of oil tax revenues deposited directly in the general fund, \$200 million more than the \$400 million biennial amount approved by the 2021 Legislative Assembly.	
² This amount includes transfers identified as ongoing in the executive budget from:	
Lottery	\$12,600,000
Gas tax administration	<u>1,844,424</u>
Total	\$14,444,424

Identified One-Time General Fund Resources and Related Appropriations

Estimated general fund beginning balance and transfers to the general fund identified as one-time in the executive budget	\$1,667,456,703 ¹
Less recommended one-time general fund appropriations	(374,889,588)
Excess (shortfall)	\$1,292,567,115
Less ongoing general fund resources shortfall	(882,805,969)
Excess (projected ending general fund balance)	\$409,761,146
¹ This amount includes:	
Estimated beginning general fund balance	\$1,267,456,703
Strategic investment and improvements fund transfer	<u>400,000,000</u>
Total	\$1,667,456,703

One-Time General Fund Appropriations Detail

The executive budget recommendation includes the following one-time general fund appropriations:

Agency/Description	One-Time General Fund Appropriation
Governor's office	
Customer relationship management software	\$130,000
Governor transition costs	65,000
Office of Management and Budget (110)	
Accrued leave retirement payouts	74,369
Inflationary increases	18,500
Americans with Disabilities Act compliance study	100,000
Capitol tour enhancements	100,000
State employee leave management software	540,000

Agency/Description	One-Time General Fund Appropriation
Procurement software	2,500,000
Automation upgrades for doors at the Capitol	800,000
Electrical and mechanical repairs	100,000
Steam boiler replacement project	12,000,000
Remodel of the State Office Building	451,000
Capitol grounds landscaping	1,800,000
Capitol space utilization improvements	5,500,000
Central Services software and equipment	215,000
Prairie Public Broadcasting grants	1,792,450
State student internship program	700,000
Information Technology Department (112)	
Department of Public Instruction's Lighthouse project	1,350,000
Universal vulnerability management project	7,132,500
Inflationary information technology increases	2,850,000
Statewide longitudinal data system	1,075,000
State Auditor (117)	
One-time expenses for equipment related to special fund FTE positions	21,000
Travel and professional development inflationary increase	44,000
TeamMate upgrade	45,550
Asset replacement	25,000
Attorney General (125)	
Attorney operating expenses	12,520
Bureau of Criminal Investigation (BCI) cybercrime costs	185,999
Crime Laboratory operating expenses	1,072,338
Medicaid Fraud Control Unit costs	17,318
BCI, Crime Laboratory, and gaming inflationary increases	156,463
Gaming, licensing, and deposit software	177,000
Replacement of BCI vehicles	200,000
Statewide litigation funding pool	4,557,748
Back the blue grants	5,000,000
Tax Commissioner (127)	
GenTax support enhancements	500,000
Legislative Assembly (150)	
Computer and iPad replacement	557,950
Audio and video storage capacity	110,000
Drafting system upgrade	4,816,600
Chamber upgrades	220,000
Legislative Council (160)	
Computer replacement	155,500
Backup servers	120,000
Judicial branch (180)	
Lease payment for blades and disk drives	675,420
Courtroom sound and video presentation equipment	45,000
Courtroom interactive camera and video systems	256,000
Microfiche machine	6,000
Supreme Court copy machines	22,500
District court copy machines	65,500

Agency/Description	One-Time General Fund Appropriation
Folding machine	10,000
Judge chamber and staff office furniture	30,000
Workstation systems	29,000
Replacement desk	5,800
Semipermanent wall	8,500
Ethics Commission (195)	
Education and training coordinator position	1,825
North Dakota University System office (215)	
Behavioral health initiative	3,640,624
Financial aid system	1,554,354
Dakota Digital Academy	450,000
Workforce education innovation grant	10,000,000
State Library (250)	
Maintenance of effort funding	228,635
Leave payouts	40,000
Information technology equipment	43,000
Building upgrades	150,000
School for the Deaf (252)	
Operating inflation	90,085
Department of Environmental Quality (303)	
Chemistry laboratory inflation	116,800
Data system upgrade	71,000
Department of Veterans' Affairs (321)	
Document scanning project	78,000
Nonhighly rural transport van	18,800
Retirement leave payout	19,066
Department of Health and Human Services (325)	
Behavioral health services initiative	36,028,141
Workforce initiatives	7,000,000
Home- and community-based services adjustment	(300,000)
Strategic initiatives	2,250,000
Data assets and modernization	69,558
Operating inflation	10,282,172
Industrial Commission (405)	
Operating expenses for new FTE positions	63,518
Inflationary increases	821,456
Computer server transition	80,000
Core and mineral analyses	100,000
Drones and computers	83,648
Transmission Authority consulting expenses	250,000
Matching funds for a federal electric grid resilience grant	1,372,227
Transfer to the fossil restoration fund	250,000
Public Service Commission (408)	
Shortfall of indirect cost recovery	101,700
Drone	1,800

Agency/Description	One-Time General Fund Appropriation
Highway Patrol (504)	
State Fleet mileage increase	1,706,000
One-time costs for new trooper positions	228,000
Learning management software	30,000
Increased electronic storage costs	13,000
Computer interface and redaction tool licensing	43,000
Field additions	89,000
Narcotic testing devices	52,000
Records management system updates	70,000
Dashboard analytics and research	13,000
Increase in uniform budget	50,000
Increase in equipment funding	318,000
Training academy software	62,000
Increase in travel funding	40,000
Daily activity software enhancements	8,000
Field training management software	5,200
Fargo garage addition	622,000
Increase in ammunition funding	40,000
Commercial motor vehicle crash reconstruction	2,000
Unmanned aerial vehicles	5,000
Truck crash analysis project	5,000
Programming bridge	3,000
Inspection site signage and lighting	8,000
Department of Corrections and Rehabilitation (530)	
Inflationary costs, including food, medical, clothing, and resident payroll	3,478,998
Transitional facility contract inflation	2,759,222
Dakota Women's Correctional and Rehabilitation Center contract increase	2,450,000
Dickinson Adult Detention Center contract for female beds	1,003,434
Staff and resident development and training	100,000
Consultant review of the offender management system	757,000
New cameras	275,000
Maintenance and extraordinary repairs	4,000,000
Equipment	1,645,800
Adjutant General (540)	
State Radio console replacement	300,000
Retirement payouts	100,000
Dickinson readiness center	300,000
Minot hangar purchase	60,000
Commerce Department (601)	
Rural workforce housing grants	5,500,000
Workforce talent attraction initiative	24,797,060
Tourism awareness marketing	5,000,000
Workforce investment grant program	20,000,000
Automation workforce transition training grant	5,000,000
Main Street Initiative community development grants	800,000
AmeriCorps volunteer generation fund grant program	278,571
Technical skills training grant program	2,000,000

Agency/Description	One-Time General Fund Appropriation
Automation grants	10,000,000
Rural revitalization and redevelopment grants	10,000,000
Agriculture Commissioner (602)	
North Dakota Trade Office	500,000
Upper Great Plains Transportation Institute (627)	
Transportation data intelligence center	432,600
State Historical Society (701)	
Operating expense inflationary costs	120,795
Geographic information system remote access and upgrade	225,000
Digital interactive initiative	425,000
Newspaper preservation	236,044
Medora site planning	150,000
America's 250 th celebration	1,000,000
Council on the Arts (709)	
New FTE administrative assistant one-time costs	2,500
Leave payout for retiring staff	106,430
Strategic planning consultant	40,000
Arts across the prairie initiative	100,000
Information technology equipment	10,000
Department of Transportation	
Federal matching funds	100,000,000
State transportation fund	25,000,000
Roadway information management system project	6,250,000
Door security	865,000
Automated vehicle location	2,010,000
Total	\$374,889,588

EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION

In addition to general agency budget recommendations and elected officials' salary increases, the following recommendations included in the executive budget require statutory changes or other action by the Legislative Assembly in 2023 to implement:

TRANSFERS TO THE GENERAL FUND

- Provides for a transfer of \$400 million from the **strategic investment and improvements fund** to the general fund. (Bill pending)
- Removes a transfer of \$140 million from **Bank of North Dakota profits** to the general fund, which is included in the base revenues as an ongoing revenue source. (Would be removed from House Bill No. 1014)
- Would suspend a transfer of 50 percent of the Mill and Elevator profits to the general fund by providing an exemption to North Dakota Century Code Section 54-18-19. (Would be added to House Bill No. 1014)

SPECIAL FUNDS TRANSFERS

- Provides for a transfer of \$200 million from the **tax relief fund** to the human service finance fund. (Would be added to Senate Bill No. 2015)
- Provides for transfers totaling \$500 million from the strategic investment and improvements fund to the clean sustainable energy fund, including a transfer of \$250 million prior to the end of the 2021-23 biennium and a transfer of \$250 million during the 2023-25 biennium. (Would be added to Senate Bill No. 2015)

LEGACY FUND EARNINGS

- **Legacy earnings fund allocations** - Amends Section 21-10-13, relating to the allocation of legacy fund earnings for projects and programs, to provide allocations based on percentages rather than dollar amounts and to return any earnings exceeding the percent of market value calculation to the legacy fund to become part of principal. (Would be added to Senate Bill No. 2015)

BUDGET STABILIZATION FUND BALANCE

- Amends Section 54-27.2-01 to **reduce the maximum balance of the budget stabilization fund** from 15 percent to an amount equal to 15 percent of the most recent ongoing general fund budget excluding state school aid appropriations, and provide for a transfer of \$117.8 million from the budget stabilization fund to the general fund. (Would be added to Senate Bill No. 2015)

TAX AND FEE CHANGES

- **Individual income tax** - Amends Section 57-38-30.3 exempting taxable income in the first tax bracket from taxation and by implementing a flat tax rate of 1.5 percent for all taxable income exceeding the first tax bracket. (Bill pending)
- **Automation tax credit** - Amends Section 57-38-01.36 increasing the aggregate automation tax credit from \$1 million per year to \$2.5 million per year. (Bill pending)
- **Motor vehicle excise tax** - Amends Section 57-40.3-10 to deposit a portion of the motor vehicle excise tax collections in the highway fund rather than the general fund, including 25 percent of the collections in fiscal year 2024 and 50 percent of the collections in fiscal year 2025. (Would be added to Senate Bill No. 2015)

DEPARTMENT OF ENVIRONMENTAL QUALITY

- **Environmental quality restoration fund** - Amends Sections 23.1-10-02 and 23.1-10-05, relating to the environmental quality restoration fund and fund revenue, to remove the balance requirement in the environmental quality restoration fund to receive deposits and to provide if, on the 1st day of July in any year, the amount of uncommitted or unrestricted money in the environmental quality restoration fund is more than \$5 million, the amount in excess of \$5 million must be transferred to the general fund. (Would be added to House Bill No. 1024)

OIL TAX REVENUE ALLOCATIONS

- **Deposits in the general fund** - Amends Section 57-51.1-07.5 to increase the amount of the state share of oil and gas tax deposits in the general fund from \$400 million to \$600 million. (Would be added to Senate Bill No. 2015)
- **North Dakota outdoor heritage fund** - Limits oil and gas tax allocations to \$7.5 million per fiscal year rather than \$20 million per fiscal year. (Would be added to House Bill No. 1014)
- **Oil and gas research fund** - Increases allocations from \$10 million per biennium to \$14.5 million per biennium. (Would be added to House Bill No. 1014)

OFFICE OF MANAGEMENT AND BUDGET

- **Capitol building fund continuing appropriation limit** - Amends Section 48-10-02 increasing the amount available from the Capitol building fund as a continuing appropriation to the Capitol Grounds Planning Commission from \$250,000 to \$750,000. (Would be added to Senate Bill No. 2015)

- **Capitol Grounds Planning Commission** - Amends Section 54-21-24.1, creates a new section in Chapter 48-10, and repeals Section 54-44.4-02 to provide a continuing appropriation to the Capitol Grounds Planning Commission for space utilization studies and improvements at the Capitol and to authorize the commission to establish policies for space allocations in the Capitol. (Would be added to Senate Bill No. 2015)
- **Capitol rental program** - Amends Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by agencies receiving general fund appropriations. (Would be added to Senate Bill No. 2015)
- **Facility management operating fund** - Amends Section 54-44-11 to authorize the Office of Management and Budget to create an operating fund with a continuing appropriation for facility management operations. (Would be added to Senate Bill No. 2015)
- **Exempt commodities report to Budget Section** - Repeals Section 54-44.4-02.2 relating to a report to Budget Section on exempt commodities and services. (Would be added to Senate Bill No. 2015)

ELEMENTARY AND SECONDARY EDUCATION

- **On-time enrollment** - Amends Section 15.1-27-03.1 to provide school districts receive an additional payment for increases in fall enrollment compared to the prior year's average daily membership.
- **Per student payment rate** - Amends Section 15.1-27-04.1 to increase integrated formula payment rates to provide \$10,646 in the 1st year and \$10,965 in the 2nd year of the 2023-25 biennium, an increase of 4 percent in the 1st year and 3 percent in the 2nd year of the biennium. (Would be added to Senate Bill No. 2013)
- **Transition maximum adjustment** - Amends Section 15.1-27-04.1 to eliminate transition maximum adjustments to bring school districts receiving less than the per student payment rate onto the formula. Current statute provides the transition maximum adjustment will be phased out over 5 years beginning with the 2023-24 school year. (Would be added to Senate Bill No. 2013)
- **State school aid local revenue deduction** - Amends Section 15.1-27-04.1 to provide local revenues deducted in the state school aid formula are reduced by the percentage of mills levied in 2022 for sinking and interest relative to the total mills levied in 2022 by the school district for all purposes. (Would be added to Senate Bill No. 2013)
- **Career academies line of credit** - Requires the Bank of North Dakota to extend a \$108.3 million line of credit to the Department of Career and Technical Education for the purpose of constructing career academies. The line of credit would be repaid from funds appropriated by the 2021 Legislative Assembly from the federal Coronavirus Capital Projects Fund (\$68.3 million)

and a deficiency appropriation to be requested from the 2025 Legislative Assembly (\$40 million). (Would be added to House Bill No. 1019)

HIGHER EDUCATION

- **Funding formula rate** - Amends Section 15-18.2-05 to adjust the student credit-hour funding rates for the higher education funding formula. (Would be added to House Bill No. 1003)
- **Higher education challenge grant program** - Amends Sections 15-10-48 and 15-10-49 and repeals section 15-10-48.1 to continue the higher education challenge grant program into the 2023-25 biennium with no funding allocated to the University of North Dakota School of Law. (Would be added to House Bill No. 1003)

INDUSTRIAL COMMISSION

- **Mill and Elevator Association gain sharing** - Provides an exemption allowing the gain sharing program under Section 54-18-19 to be approved without a transfer of mill profits to the general fund. (Would be added to House Bill No. 1014)
- **Economic development programs** - Transfers \$60 million of Bank of North Dakota profits for economic development programs, including the partnership in assisting community expansion (PACE) (\$39 million), Ag PACE (\$5 million), Biofuels PACE (\$1 million), and the beginning farmer revolving loan fund (\$15 million). (Would be added to House Bill No. 1014)
- **Agricultural products utilization fund** - Transfers \$3 million of Bank of North Dakota profits to the agricultural products utilization fund. (Would be added to House Bill No. 1014)
- **Statewide interoperable radio network** - Transfers \$20 million of Bank of North Dakota profits to the statewide interoperable radio network (SIRN) fund for the SIRN project. (Would be added to House Bill No. 1021)

HUMAN SERVICES

- **Children's health insurance program eligibility** - Amends Section 50-29-04 to increase the eligibility of the children's health insurance program to 210 percent of the federal poverty level. (Would be added to Senate Bill No. 2012)
- **Autism voucher** - Repeals Section 50-06-32 to eliminate the autism voucher program. (Would be added to Senate Bill No. 2012)

OTHER

- **Retirement plan transfer** - Provides a 2021-23 biennium transfer of \$250 million from the general fund to the Public Employees Retirement System fund to reduce the main system defined benefit retirement plan unfunded liability. (Bill pending)

- **Retirement plan** - Amends Chapter 54-52 relating to the closure of the main system defined benefit retirement plan. (Bill pending)
- **Health plan option** - Amends Chapter 54-52.1 relating to an additional health plan option for state employees. (Bill pending)
- **Commission on Legal Counsel for Indigents** - Amends Sections 29-07-01.1 and 54-44.1-11 to allow for the carryover of a portion of general fund turnback. (Would be added to House Bill No. 1022)
- **Judicial branch** - Amends Section 27-09.1-14 to provide for a 100 percent increase in juror compensation. (Would be added to House Bill No. 1002)
- **Historical Society** - Amends Sections 55-03-01 and 55-03-01.1 relating to permit requirements and fees to investigate, excavate, or otherwise record cultural resources on land owned by an instrumentality of the state and to excavate cultural resources on private land. (Would be added to Senate Bill No. 2018)
- **Attorney General refund fund** - Would allow the Attorney General to retain the balance in the Attorney General refund fund at the end of the 2021-23 biennium rather than the balance being transferred to the general fund. (Would be added to Senate Bill No. 2003)
- **Statewide litigation funding pool** - Provides for the Attorney General to transfer funds from the statewide litigation funding pool, of which \$4,557,748 is from the general fund and \$442,252 is from the gaming and excise tax allocation fund, to eligible state agencies for litigation expenses during the 2023-25 biennium. (Would be added to Senate Bill No. 2003)
- **Lottery operating fund transfers** - Amends Section 53-12.1-09 to increase transfers from the lottery operating fund to the multijurisdictional drug task force grant fund from \$200,000 to \$250,000 each quarter. (Would be added to Senate Bill No. 2003)

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	\$6,879.67	\$739.39 ¹⁴	10.8%
2015-17	\$5,687.29 ¹⁵	\$65.00 ¹⁶	1.1%
2017-19	\$4,310.26	\$65.00 ¹⁷	1.5%
2019-21	\$4,965.10	\$1,122.35	22.6%
2021-23	\$5,010.46	\$1,267.46 (estimate) ¹⁸	25.3%
2023-25 Recommended	\$5,864.25 ¹⁹	\$409.76 (estimate)	7.0%

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

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

³The 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.

⁴In 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.

⁵In 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.

⁶The 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.

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

⁸In 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.

⁹In 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.

¹⁰In 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.

¹¹In 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.

¹²This 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.

¹³In 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.

¹⁴Pursuant 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. Based on the original 2015-17 biennium general fund appropriations of \$6,046,162,678, there was no transfer to the budget stabilization fund at the end of the 2013-15 biennium.

¹⁵This amount reflects the 2015-17 original appropriations of \$6,046.16 million less \$359.49 million of general fund appropriations reduced by the Legislative Assembly during the August 2016 special legislative session. The amount also reflects \$617,010 provided by the 2017 Legislative Assembly to the Department of Human Services for rate rebasing and substance use vouchers.

¹⁶This amount reflects certain transfers to the general fund approved by the Legislative Assembly during the August 2016 special legislative session, including a \$572.5 million transfer from the budget stabilization fund, a \$155.0 million transfer from the strategic investment and improvements fund, and a \$100 million transfer from the Bank of North Dakota. In addition to the amount shown, \$32.2 million was transferred to the budget stabilization fund. Pursuant to Section 54-27.2-02, any amount in the general fund in excess of \$65.0 million at the end of the biennium must be transferred to the budget stabilization fund.

¹⁷Pursuant to Section 54-27.2-02, any amount in the general fund in excess of \$65.0 million at the end of the biennium must be transferred to the budget stabilization fund.

¹⁸The amount shown reflects the estimated 2021-23 biennium general fund ending balance as included in the 2023-25 executive budget. Pursuant to Section 54-27.2-02, any amount in the general fund in excess of \$65.0 million at the end of the biennium must be transferred to the budget stabilization fund except that, pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 15 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly. The budget stabilization fund is anticipated to reach its statutory balance limitation of \$751.57 million based on the 2021-23 biennium general fund appropriation of \$5,010.46 million, resulting in the 2021-23 biennium estimated ending balance of the general fund being greater than the \$65 million threshold established in Section 54-27.2-02.

¹⁹The amount shown reflects recommended general fund appropriations for the 2023-25 biennium.

SECTION B - REVENUES

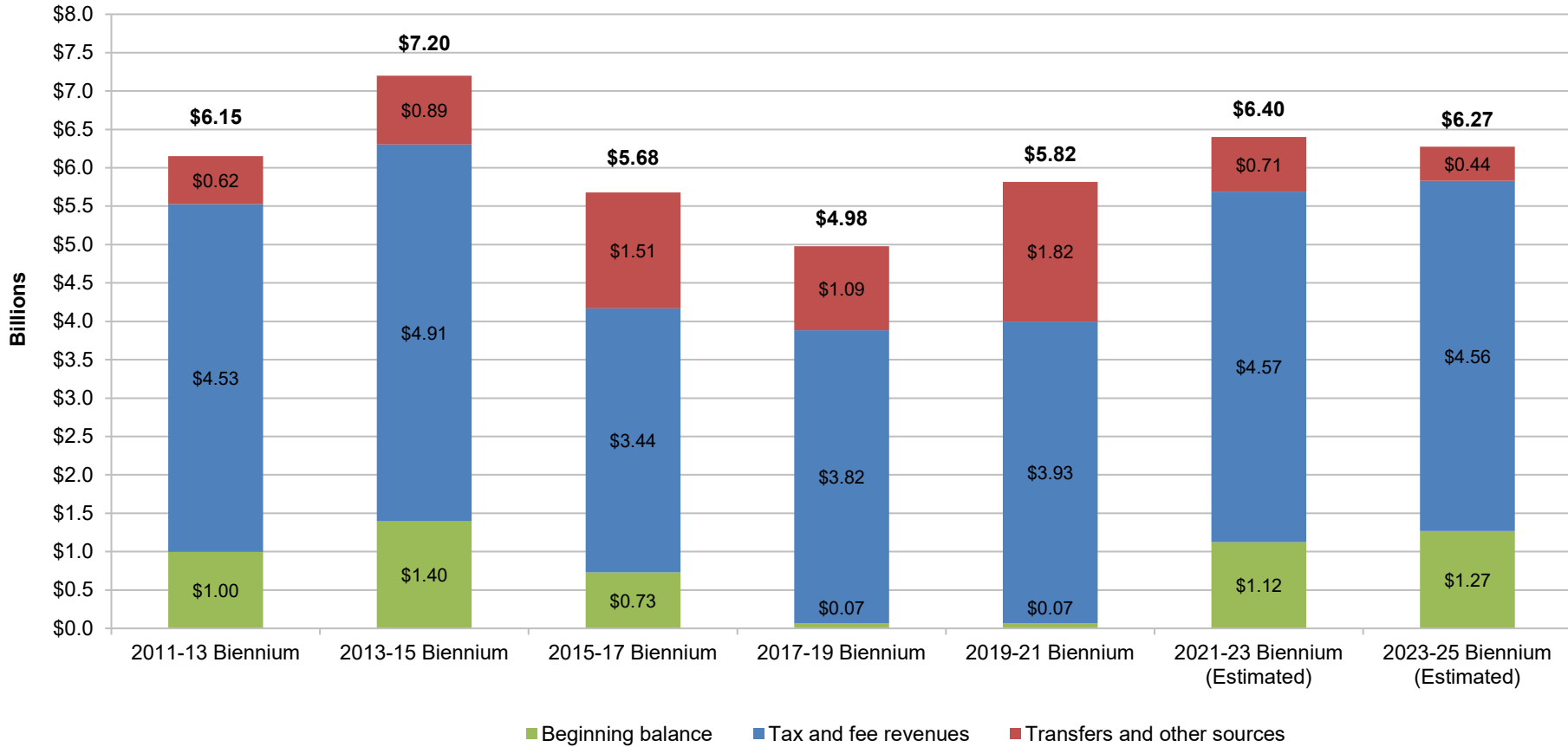
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GENERAL FUND REVENUE SUMMARY

TOTAL GENERAL FUND REVENUES

Based on the December 2022 executive budget revenue forecast, total 2023-25 biennium general fund revenues, including the beginning balance, tax and fee revenues, and transfers and other sources are estimated to be \$6.27 billion, which is \$126 million, or 2.0 percent, less than the total 2021-23 biennium revised estimated revenues of \$6.40 billion.

The following is a summary of revenues for the 2011-13 through 2023-25 bienniums:



	Actual					Estimated	
	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium
Beginning balance	\$996,832,711	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000	\$1,122,353,345	\$1,267,456,703
Tax and fee revenues	4,530,367,522	4,906,838,449	3,437,604,096	3,818,087,697	3,931,123,045	4,567,950,199	4,563,752,084
Transfers and other sources	625,487,038	894,959,058	1,511,601,317	1,095,360,965	1,820,781,277	709,915,497	442,804,552
Total	\$6,152,687,271	\$7,197,856,693	\$5,678,734,802	\$4,978,448,662	\$5,816,904,322	\$6,400,219,041	\$6,274,013,339

2023-25 BIENNIUM MAJOR REVENUE CHANGES AND KEY ECONOMIC ASSUMPTIONS

GENERAL FUND REVENUE

The 2023-25 biennium general fund tax and fee revenue collections are projected to decrease by 0.1 percent, or \$4.2 million, compared to the 2021-23 biennium revised revenue forecast. Compared to the November 2021 legislative revenue forecast (special session forecast), the 2023-25 biennium general fund tax and fee revenue collections are projected to increase by 30.1 percent, or \$1,055.3 million.

Major General Fund Tax and Fee Revenue Changes

Sales and Use Tax Collections

- Sales and use tax collections are projected to increase by \$170.6 million, or 8.2 percent, compared to the 2021-23 biennium revised revenue forecast.

Motor Vehicle Excise Tax Collections

- Motor vehicle excise tax collections are projected to decrease by \$92.2 million, or 30.6 percent, compared to the 2021-23 biennium revised revenue forecast. The executive budget recommends transferring an estimated \$125.8 million of motor vehicle excise tax collections from the general fund to the highway fund, including 25 percent of the collections in fiscal year 2024 and 50 percent of the collections in fiscal year 2025.

Individual Income Tax Collections

- Individual income tax collections are projected to decrease by 28.5 percent, or \$258.7 million, compared to the 2021-23 biennium revised revenue forecast. The executive budget recommends exempting taxable income in the first tax bracket from taxation and by implementing a flat tax rate of 1.5 percent for all taxable income exceeding the first tax bracket. This recommendation is estimated to provide \$500 million of individual income tax relief for the 2023-25 biennium. The executive budget recommends expanding an automation tax credit, which would decrease individual income tax collections by an estimated \$2 million.

Corporate Income Tax Collections

- Corporate income tax collections are projected to increase by 1.8 percent, or \$8.9 million, compared to the 2021-23 biennium revised revenue forecast. The executive budget recommends expanding an automation tax credit, which would decrease corporate income tax collections by an estimated \$3 million.

Oil and Gas Tax Revenue Collections

- The executive budget recommends increasing the allocation of oil and gas tax revenue collections to the general fund by \$200 million, from \$400 million to \$600 million for the 2023-25 biennium.

Major Transfers to the General Fund Changes

Bank of North Dakota and Mill and Elevator Association Profit Transfers

- The executive budget recommends suspending the transfer of Bank of North Dakota profits to the general fund for the 2023-25 biennium, resulting in a decrease of \$140 million compared to the 2021-23 biennium revised revenue forecast.
- The executive budget recommends suspending the transfer of Mill and Elevator profits to the general fund for the 2023-25 biennium, resulting in a decrease of \$14.7 million compared to the 2021-23 biennium revised revenue forecast.

Strategic Investment and Improvements Fund Transfer

- The executive budget includes a transfer of \$400 million from the strategic investment and improvements fund to the general fund, a decrease of \$10 million compared to the 2021-23 biennium.

Budget Stabilization Fund Transfer

- Prior to the end of the 2021-23 biennium, the executive budget recommends transferring \$117.8 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 percent of the general fund budget to 15 percent of the ongoing general fund budget excluding funding for state school aid.

Ongoing and One-Time General Fund Revenues

The 2023-25 biennium general fund revenues of \$6,274 million reflect ongoing revenues of \$4,607 million and one-time revenues of \$1,667 million. Ongoing revenues include tax and fee revenues (\$4,564 million) and the transfers from the lottery (\$13 million), the gas tax administration (\$2 million), and the interest from the budget stabilization fund (\$28 million). One-time revenues include the beginning balance (\$1,267 million) and a transfer from the strategic investment and improvements fund (\$400 million).

As a comparison, the 2021-23 biennium revised general fund revenues of \$6,400 million reflect ongoing revenues of \$4,737 million and one-time revenues of \$1,663 million. Ongoing revenues included tax and fee revenues (\$4,568 million) and the transfers from Bank of North Dakota profits (\$140 million), Mill and Elevator Association profits (\$15 million), the lottery (\$12 million), and the gas tax administration (\$2 million). One-time revenues included the beginning balance (\$1,122 million) and transfers from the strategic investment and improvements fund (\$410 million), the budget stabilization fund (\$118 million), and miscellaneous sources (\$13 million).

LEGACY FUND EARNINGS

Pursuant to North Dakota Century Code Section 21-10-13, legacy fund earnings are transferred to a legacy earnings fund at the end of each biennium, and the amount available for spending in the subsequent biennium is calculated using 7 percent of the 5-year average balance of the legacy fund. From the amount available for spending, the first \$150 million is transferred to a legacy sinking and interest fund for bond payments and a transfer to the Public Employees Retirement System (PERS) main system plan, the next \$60 million is transferred to the highway tax distribution fund, and the remaining amounts are available for other legislative initiatives, including tax relief, the clean sustainable energy authority, the innovation loan fund, workforce development, and university research. If the actual earnings exceed the amount available for spending, some of the excess earnings are held in reserve for future bond payments, up to \$100 million is transferred back to the legacy fund principal, and the remainder is transferred to the strategic investment and improvements fund.

The executive budget projects legacy fund earnings will total \$680 million for the 2021-23 biennium and uses the current law percent of market value calculation. Based on the executive budget recommendation, \$486 million is available for spending in the 2023-25 biennium, including allocations of 14 percent (\$68 million) for community and workforce development, 20 percent (\$96 million) for legacy projects, 31 percent (\$150 million) for bond payments and a transfer to the PERS main system plan, and 35 percent (\$172 million) for economic development and research. The executive budget recommends that any earnings exceeding the percent of market value calculation be retained in the legacy fund.

In the executive budget, each allocation designates funding for specific projects or programs, including bond payments (\$102 million), the PERS main system plan (\$48 million), the housing incentive fund (\$25 million), child care initiatives (\$13 million), the North Dakota development fund (\$30 million), clean sustainable energy grants (\$50 million), the innovation loan fund (\$20 million), higher education challenge grants (\$50 million), energy sector scholarships (\$10 million), energy research grants (\$5 million), unmanned aircraft systems development (\$37 million), tourism development grants (\$50 million), a military museum (\$20 million), state park cabins (\$9 million), state park campground improvements (\$8 million), and a Camp Grafton training center (\$9 million).

OIL AND GAS TAX REVENUE

Oil and gas tax collections are projected to decrease by \$755 million, from \$6,013 million in the 2021-23 biennium to \$5,258 million in the 2023-25 biennium, based on the December 2022 executive budget revenue forecast.

The executive budget recommends increasing the allocation to the general fund to \$600 million (\$400 million per biennium under current law).

Oil Production and Prices

- Oil production in September 2022 averaged 1.12 million barrels per day. Oil production is projected at 1.1 million barrels per day through the end of the 2021-23 biennium and through the entire 2023-25 biennium.
- North Dakota oil prices averaged \$83 per barrel in November 2022, which reflects the average of the West Texas Intermediate price (\$84) and the Flint Hills Resources price (\$82). North Dakota oil prices are projected to decrease from \$80 to \$75 per barrel for the remainder of the 2021-23 biennium. For the 2023-25 biennium, North Dakota oil prices are projected to be \$70 per barrel in the 1st year and \$65 per barrel in the 2nd year of the biennium.

**2023-25 BIENNIUM DECEMBER 2022 EXECUTIVE BUDGET REVENUE FORECAST
COMPARED TO THE 2021-23 BIENNIUM SPECIAL SESSION AND REVISED REVENUE FORECASTS**

General Fund Revenue Source	2021-23 Biennium			2023-25 Biennium				
	Special Session Legislative Revenue Forecast ¹	Increase (Decrease) from Special Session to Revised	Revised Revenue Forecast	Increase (Decrease) December 2022 Revenue Forecast Compared to 2021-23 Revised Forecast		December 2022 Revenue Forecast	Total Increase (Decrease) December 2022 Revenue Forecast Compared to 2021-23 Special Session Forecast	
				Amount	Percentage		Amount	Percentage
Beginning balance	\$1,122,353,345 ²	\$0	\$1,122,353,345 ²	\$145,103,358	12.9%	\$1,267,456,703 ³	\$145,103,358	12.9%
Tax and fee revenues								
Sales and use tax	\$1,765,334,000	\$304,852,286	\$2,070,186,286	\$170,553,679	8.2%	\$2,240,739,965	\$475,405,965	26.9%
Motor vehicle excise tax	260,864,000	39,895,073	300,759,073	(92,153,067)	(30.6%)	208,606,006 ⁴	(52,257,994)	(20.0%)
Individual income tax	570,400,000 ⁵	338,056,440	908,456,440 ⁵	(258,709,963)	(28.5%)	649,746,477 ⁵	79,346,477	13.9%
Corporate income tax	207,000,000	276,718,299	483,718,299	8,939,219	1.8%	492,657,518 ⁶	285,657,518	138.0%
Oil and gas taxes	400,000,000	0	400,000,000 ⁷	200,000,000	50.0%	600,000,000 ⁷	200,000,000	50.0%
Cigarette and tobacco tax	43,775,200	2,465,844	46,241,044	(1,394,499)	(3.0%)	44,846,545	1,071,345	2.4%
Insurance premium tax	101,573,801	25,225,943	126,799,744	5,699,634	4.5%	132,499,378	30,925,577	30.4%
Departmental collections	78,075,658	(1,325,534)	76,750,124	(1,302,434)	(1.7%)	75,447,690	(2,627,968)	(3.4%)
Other revenues	81,424,920	73,614,269	155,039,189	(35,830,684)	(23.1%)	119,208,505	37,783,585	46.4%
Total tax and fee revenues	\$3,508,447,579	\$1,059,502,620	\$4,567,950,199	(\$4,198,115)	(0.1%)	\$4,563,752,084	\$1,055,304,505	30.1%
Transfers and other sources								
Transfer - Bank of North Dakota profits	\$140,000,000	\$0	\$140,000,000 ⁸	(\$140,000,000)	(100.0%)	\$0 ⁸	(\$140,000,000)	(100.0%)
Transfer - Mill and Elevator Association profits	15,500,000	(778,050)	14,721,950 ⁹	(14,721,950)	(100.0%)	0 ⁹	(15,500,000)	(100.0%)
Transfer - Lottery	14,600,000	(2,200,000)	12,400,000	200,000	1.6%	12,600,000	(2,000,000)	(13.7%)
Transfer - Gas tax administration	1,873,744	0	1,873,744	(29,320)	(1.6%)	1,844,424	(29,320)	(1.6%)
Transfer - Budget stabilization fund (Interest)	30,000,000	(30,000,000)	0	28,360,128	N/A	28,360,128	(1,639,872)	(5.5%)
Transfer - Strategic investment and improvements fund	410,000,000	0	410,000,000	(10,000,000)	(2.4%)	400,000,000	(10,000,000)	(2.4%)
Transfer - Budget stabilization fund	0	117,776,384	117,776,384 ¹⁰	(117,776,384)	(100.0%)	0	0	N/A
Transfer - Other	0	13,143,419	13,143,419	(13,143,419)	(100.0%)	0	0	N/A
Total transfers and other sources	\$611,973,744	\$97,941,753	\$709,915,497	(\$267,110,945)	(37.6%)	\$442,804,552	(\$169,169,192)	(27.6%)
Total general fund revenues	\$5,242,774,668	\$1,157,444,373	\$6,400,219,041	(\$126,205,702)	(2.0%)	\$6,274,013,339	\$1,031,238,671	19.7%

¹ These amounts reflect legislative estimates prepared at the close of the November 2021 special legislative session.

² These amounts reflect the actual July 1, 2021, unobligated balance.

³ This amount reflects \$169.7 million of estimated unspent 2021-23 appropriation authority and \$42.0 million of deficiency appropriations based on the December 2022 executive budget recommendation.

⁴ The executive budget recommends transferring an estimated \$125.8 million of motor vehicle excise tax collections from the general fund to the highway fund, including 25 percent of the collections in fiscal year 2024 and 50 percent of the collections in fiscal year 2025.

⁵ The 2021-23 biennium includes estimated income tax relief of \$211 million related to an income tax credit in House Bill No. 1515 (2021). The executive budget includes estimated individual income tax relief of \$500 million by exempting taxable income in the first tax bracket from taxation and by implementing a flat tax rate of 1.5 percent for all taxable income exceeding the first tax bracket. The executive budget recommends expanding an automation tax credit, which would decrease individual income tax collections by an estimated \$2 million.

⁶ The executive budget recommends expanding an automation tax credit, which would decrease corporate income tax collections by an estimated \$3 million.

⁷ The amounts shown for the oil and gas tax revenue collections for the 2021-23 and 2023-25 bienniums reflect the December 2022 executive budget assumptions for oil price and oil production. The executive budget recommends changing the oil and gas tax allocation formulas for the 2023-25 biennium, including an increase in the allocation to the general fund from \$400 million to \$600 million.

⁸ Senate Bill No. 2014 (2021) provided for a transfer of \$140 million from Bank of North Dakota profits to the general fund for the 2021-23 biennium. The December 2022 executive budget recommends suspending the transfer for the 2023-25 biennium.

⁹ Pursuant to North Dakota Century Code Section 54-18-19, 50 percent of the Mill and Elevator Association profits are transferred to the general fund. The December 2022 executive budget revenue forecast recommends suspending the transfer of Mill and Elevator Association profits for the 2023-25 biennium.

¹⁰ The December 2022 executive budget includes a transfer of \$117.8 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 percent of the general fund budget to 15 percent of the ongoing general fund budget excluding funding for state school aid.

GENERAL FUND REVENUES FROM THE 2017-19 BIENNIUM TO THE 2023-25 BIENNIUM

General Fund Revenue Source	Actual		Estimated ¹		2023-25 Biennium Increase (Decrease) Compared to the 2021-23 Biennium	
	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	Amount	Percentage
Tax and fee revenues						
Sales and use tax	\$1,786,479,717	\$1,823,991,775	\$2,070,186,286	\$2,240,739,965	\$170,553,679	8.2%
Motor vehicle excise tax	239,039,038	259,690,121	300,759,073	208,606,006 ²	(92,153,067)	(30.6%)
Individual income tax	778,054,899	817,553,868	908,456,440 ³	649,746,477 ³	(258,709,963)	(28.5%)
Corporate income tax	240,106,623	238,409,986	483,718,299	492,657,518 ⁴	8,939,219	1.8%
Oil and gas taxes	400,000,000 ⁵	400,000,000 ⁵	400,000,000 ⁵	600,000,000 ⁵	200,000,000	50.0%
Coal conversion tax	44,572,709	42,665,908	0	0	0	N/A
Cigarette and tobacco tax	52,381,863	49,907,878	46,241,044	44,846,545	(1,394,499)	(3.0%)
Wholesale liquor tax	17,768,453	18,727,698	19,812,374	20,268,633	456,259	2.3%
Gaming tax	9,156,498	30,860,614	36,801,316	37,300,000	498,684	1.4%
Insurance premium tax	115,544,049	102,357,095	126,799,744	132,499,378	5,699,634	4.5%
Departmental collections	81,466,893	89,199,565	76,750,124	75,447,690	(1,302,434)	(1.7%)
Interest income	11,319,365	16,595,489	13,992,750	1,639,872	(12,352,878)	(88.3%)
Mineral leasing fees	42,197,590	41,163,048	84,432,749	60,000,000	(24,432,749)	(28.9%)
Total tax and fee revenues	\$3,818,087,697	\$3,931,123,045	\$4,567,950,199	\$4,563,752,084	(\$4,198,115)	(0.1%)
Transfers and other sources						
Transfer - Bank of North Dakota profits	\$140,000,000 ⁶	\$140,000,000 ⁶	\$140,000,000 ⁶	\$0 ⁶	(\$140,000,000)	(100.0%)
Transfer - Mill and Elevator Association profits	17,677,472 ⁸	11,817,493 ⁸	14,721,950 ⁸	0 ⁸	(14,721,950)	(100.0%)
Transfer - Lottery	15,900,000	10,400,000	12,400,000	12,600,000	200,000	1.6%
Transfer - Gas tax administration	2,016,120	1,991,418	1,873,744	1,844,424	(29,320)	(1.6%)
Transfer - Budget stabilization fund (Interest)	0	5,944,245	0	28,360,128	28,360,128	N/A
Transfer - Legacy fund	455,263,216	871,687,384	0 ⁹	0 ⁹	0	N/A
Transfer - Strategic investment and improvements fund	248,000,000	764,400,000	410,000,000	400,000,000	(10,000,000)	(2.4%)
Transfer - Tax relief fund	183,000,000	8,600,000	0	0	0	N/A
Transfer - Budget stabilization fund	0 ¹⁰	0	117,776,384	0 ¹⁰	(117,776,384)	(100.0%)
Transfer - Research North Dakota fund	4,000,000	422,544	0	0	0	N/A
Transfer - Insurance tax distribution fund	475,000	0	0	0	0	N/A
Transfer - Other	1,154,157	5,518,193	13,143,419	0	(13,143,419)	(100.0%)
Other - Political subdivision oil tax distributions	2,875,000	0	0	0	0	N/A
Other - Western Area Water Supply Authority loan refinance	25,000,000	0	0	0	0	N/A
Total transfers and other sources	\$1,095,360,965	\$1,820,781,277	\$709,915,497	\$442,804,552	(\$267,110,945)	(37.6%)
Total general fund revenues	\$4,913,448,662	\$5,751,904,322	\$5,277,865,696	\$5,006,556,636	(\$271,309,060)	(5.1%)

¹ These amounts reflect the December 2022 executive budget revenue forecast.

² The executive budget recommends transferring an estimated \$125.8 million of motor vehicle excise tax collections from the general fund to the highway fund, including 25 percent of the collections in fiscal year 2024 and 50 percent of the collections in fiscal year 2025.

³ The 2021-23 biennium includes estimated income tax relief of \$211 million related to an income tax credit in House Bill No. 1515 (2021). The executive budget includes estimated individual income tax relief of \$500 million by exempting taxable income in the first tax bracket from taxation and by implementing a flat tax rate of 1.5 percent for all taxable income exceeding the first tax bracket. The executive budget recommends expanding an automation tax credit, which would decrease individual income tax collections by an estimated \$2 million.

⁴ The executive budget recommends expanding an automation tax credit, which would decrease corporate income tax collections by an estimated \$3 million.

⁵ In House Bill No. 1451 (2011), the Legislative Assembly created a new section to Chapter 57-51.1 to allocate the state's share of oil and gas tax revenues to various state funds. The Legislative Assembly, in House Bill No. 1015 (2021), amended the section to change the allocations. Based on the changes approved by the 2021 Legislative Assembly, the section provides for the state's share to be allocated as follows in the 2023-25 biennium:

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

The next \$200 million is deposited in the tax relief fund;

The next \$75 million is deposited in the budget stabilization fund, but not in an amount that would cause the balance of the fund to exceed its statutory limit;

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

The next \$10 million is deposited in the lignite research fund;

The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would cause the unobligated balance of the fund to exceed \$20 million;

The next \$400 million is deposited in the strategic investment and improvements fund;

The next \$230 million is deposited in the municipal infrastructure fund and the county and township infrastructure fund with 50 percent deposited in each fund;

The next \$20 million is deposited in the airport infrastructure fund; and

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

Based on the December 2022 executive budget, the state's share of oil and gas tax collections are estimated to be \$1,784 million for the 2021-23 biennium, including allocations of \$400 million to the general fund, \$200 million to the tax relief fund, \$10 million to the budget stabilization fund, \$10 million to the lignite research fund, \$15 million to the state disaster relief fund, \$115 million to the municipal infrastructure revolving loan fund, \$115 million to the county and township infrastructure fund, \$20 million to the airport infrastructure fund, and \$899 million to the strategic investment and improvements fund.

The December 2022 executive recommendation changes the allocation of the state's share of oil and gas tax revenues to increase the general fund share to \$600 million. Based on the executive budget, the state's share of oil and gas tax collections are estimated to be \$1,557 million for the 2023-25 biennium, including allocations of \$600 million to the general fund, \$200 million to the tax relief fund, \$10 million to the lignite research fund, \$3 million to the state disaster relief fund, \$115 million to the municipal infrastructure fund, \$115 million to the county and township infrastructure fund, \$20 million to the airport infrastructure fund, and \$494 million to the strategic investment and improvements fund.

⁶ Senate Bill No. 2014 (2017), House Bill No. 1014 (2019), and Senate Bill No. 2014 (2021) provided for a transfer of \$140 million from Bank of North Dakota profits to the general fund for the 2017-19, 2019-21, and 2021-23 bienniums. The December 2022 executive budget recommends suspending the transfer of Bank of North Dakota profits to the general fund for the 2023-25 biennium.

⁸ 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 2017-19 biennium reflects a transfer of 75 percent of the Mill and Elevator profits pursuant to changes approved by the 2017 Legislative Assembly. The amounts shown for the 2019-21 and 2021-23 bienniums reflect a transfer of 50 percent of the Mill and Elevator profits. The December 2022 executive budget recommends suspending the transfer of Mill and Elevator profits to the general fund for the 2023-25 biennium.

⁹ Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium. In House Bill No. 1380 (2021), the Legislative Assembly created a process to immediately transfer the legacy fund earnings to a legacy earnings fund for allocations to other state funds. As a result, the legacy fund earnings are not shown as a general fund revenue source for the 2021-23 and 2023-25 bienniums.

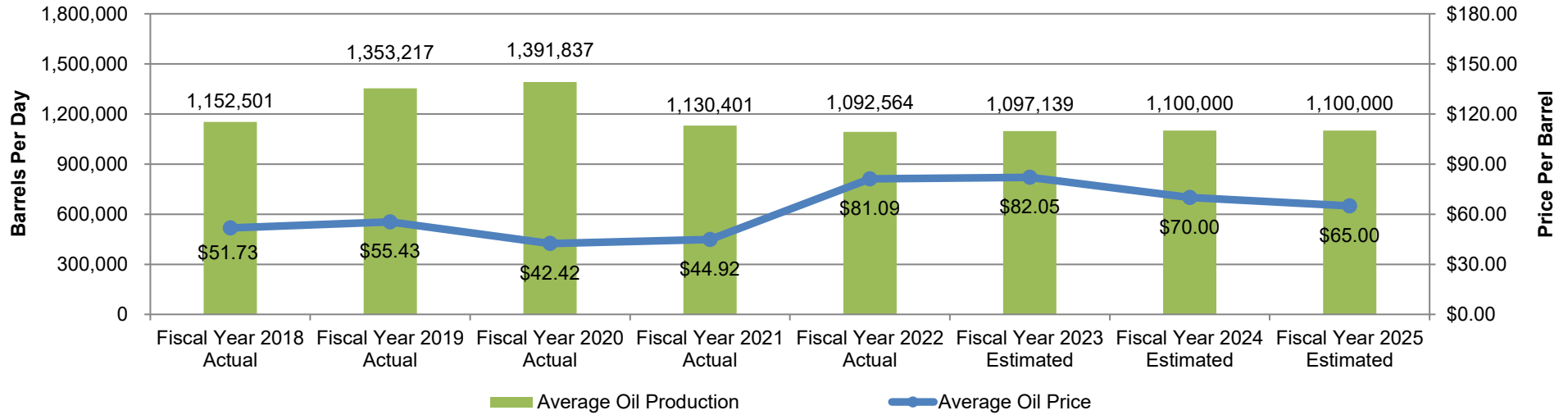
¹⁰ The December 2022 executive budget includes a transfer of \$117.8 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 percent of the general fund budget to 15 percent of the ongoing general fund budget excluding funding for state school aid.

**DEFICIENCY AND SUPPLEMENTAL APPROPRIATIONS FOR THE 2021-23 BIENNIUM
INCLUDED IN THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION**

Description	General Fund	Other Funds	Total
Deficiency appropriations			
Office of Management and Budget - Estimated costs related to a judgement associated with election law	\$765		\$765
Attorney General - Estimated costs for prosecution witness fee reimbursements to counties	75,000		75,000
Ethics Commission - Estimated amount needed for special assistant attorney general fees (\$72,000) and office remodel and relocation costs (\$25,000)	97,000		97,000
University of North Dakota - Reimbursement for inadvertent payments to a fraudulent bank account	430,101		430,101
Dakota College at Bottineau - Reimbursement for expenses related to a college-ready English and mathematics program	99,768		99,768
Department of Health and Human Services - Estimated costs to maintain the current level of Medicaid enrollment during the extension of the public health emergency related to COVID-19	25,000,000	\$285,000,000	310,000,000
Adjutant General - Repayment of Bank of North Dakota loans related to the state's share of disaster expenses (\$904,203) and costs associated with the Dakota Access Pipeline protest (\$13,652,321)	14,556,524		14,556,524
Department of Agriculture - Repayment of Bank of North Dakota loans related to an emergency feed transportation assistance program	1,700,000		1,700,000
Total deficiency appropriations	\$41,959,158	\$285,000,000	\$326,959,158
Supplemental appropriations			
Public Employees Retirement System - Transfer from the general fund to the Public Employees Retirement System main system plan	\$250,000,000		\$250,000,000
Industrial Commission - Transfer from the strategic investment and improvements fund to the clean sustainable energy fund		\$250,000,000	\$250,000,000
Total supplemental appropriations	\$250,000,000	\$250,000,000	\$500,000,000
Total deficiency and supplemental appropriations	\$291,959,158	\$535,000,000	\$826,959,158

OIL PRODUCTION AND OIL PRICE

OIL PRODUCTION AND OIL PRICE TRENDS



	2017-19 Biennium		2019-21 Biennium		2021-23 Biennium		2023-25 Biennium	
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated
Average daily oil production (barrels per day)	1,152,501	1,353,217	1,391,837	1,130,401	1,092,564	1,097,139	1,100,000	1,100,000
Average daily oil price (per barrel)	\$51.73 ¹	\$55.43 ¹	\$42.42 ¹	\$44.92 ¹	\$81.09 ¹	\$82.05	\$70.00	\$65.00

¹These amounts reflect the average of the Flint Hills Resources prices and the West Texas Intermediate prices.

NOTE: Monthly oil tax revenue allocations reflect oil prices and oil production from 2 months prior. For example, June 2023 oil prices and oil production relate to August 2023 oil tax revenue allocations. As a result, the fiscal year averages are based on the oil prices and oil production for the period June through May.

2023-25 BIENNIUM OIL PRODUCTION AND OIL PRICE CHANGES

Based on the executive budget revenue forecast's oil prices averaging \$70 per barrel in the 1st year and \$65 per barrel in the 2nd year of the 2023-25 biennium:

- For every 100,000 barrels of variance from the forecast, the total 2023-25 biennium oil and gas tax revenue collections would change by \$478 million.
- For example, if oil production remained at 1.2 million barrels per day for the entire 2023-25 biennium, rather than remaining at 1.1 million as forecasted, the total 2023-25 biennium oil and gas tax revenue collections would increase by \$478 million, from \$5,258 million to \$5,736 million.

Based on the executive budget revenue forecast's oil production remaining at 1.1 million barrels per day for the 2023-25 biennium:

- For every \$1 of variance from the forecast, the total 2023-25 biennium oil and gas tax revenue collections would change by \$78 million.
- For example, if oil prices averaged \$71 per barrel in the 1st year and \$66 per barrel in the 2nd year of the 2023-25 biennium, rather than \$70 per barrel in the 1st year and \$65 per barrel in the 2nd year as forecasted, the total 2023-25 biennium oil and gas tax revenue collections would increase by \$78 million, from \$5,258 million to \$5,336 million.

ALLOCATION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS GROSS PRODUCTION TAXES FOR THE 2023-25 BIENNIUM (AMOUNTS SHOWN IN MILLIONS)

2023-25 Biennium Estimated Allocations Based on the December 2022 Executive Budget Revenue Forecast												
Tax	Tribal Share ³	Legacy Fund ⁴	North Dakota Outdoor Heritage Fund ⁵	Abandoned Well Reclamation Fund ⁶	Political Subdivisions ⁷	Common Schools Trust Fund ⁸	Foundation Aid Stabilization Fund ⁸	Resources Trust Fund ⁹	Oil and Gas Research Fund ¹⁰	State Energy Research Center Fund ¹¹	State Share "Buckets" ¹²	Total
Gross production tax ¹	\$345.00	\$693.28	\$15.00	\$15.00	\$686.54				\$8.28	\$2.85	\$889.97	\$2,655.92
Oil extraction tax ²	337.96	679.13				\$224.39	\$224.39	\$460.00	6.22	2.15	667.48	2,601.72
Total	\$682.96	\$1,372.41	\$15.00	\$15.00	\$686.54	\$224.39	\$224.39	\$460.00	\$14.50	\$5.00	\$1,557.45	\$5,257.64

¹The 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 by formula to political subdivisions and certain state funds, including the oil and gas impact grant fund, the North Dakota outdoor heritage fund, and the abandoned oil and gas well plugging and site reclamation fund.

²The oil extraction tax rate is 5 percent of the gross value at the well for oil production after December 31, 2015 (House Bill No. 1476 (2015)). Certain tax exemptions are available, including stripper wells, incremental oil production, and wells outside the Bakken and Three Forks Formations. The oil extraction tax rate increases from 5 to 6 percent after the monthly average West Texas Intermediate (WTI) oil prices exceed the "trigger" price for 3 consecutive months, and the oil extraction tax rate returns to 5 percent after the monthly average WTI oil prices are less than the "trigger" price for 3 consecutive months. The "trigger" price is adjusted annually by the Tax Department based on a price index.

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 the remaining 30 percent is available for the state share. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocations to the common schools trust fund, foundation aid stabilization fund, and resources trust fund and decreasing the allocations to the state share ("buckets").

³Senate Bill No. 2312 (2019) changed the provisions for revenue sharing between the state and the Three Affiliated Tribes of the Fort Berthold Reservation. The changes are effective for new oil production after June 30, 2019. The changes provide 80 percent of the trust land revenue and 20 percent of the nontrust land revenue to the Three Affiliated Tribes with the remaining 20 percent of trust land revenue and 80 percent of nontrust land revenue allocated to the state. Overall, the changes result in an increase for the Three Affiliated Tribes and a decrease to the state. Senate Bill No. 2319 (2021) provided an allocation to the Three Affiliated Tribes from wells that cross into a reservation.

⁴Passage 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 the oil and gas gross production and oil extraction taxes beginning July 1, 2011.

⁵The Legislative Assembly in House Bill No. 1278 (2013) amended Section 57-51-15 to allocate 4 percent of the first 1 percent of the oil and gas gross production tax revenue to a newly created North Dakota outdoor heritage fund. The Legislative Assembly in House Bill No. 1176 (2015) increased the allocation to 8 percent with an annual limit of \$20 million. The allocations were limited to \$7.5 million per fiscal year for the 2019-21 and 2021-23 bienniums. **The executive budget recommends limiting allocations to the outdoor heritage fund to \$7.5 million per year during the 2023-25 biennium, the same as the 2021-23 biennium.**

⁶The Legislative Assembly in House Bill No. 1333 (2013) amended Section 57-51-15 to provide for 4 percent of the first 1 percent of oil and gas gross production tax to be allocated to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding \$5 million per fiscal year and not in an amount that would bring the balance of the fund to more than \$75 million. In House Bill No. 1032 (2015), the Legislative Assembly increased the allocation limit from \$5 million to \$7.5 million per fiscal year and increased the fund balance limit from \$75 million to \$100 million. House Bill No. 1014 (2019) decreased the fund balance limit from \$100 million to \$50 million.

⁷Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. In House Bill No. 1358 (2013), the Legislative Assembly changed the formula to provide the county with 100 percent of the first \$5 million of revenue and 25 percent of all revenue over \$5 million. In House Bill No. 1176, the 2015 Legislative Assembly increased the county allocation of revenue related to the allocations over \$5 million, increasing the allocation by 5 percent, from 25 to 30 percent.

House Bill No. 1066 (2019) adjusted the allocations within the county. For a county that receives less than \$5 million annually of oil tax allocations, the revenue is distributed 45 percent to the county general fund, 35 percent to school districts within the county based on average daily attendance, and 20 percent to incorporated cities in the county based on population. For a county that receives \$5 million or more, the revenue is distributed 60 percent to the county general fund, 5 percent to school districts within the county based on average daily attendance, 4 percent to townships in the county based on the proportion of township road miles, 9 percent to hub cities based on specified percentages, and 2 percent to hub city school districts based on specific percentages.

⁸The Legislative Assembly passed Senate Concurrent Resolution No. 4011 (1993), which contained a constitutional amendment relating to the allocation of oil extraction tax revenues. The constitutional amendment was approved by the voters in the November 1994 general election to allocate 20 percent of the oil extraction tax revenues equally between the common schools trust fund and the foundation aid stabilization fund.

⁹The amount shown for the resources trust fund reflects the estimated allocation of 20 percent of oil extraction taxes and an additional .5 percent allocation of oil extraction taxes pursuant to changes approved in Senate Bill No. 2362 (2019) as a correction for a shortfall of oil extraction tax allocations in prior bienniums. Senate Bill No. 2345 (2021) transferred oil extraction tax revenues that exceeded the forecast to a water project stabilization fund for the 2021-23 biennium.

In House Bill No. 1020 (2017), the Legislative Assembly amended Section 57-51.1-07 to provide for the following:

- An allocation of 3 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$3 million, to the renewable energy development fund, which may be spent pursuant to a continuing appropriation.
- An allocation of .5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$1.2 million, to the energy conservation fund.

Section 61-02-78, as created by the Legislative Assembly in Senate Bill No. 2233 (2013), established an infrastructure revolving loan fund within the resources trust fund, which became effective January 1, 2015. The bill designated 10 percent of oil extraction tax revenue deposited in the resources trust fund to provide loans for water supply, flood protection, or other water development and water management projects. The 2017 Legislative Assembly amended the section to limit the total allocations to \$26 million. House Bill No. 1431 (2021) repealed the loan program under the resources trust fund and transferred the loans to a newly created water infrastructure revolving loan fund.

¹⁰Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) 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. In Senate Bill No. 2014 (2013), the Legislative Assembly increased the allocation to \$10 million per biennium. Senate Bill No. 2014 (2021) increased the allocations by \$4.5 million, from \$10 million to \$14.5 million, for the 2021-23 biennium. **The executive budget recommends increasing the allocation to the oil and gas research fund to \$14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.**

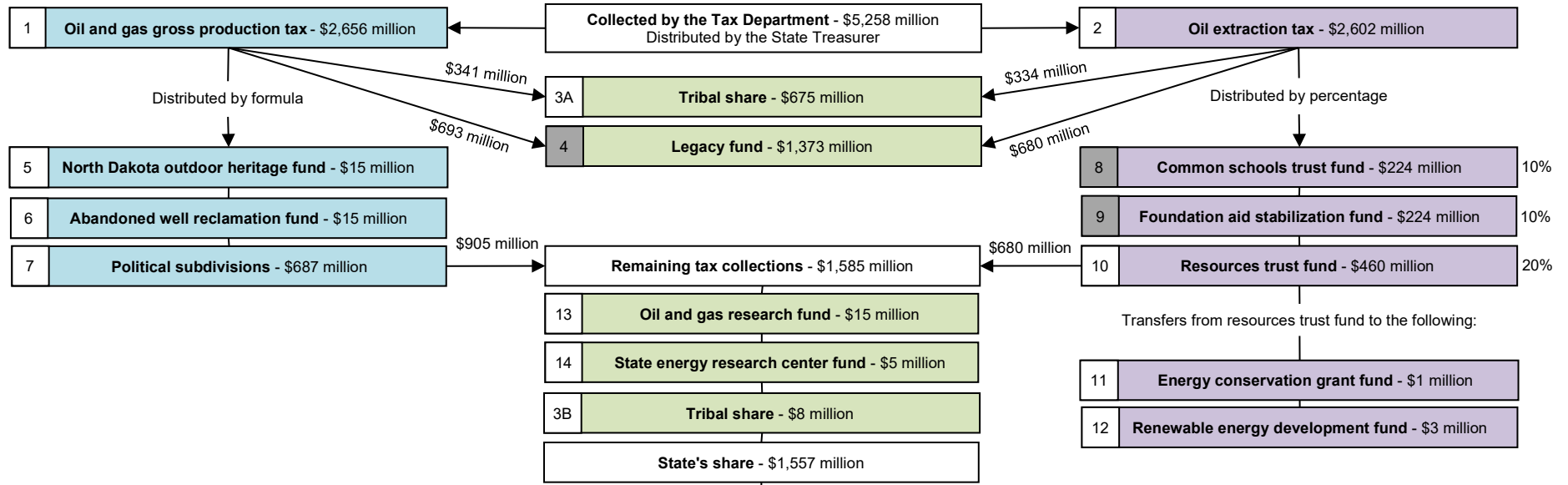
¹¹Senate Bill No. 2249 (2019) created a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenue, up to \$5 million per biennium, to the fund for the Industrial Commission to contract with the Energy and Environmental Research Center for research projects.

¹²The 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. **The executive budget includes a recommendation to change the allocations to provide the following for the 2023-25 biennium:**

- The first \$300 million is deposited in the general fund (\$300 million);
- The next \$200 million is deposited in the tax relief fund (\$200 million);
- The next \$75 million is deposited in the budget stabilization fund, but not in an amount that would bring the balance of the fund to more than the statutory limit (\$0);
- The next \$300 million is deposited in the general fund (\$300 million);
- The next \$10 million is deposited in the lignite research fund (\$10 million);
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would cause the unobligated balance to exceed \$20 million (\$3.5 million);
- The next \$400 million is deposited in the strategic investment and improvements fund (\$400 million);
- The next \$230 million is deposited in the municipal infrastructure fund and the county and township infrastructure fund with 50 percent deposited in each fund (\$230 million);
- The next \$20 million is deposited in the airport infrastructure fund (\$20 million); and
- Any additional revenues are deposited in the strategic investment and improvements fund (\$94 million).

In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the requirement that 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 if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month.

2023-25 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART BASED ON THE DECEMBER 2022 EXECUTIVE BUDGET



Summary of Estimated 2023-25 Biennium Allocations	
	Total
3 Tribal share	\$682,950,000
4 Legacy fund	1,372,410,000
5 North Dakota outdoor heritage fund	15,000,000
6 Abandoned well reclamation fund	15,000,000
7 Political subdivisions	686,540,000
8 Common schools trust fund	224,390,000
9 Foundation aid stabilization fund	224,390,000
10 Resources trust fund (net deposits)	455,800,000
11 Energy conservation grant fund	1,200,000
12 Renewable energy development fund	3,000,000
13 Oil and gas research fund	14,500,000
14 State energy research center	5,000,000
15 General fund	600,000,000
16 Tax relief fund	200,000,000
17 Budget stabilization fund	0
18 Lignite research fund	10,000,000
19 State disaster relief fund	3,500,000
20 Strategic investment and improvements fund	493,960,000
21 Municipal infrastructure fund	115,000,000
22 County and township infrastructure fund	115,000,000
23 Airport infrastructure fund	20,000,000
Total	\$5,257,640,000

15A	General fund - First \$300 million - \$300 million
16	Tax relief fund - Next \$200 million - \$200 million
17	Budget stabilization fund - Next \$75 million - \$0
15B	General fund - Next \$300 million - \$300 million
18	Lignite research fund - Next \$10 million - \$10 million
19	State disaster relief fund - Next \$20 million if fund balance does not exceed \$20 million - \$3 million
20A	Strategic investment and improvements fund - Next \$400 million - \$400 million
21	Non-oil-producing political subdivision infrastructure funds Next \$230 million - \$230 million 50 percent - Municipal infrastructure fund - \$115 million 50 percent - County and township infrastructure fund - \$115 million
22	
23	Airport infrastructure fund - Next \$20 million - \$20 million
20B	Strategic investment and improvements fund - Any remaining revenues - \$94 million

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

The shading in the number boxes represents constitutional allocations

NOTE: The amounts shown are preliminary estimates. The actual amounts allocated for the 2023-25 biennium may differ significantly from these amounts based on actual oil price and oil production.

Box	Tax/Fund	Description
1	Oil and gas gross production tax	North Dakota Century Code Section 57-51-02 provides for a tax of 5 percent of the gross value at the well of oil produced in North Dakota unless exempted and tax on gas of four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.
2	Oil extraction tax	Section 57-51.1-02, as amended by House Bill No. 1476 (2015), provides for a tax of 5 percent of the gross value at the well on the extraction of oil unless exempted. Prior to January 1, 2016, the oil extraction tax rate was 6.5 percent. The oil extraction tax rate increases from 5 percent to 6 percent after the monthly average West Texas Intermediate (WTI) oil prices exceed the "trigger" price for 3 consecutive months, and the oil extraction tax rate returns to 5 percent after the monthly average WTI oil prices are less than the "trigger" price for 3 consecutive months. The "trigger" price is adjusted annually by the Tax Department based on a price index.
3	Tribal share	Chapter 57-51.2 provides the requirements for allocating oil and gas tax related to the oil production within the Fort Berthold Reservation. The oil and gas tax revenues are allocated 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation. Senate Bill No. 2312 (2019) increased the revenue allocation to the Three Affiliated Tribes. Senate Bill No. 2319 (2021) provided an allocation to the Three Affiliated Tribes from wells that cross into a reservation.
4	Legacy fund	Section 26 of Article X of the Constitution of North Dakota provides for a deposit to the legacy fund of 30 percent of total revenue derived from taxes on oil and gas production and extraction.
5	North Dakota outdoor heritage fund	House Bill No. 1278 (2013) created the North Dakota outdoor heritage fund to preserve natural areas and public lands. House Bill No. 1176 (2015) amended Section 57-51-15 to provide 8 percent of revenues from the first 1 percent of the oil and gas gross production tax, up to \$20 million per fiscal year, be deposited in the fund. Senate Bill No. 2013 (2017) limited the allocations to \$10 million per biennium only for the 2017-19 biennium. The allocations were limited to \$7.5 million per fiscal year for the 2019-21 and 2021-23 bienniums. The executive budget recommends limiting the allocations to \$7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
6	Abandoned oil and gas well plugging and site reclamation fund	House Bill No. 1333 (2013) and House Bill No. 1032 (2015) amended Section 57-51-15 to increase the allocations to the abandoned oil and gas well plugging and site reclamation fund. Based on current law, 4 percent of the first 1 percent of oil and gas gross production tax is allocated to the fund not to exceed \$7.5 million per fiscal year and not in an amount that would bring the balance of the fund to more than \$100 million. Senate Bill No. 2013 (2017) limited the allocations to \$4 million per fiscal year only for the 2017-19 biennium. House Bill No. 1014 (2019) decreased the maximum fund balance by \$50 million, from \$100 million to \$50 million.
7	Political subdivisions	Oil and gas gross production taxes are distributed to political subdivisions under Section 57-51-15, as amended by Senate Bill No. 2013 (2017). House Bill No. 1066 (2019) changed the funding source for the allocations to hub cities, hub city school districts, and school district supplement, and the bill also adjusts the allocation percentages for the distributions to townships and hub city school districts.
8	Common schools trust fund	Section 1 of Article IX of the Constitution of North Dakota provides for a common schools trust fund to be used to support the common schools of the state. Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the common schools trust fund to become part of the principal of the fund. The earnings are distributed through the state school aid payments. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund.
9	Foundation aid stabilization fund	Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the foundation aid stabilization fund. Section 24, as amended by Senate Concurrent Resolution No. 4003 (2015) and approved by the voters, restricts a portion of the fund to offset state school aid payments due to a revenue shortfall and allows the remainder to be used for educational purposes. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.
10	Resources trust fund	Section 57-51.1-07 provides for a distribution of 20 percent of oil extraction taxes to the resources trust fund. Section 22 of Article X of the Constitution of North Dakota provides that the fund may be used, subject to legislative appropriation, for constructing water-related projects, including rural water systems, and funding of programs for energy conservation. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands and provided an additional .5 percent allocation to the resources trust fund as an adjustment for prior period allocations both of which resulted in an increase in the allocations to the fund. Senate Bill No. 2345 (2021) transferred oil extraction tax revenues that exceeded the forecast to a water project stabilization fund for the 2021-23 biennium.
11	Energy conservation grant fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of one-half of 1 percent of the amount credited to the resources trust fund from the resources trust fund into the energy conservation grant fund, up to \$1.2 million per biennium. House Bill No. 1020 (2017) limited the allocations to \$200,000 per biennium only for the 2017-19 biennium.
12	Renewable energy development fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of 5 percent of the amount credited to the resources trust fund from the resources trust fund into the renewable energy development fund, up to \$3 million per biennium. House Bill No. 1020 (2017) decreased the percentage transferred from 5 to 3 percent.

13	Oil and gas research fund	Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) establishes the oil and gas research fund for the Oil and Gas Research Council to provide grants. Senate Bill No. 2014 (2013) amended Section 57-51.1-07.3 to provide that 2 percent of the state's share of the oil and gas tax revenues, up to \$10 million per biennium, is to be deposited into the oil and gas research fund. Senate Bill No. 2014 (2021) increased the allocations by \$4.5 million, from \$10 million to \$14.5 million, for the 2021-23 biennium. The executive budget increases the allocations by \$4.5 million, from \$10 million to \$14.5 million, for the 2023-25 biennium, the same as the 2021-23 biennium.
14	State energy research center fund	Senate Bill No. 2249 (2019) created a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenue, up to \$5 million per biennium, to the fund for the Industrial Commission to contract with the Energy and Environmental Research Center for research projects.
15A, 15B	General fund	The general fund is the chief operating fund of the state. Section 57-51.1-07.5, as amended by House Bill No. 1152 (2017) provided for an allocation of \$400 million of the state's share of oil and gas tax revenues to the general fund for the 2017-19 biennium and an allocation of \$300 million after the 2017-19 biennium. House Bill No. 1066 (2019) increased the allocation to \$400 million. The executive budget recommends increasing the allocation to \$600 million, an increase of \$200 million compared to the 2021-23 biennium.
16	Tax relief fund	House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for the allocation of \$200 million of the state's share of oil and gas tax revenues to the tax relief fund each biennium.
17	Budget stabilization fund	The budget stabilization fund is established under Section 54-27.2-01. The governor may order a transfer from the budget stabilization fund to the general fund when certain criteria are met to offset a general fund revenue shortfall. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for an allocation of up to \$75 million from the state's share of oil and gas tax revenues, but not in an amount that would bring the balance of the fund to more than the statutory limit.
18	Lignite research fund	The lignite research fund is established under Section 57-61-01.6 for research, development projects, and marketing activities related to the lignite industry. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for an allocation of up to \$3 million from the state's share of oil and gas tax revenues. House Bill No. 1066 (2019) increased the allocation to \$10 million.
19	State disaster relief fund	Section 37-17.1-27 provides for the state disaster relief fund to be used for the required state share of funding for expenses associated with presidential-declared disasters. Section 57-51.1-07.5, as amended by House Bill No. 1152 (2017), provides for the distribution of up to \$20 million of oil tax revenues to the state disaster relief fund each biennium, but not in an amount that would bring the balance of the fund to more than \$20 million. Senate Bill No. 2016 (2019) provided up to \$15 million of allocations, but not in an amount that would bring the balance of the fund to more the \$15 million. House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) increased the allocation limit by \$5 million, from \$15 million to \$20 million.
20A, 20B	Strategic investment and improvements fund	Section 15-08.1-08 provides for the strategic investment and improvements fund. The fund is to be used for one-time expenditures to improve state infrastructure or initiatives to improve the efficiency and effectiveness of state government. Section 57-51.1-07.5 provides for the allocation of certain oil tax revenues to the strategic investment and improvements fund.
21	Municipal infrastructure fund	House Bill No. 1066 (2019) created a municipal infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing cities for essential infrastructure projects. House Bill No. 1015 (2021) aligned the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund.
22	County and township infrastructure fund	House Bill No. 1066 (2019) created a county and township infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing counties and townships for road and bridge infrastructure projects. House Bill No. 1015 (2021) aligned the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund.
23	Airport infrastructure fund	House Bill No. 1066 (2019) created an airport infrastructure fund and allocates up to \$20 million per biennium for airport infrastructure projects, subject to legislative appropriation.

SECTION C - APPROPRIATIONS

GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS	C-1
SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS	C-4
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ASSISTANCE TO POLITICAL SUBDIVISIONS	C-8

GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2023-25 executive budget to the 2021-23 appropriations approved by the 2021 Legislative Assembly and lists major changes:

	2021-23 Legislative Appropriations	Executive Budget Ongoing Increase (Decrease) From 2021-23	Executive Budget One-Time Increase (Decrease) From 2021-23	2023-25 Executive Budget Recommendation
Ongoing general fund appropriations	\$4,878,875,745	\$610,486,860		\$5,489,362,605
One-time general fund appropriations	131,581,585		\$243,308,003	374,889,588
Total	\$5,010,457,330	\$610,486,860	\$243,308,003	\$5,864,252,193
Major changes include:				
Recommended salary and fringe benefits increase (including higher education)		\$119,169,252		
Office of Management and Budget		49,682,385	\$26,591,319	
Information Technology Department		18,413,627	12,407,500	
Attorney General		7,528,192	11,379,386	
Judicial branch		19,252,376	(846,280)	
Department of Public Instruction		(77,456,105)	(200,000)	
Higher education		1,722,423	(1,380,022)	
Department of Career and Technical Education		20,830,457		
Department of Health and Human Services		363,282,690	25,568,379	
Department of Corrections and Rehabilitation		40,430,317	16,163,454	
Department of Commerce		3,285,894	80,210,199	
Other net changes		44,345,352	73,414,068	
Total		\$610,486,860	\$243,308,003	

Major changes and key recommendations affecting 2023-25 general fund appropriations include:

- **Recommended salary and fringe benefits increase, including higher education - \$119.2 million.** The executive budget includes funding for state employee salary increases of 6 percent effective July 1, 2023, and 4 percent effective July 1, 2024. Funding is also provided for employee health insurance premium increases of \$214 per month, from \$1,429 to \$1,643 per month. See the **STATE EMPLOYEES** section for additional information on state employee salary increases.
- **Office of Management and Budget - \$76.3 million.** The executive budget adjusts funding from the general fund as follows:
 - \$1.9 million increase for 9 new FTE positions.
 - \$49.3 million increase for a salary equity funding pool.
 - \$21.8 million increase in one-time funding for capital projects, including \$12.0 million for new steam boilers, \$5.5 million for Capitol space utilization improvements, \$2.5 million for procurement software, \$1.8 million for Capitol grounds landscaping.
 - \$1.8 million increase in one-time funding for Prairie Public Broadcasting grants.
- **Information Technology Department - \$30.8 million.** The executive budget adjusts funding from the general fund as follows:
 - \$2.0 million funding source change from special funds for 6 FTE positions for the customer success management program.
 - \$3.2 million increase for operating expenses related to the enterprise digitization project to modernize state technology.
 - \$2.8 million increase for salaries and wages of 6 FTE positions (\$1.4 million) and operating expenses (\$1.4 million) for the customer relationship management program.
 - \$4.0 million increase for the statewide longitudinal data system, of which \$3.0 million is ongoing funding and \$1.0 million is one-time funding, to provide a total of \$8.7 million.
 - \$1.9 million increase for salaries of 2 FTE positions and information technology software and supplies for the K-12 ClassLink project.
 - \$3.0 million funding source change from federal funds for the North Dakota Health Information Network.
 - \$1.4 million increase in one-time funding for the Department of Public Instruction's Lighthouse project.

\$7.1 million increase in one-time funding for the universal vulnerability management project.

\$2.9 million for information technology inflationary increases.

- **Attorney General - \$18.9 million.** The executive budget adjusts funding from the general fund as follows:

\$2.4 million funding source change from special funds for prior biennium Bureau of Criminal Investigation (BCI) and Crime Laboratory salary equity increases.

\$2.3 million increase for salaries and wages and operating expenses for 8 FTE positions, including 2 FTE attorney positions, 2 FTE BCI cyber crime positions, and 4 Crime Laboratory positions.

\$1.1 million increase in one-time funding for Crime Laboratory operating expenses.

\$4.6 million increase in one-time funding for the statewide litigation funding pool.

\$5.0 million increase in one-time funding for back the blue grants.

- **Judicial branch - \$18.4 million.** The executive budget provides for the judicial branch budget as submitted by the judicial branch. The budget adjusts funding from the general fund as follows:

\$6.9 million increase for supreme court justice, district court judge, and referee salary increases of 20 percent on July 1, 2023, and 15 percent on July 1, 2024.

\$2.4 million increase for information technology costs.

\$5.8 million increase for 22 new FTE positions, including 1 new judge in the northeast central judicial district, 2 new judges in the east central judicial district, and 1 new judge in the south central judicial district.

\$1.0 million increase to increase jury compensation rates by 100 percent.

- **Department of Public Instruction - (\$77.7 million).** The executive budget provides integrated formula payments totaling \$2.27 billion, an increase of \$138.2 million from the amount provided during the 2021-23 biennium. The increase of \$138.2 million includes an increase in funding of \$80.8 million from the state tuition fund and an increase in funding of \$138.2 million of one-time funding from the foundation aid stabilization fund. Funding from the general fund for integrated formula payments is decreased by \$80.8 million. See the **ELEMENTARY EDUCATION** section for additional information.

- **Higher education - \$342,401.** The executive budget adjusts funding from the general fund as follows:

\$9.2 million decrease relating to the student credit-hour funding formula to adjust the base budget to 2019-21 actual completed student credit-hour levels.

\$5.2 million increase relating to a 96 percent minimum amount payable allocation to Lake Region State College (\$588,027), North Dakota State University (\$2.0 million), and North Dakota State College of Science (\$2.6 million).

\$1.0 million increase for the academic and career and technical education scholarship program.

\$2.5 million increase for software contracts and a security operations center.

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

- **Department of Career and Technical Education - \$20.8 million.** The executive budget adjusts funding from the general fund as follows:

\$4.0 million increase for the cost to continue career and technical education (CTE) reimbursement rates to schools and area career and technical centers.

\$10.0 million increase for new and expanding secondary CTE programs.

\$3.0 million increase for grants for school district career advisors.

\$3.0 million increase for grants to schools for work-based learning coordinators.

- **Department of Health and Human Services - \$388.9 million.** The executive budget changes funding from the general fund as follows:

\$2.7 million increase in funding for domestic violence prevention.

\$121.4 million increase for cost to continue, and anticipated cost, caseload, and utilization changes in the department's budget.

\$46.9 million increase for an inflationary increase of 4 percent in the 1st year of the biennium and 3 percent in the 2nd year of the biennium for human service providers.

\$31.5 million increase to replace ongoing funding from the community health trust fund.

\$19.8 million increase to supplement funding from the tax relief fund for the county social and human service project.

\$22.0 million increase to expand the child care assistance program.

\$16.0 million increase to expand the best in class program.

\$10.2 million of one-time funding for inflation.

\$36.0 million of one-time funding to address revenue reductions and staffing issues at human service centers and the State Hospital.

See the **HEALTH AND HUMAN SERVICES** section for additional information.

- **Department of Corrections and Rehabilitation - \$56.6 million.** The executive budget adjusts funding from the general fund as follows:

\$18.4 million increase to restore funding for salaries paid from the general fund that were paid from federal funds during the 2021-23 biennium.

\$3.3 million increase and 25 FTE positions to reduce average parole and probation caseloads, to expand pretrial services to one additional judicial district, and for additional inmate case managers.

\$8.3 million increase to expand the free through recovery program.

\$3.5 million increase in one-time funding for inflationary costs, including food, medical, clothing, and resident payroll.

\$4.0 million increase in one-time funding for maintenance and extraordinary repairs.

\$3.5 million increase in one-time funding for contract housing for female inmates, including a \$2.5 million increase in the contract for the Dakota Women's Correctional and Rehabilitation Center.

- **Department of Commerce - \$83.5 million.** The executive budget adjusts funding from the general fund as follows:

\$2.3 million increase for salaries and wages and operating expenses of 5 FTE positions.

\$1.3 million decrease for the transfer of the homeless shelter grant program to the Housing Finance Agency.

\$5.5 million increase in one-time funding for rural workforce housing grants.

\$24.8 million increase in one-time funding for the workforce talent attraction initiative.

\$5.0 million increase in one-time funding for tourism awareness marketing.

\$20.0 million increase in one-time funding for the workforce investment grant program.

\$5.0 million increase in one-time funding for an automation workforce transition training grant program.

\$2.0 million increase in one-time funding for the technical skills training grant program.

\$10.0 million increase in one-time funding for automation grants.

\$10.0 million increase in one-time funding for rural revitalization and redevelopment grants.

SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2023-25 executive budget to the 2021-23 appropriations approved by the Legislative Assembly:

	2021-23 Legislative Appropriations	Increase (Decrease) From 2021-23	2023-25 Executive Budget
All funds appropriations	\$17,846,695,497	\$600,568,289	\$18,447,263,786
Less general fund appropriations	5,010,457,330	853,794,864	5,864,252,194
Total other funds appropriations	\$12,836,238,167	(\$253,226,575)	\$12,583,011,592
Major special funds sources and changes include:			
Federal funds ^{1,2}	\$6,514,258,074	(\$704,313,507)	\$5,809,944,567
Higher Education	1,981,442,039	189,416,916	2,170,858,955
Department of Public Instruction	626,486,357	191,327,949	817,814,306
Department of Corrections and Rehabilitation	31,844,430	166,102,753	197,947,183
Department of Water Resources	529,938,113	128,927,191	658,865,304
Information Technology Department	232,091,926	86,749,967	318,841,893
Industrial Commission	44,131,185	78,525,113	122,656,298
Office of Management and Budget	10,023,413	64,780,656	74,804,069
Department of Transportation	972,924,727	49,809,498	1,022,734,225
Department of Commerce	46,884,029	49,659,306	96,543,335
Adjutant General	19,461,971	40,627,788	60,089,759
Mill and Elevator Association	88,377,209	12,579,488	100,956,697
Game and Fish Department	50,911,601	7,456,824	58,368,425
Workforce Safety and Insurance	73,186,928	2,538,027	75,724,955
Main Research Center	52,449,284	1,328,646	53,777,930
Attorney General	35,045,435	(5,693,772)	29,351,663
Department of Health and Human Services	457,549,734	(31,301,593)	426,248,141
Bank of North Dakota ³	748,816,548	(672,910,783)	75,905,765
All other agencies and institutions	320,415,164	91,162,958	411,578,122
Total	\$12,836,238,167	(\$253,226,575)	\$12,583,011,592

NOTE: See Sections D, E, F, and G of this report for explanations of major special funds changes.

¹Total federal funds appropriated by the 2021 Legislative Assembly for the 2021-23 biennium was \$6,514,258,074. Of the total, \$4,628,968,701 was from "regular" federal funds, including funding received as a result of the Infrastructure Investment and Jobs Act, as reported by state agencies on a survey for the Budget Section completed in September 2022. The remaining \$1,885,289,373 was from federal COVID-19 pandemic relief funds.

²The executive budget recommends a decrease in total federal funds of \$704,313,507, including a decrease of \$1,885,289, of one-time federal COVID-19 pandemic relief funds and an increase of regular federal funds of \$1,180,975,866. Please refer to the federal funds comparison schedule under the **APPROPRIATIONS** section for additional information regarding regular federal funds.

³The decrease in Bank of North Dakota special funds relates primarily to the removal of 2021-23 biennium one-time funding from bond proceeds for allocations to infrastructure projects and programs (\$680 million).

**FEDERAL FUNDS COMPARISON OF 2021-23 APPROPRIATIONS
AND 2023-25 EXECUTIVE BUDGET RECOMMENDATION**

Agency	2021-23 Appropriation¹	2021-23 Current Estimate¹	2023-25 Executive Budget	2023-25 Executive Budget Increase (Decrease) Compared to 2021-23 Appropriation	Percentage Increase (Decrease)
Department of Health and Human Services	\$2,684,261,469	\$3,092,386,156	\$3,332,136,740	\$647,875,271	24.1%
Information Technology Department	7,578,179	8,516,380	194,828,179	187,250,000	2470.9%
Department of Transportation	1,093,000,000	1,093,000,000	1,219,302,445	126,302,445	11.6%
Department of Public Instruction	335,246,913	309,591,298	419,573,819	84,326,906	25.2%
Department of Environmental Quality	26,600,277	27,393,577	53,655,863	27,055,586	101.7%
Department of Water Resources	10,861,016	10,861,016	36,053,261	25,192,245	232.0%
Adjutant General	150,556,387	98,986,157	163,359,085	12,802,698	8.5%
Game and Fish Department	41,456,533	37,211,969	52,386,176	10,929,643	26.4%
Upper Great Plains Transportation Institute	5,265,629	9,700,629	12,715,395	7,449,766	141.5%
Job Service North Dakota	64,389,161	71,104,144	69,570,308	5,181,147	8.0%
Department of Agriculture	12,635,914	12,635,914	16,900,416	4,264,502	33.7%
Housing Finance Agency	44,000,932	37,777,693	48,099,128	4,098,196	9.3%
Department of Corrections and Rehabilitation	16,431,467	15,151,468	20,183,472	3,752,005	22.8%
NDSU Extension Service	6,713,667	6,713,667	9,458,045	2,744,378	40.9%
Department of Commerce	43,835,238	51,947,681	46,555,556	2,720,318	6.2%
Department of Career and Technical Education	11,814,843	12,109,701	14,345,040	2,530,197	21.4%
Highway Patrol	6,889,627	6,889,627	9,270,174	2,380,547	34.6%
NDSU Main Research Center	6,711,672	6,711,672	8,449,779	1,738,107	25.9%
Public Service Commission	10,947,512	7,378,536	11,673,971	726,459	6.6%
Attorney General	14,650,990	13,872,560	14,569,774	(81,216)	(0.6%)
All other agencies and institutions	35,121,275	36,281,416	56,857,941	21,736,666	61.9%
Total	\$4,628,968,701	\$4,966,221,261	\$5,809,944,567	\$1,180,975,866	25.5%

NOTE: See Sections D, F, and G of this report for explanations of major federal funds changes.

¹ The 2021-23 appropriation and 2021-23 current estimate amounts were reported by state agencies and institutions in response to a Legislative Council survey completed in September 2022 for the Budget Section. The amounts include federal funds state agencies have received or expect to receive as a result of the Infrastructure Investment and Jobs Act but do not include federal funding received in response to the COVID-19 pandemic. The 2021 Legislative Assembly appropriated \$1,885,289,373 of federal COVID-19 funds for the 2021-23 biennium, resulting in total federal funds appropriated of \$6,514,258,074.

LARGE INFORMATION TECHNOLOGY PROJECTS FOR THE 2023-25 BIENNIUM

The 2023-25 executive budget includes recommendations that the Legislative Assembly appropriate \$209.4 million, including \$37.4 million from the general fund and \$172 million from other funds, to the following agencies for large information technology projects during the 2023-25 biennium:

Agency or Institution	Project	General Fund	Other Funds	Total
108 - Secretary of State (SOS)	Technology investment - Information technology systems	\$165,000	\$1,665,000	\$1,830,000
110 - Office of Management and Budget	E-Procurement system	3,500,000		3,500,000
	Building automation project	800,000		800,000
112 - Information Technology Department (ITD)	Enterprise digitization project to modernize aging technologies	3,245,000	26,361,568	29,606,568
	Universal vulnerability management	7,897,500		7,897,500
	Enterprise customer relationship management system	2,934,326	9,236,859	12,171,185
	Building security system enhancement	226,900	2,499,467	2,726,367
	K-12 ClassLink	1,933,150		1,933,150
150 - Legislative Assembly	Bill drafting software upgrade	4,816,600		4,816,600
215 - North Dakota University System	Financial aid system	1,827,534		1,827,534
226 - Department of Trust Lands (DTL)	Information technology project		2,500,000	2,500,000
303 - Department of Environmental Quality	Environmental data system update	186,000	1,329,444	1,515,444
325 - Department of Health and Human Services (DHHS)	Child support case management system replacement		60,000,000	60,000,000
	Connecting department data systems		11,000,000	11,000,000
380 - Job Service North Dakota (JSND)	Unemployment insurance system replacement		45,000,000	45,000,000
485 - Workforce Safety and Insurance (WSI)	Claims and policy system replacement - Releases 11, 12, and 13		4,950,000	4,950,000
	myWSI - Releases 7, 8, and 9		1,830,000	1,830,000
530 - Department of Corrections and Rehabilitation (DOCR)	Offender management system	757,000		757,000
770 - Department of Water Resources (DWR)	Information technology unification		5,615,764	5,615,764
801 - Department of Transportation (DOT)	Roadway information management system	6,250,000		6,250,000
	Security expert door security	865,000		865,000
	Automated vehicle location	2,010,000		2,010,000
Total 2023-25 executive budget recommendation		\$37,414,010	\$171,988,102	\$209,402,112

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 October 12, 2022, and prioritized information technology projects for the 2023-25 biennium with a total cost over \$500,000 by funding source. The following is a summary of the prioritization, including information on the preliminary project budget and the amount included in the executive budget.

Rank	Agency	Project	State Information Technology Advisory Committee			Executive Budget Recommendation		
			General Fund Request	Other Funds Request	Total Request	General Fund Request	Other Funds Request	Total Request
1	DTL	Online payment processing		\$500,000	\$500,000			
2	DHHS	Contract management system	\$3,000,000		3,000,000		\$3,000,000	\$3,000,000
3	DHHS	Retirement of legacy systems	3,200,000	4,800,000	8,000,000		8,000,000	8,000,000
4	ITD	Enterprise digitization project to modernize aging technologies	28,452,986	2,519,168	30,972,154	\$3,245,000	26,361,568	29,606,568
5	WSI	myWSI Releases 7, 8, and 9		1,830,000	1,830,000		1,830,000	1,830,000
6	ITD	K-12 ClassLink	1,905,888		1,905,888	1,933,150		1,933,150
7	DOT	Automated vehicle location		2,520,000	2,520,000	2,010,000		2,010,000
8	WSI	Claims and policy system Releases 11, 12, and 13		4,950,000	4,950,000		4,950,000	4,950,000
9	DHHS	Retirement of inpatient electronic health record system - Advanced institutional management software	1,000,000		1,000,000			
10	DHHS	Grant management system	2,000,000		2,000,000			
11	SOS	Campaign finance system replacement	925,000		925,000		925,000	925,000
12	DOCR	Offender management replacement	757,000		757,000	757,000		757,000
13	ITD	Universal vulnerability management project	17,368,614		17,368,614	7,897,500		7,897,500
14	DOT	Security expert door security		865,000	865,000	865,000		865,000
15	ITD	Enterprise customer relationship management system	11,527,830	501,808	12,029,638	2,934,326	9,236,859	12,171,185
16	JSND	Unemployment insurance system replacement	40,257,896		40,257,896		45,000,000	45,000,000
17	DHHS	Retirement of outpatient electronic health record system - Regional office automated program	1,000,000		1,000,000			
18	ITD	Building security system enhancement	2,075,367	591,000	2,666,367	226,900	2,499,467	2,726,367
19	DWR	Migration of big data	7,025,952		7,025,952		5,615,764	5,615,764
20	DHHS	Child support case management system replacement	20,000,000	40,000,000	60,000,000		60,000,000	60,000,000
21	DWR	Data engine abstraction	2,260,260		2,260,260			
22	DHHS	Criminal background check process automation	1,000,000		1,000,000			
23	DWR	File services migration	579,600		579,600			
24	DHHS	Procure to pay system	3,000,000		3,000,000			
Total			\$147,336,393	\$59,076,976	\$206,413,369	\$19,868,876	\$167,418,658	\$187,287,534

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS
COMPARISON OF 2021-23 BIENNIUM APPROPRIATIONS AND ALLOCATIONS
TO 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS**

	2021-23 Appropriations/ Revenue Allocations	2023-25 Executive Budget Recommendation	2023-25 Recommended Increase (Decrease) Compared to 2021-23 Appropriations/Revenue Allocations	
			Amount	Percentage
Assistance to political subdivisions (excluding school-related funding)				
General fund appropriations				
Grants to public libraries	\$1,737,582	\$1,737,582	\$0	0.0%
Library Vision grants	237,500	237,500	0	0.0%
Library Vision grants to tribal libraries	0	50,000	50,000	N/A
Homestead tax credit	18,000,000	18,900,000	900,000	5.0%
Disabled veteran property tax credits	16,300,000	18,745,000	2,445,000	15.0%
Aid to health districts	4,725,000	4,725,000	0	0.0%
Suicide prevention program	1,102,613	1,102,613	0	0.0%
Emergency medical services training	846,000	846,000	0	0.0%
Emergency medical services operations	5,750,000	5,750,000	0	0.0%
Public water system operator certification and training program	125,000	125,000	0	0.0%
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences	625,270	755,292	130,022	20.8%
Tobacco Synar program enforcement requirements to local public health	75,000	75,000	0	0.0%
Matching funds to counties and cities for senior citizen services and programs	1,412,988	1,412,988	0	0.0%
County social and human service program	1,240,391 ¹	21,187,791 ¹	19,947,400	1608.2%
Soil conservation district grants	1,211,520	1,211,520	0	0.0%
Clerk of court	25,212,502	29,109,639	3,897,137	15.5%
Grants to airports	475,000	475,000	0	0.0%
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties	118,000	118,000	0	0.0%
Community service supervision grants	350,000	350,000	0	0.0%
Guardianship grants	2,450,000	2,450,000	0	0.0%
Total general fund (excluding school-related funding)	\$81,994,366	\$109,363,925	\$27,369,559	33.4%
Percentage of total general fund appropriations	1.6%	2.3%	0.6%	37.7%

	2021-23	2023-25 Executive Budget Recommendation	2023-25 Recommended Increase (Decrease) Compared to 2021-23 Appropriations/Revenue Allocations	
	Appropriations/ Revenue Allocations		Amount	Percentage
Special funds appropriations and revenue allocations				
Noxious weed control	\$1,425,274	\$1,543,969	\$118,695	8.3%
State aid distribution funds to cities and counties ²	193,076,918	245,384,757	52,307,839	27.1%
County aid distribution fund	1,087,000	0	(1,087,000)	(100.0%)
Public transportation services (public transportation fund) ³	8,294,738	7,500,000	(794,738)	(9.6%)
Insurance tax to fire departments (insurance tax distribution fund)	19,588,470	19,588,470	0	0.0%
Aid to health districts (community health trust fund)	525,000	3,275,000	2,750,000	523.8%
Local public health pandemic response (community health trust fund)	4,515,296	0	(4,515,296)	(100.0%)
Tobacco education program grants to local public health districts (community health trust fund)	6,250,000	6,250,000	0	0.0%
Emergency medical services operations (insurance tax distribution fund)	1,125,000	1,125,000	0	0.0%
Community health trust fund cessation grants (community health trust fund)	0	500,000	500,000	N/A
Community health trust fund youth vaping grants (community health trust fund)	0	300,000	300,000	N/A
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences (community health trust fund)	1,000,000	1,000,000	0	0.0%
Abandoned vehicle cleanup (abandoned vehicle fund)	215,000	250,000	35,000	16.3%
Gaming enforcement grants	750,000	750,000	0	0.0%
County social and human service program	187,223,092 ¹	202,350,289 ¹	15,127,197	8.1%
Matching funds to counties and cities for senior citizen services and programs ⁴	9,300,000	9,300,000	0	0.0%
Grants to airports (Aeronautics Commission special funds collections)	7,075,000	10,625,000	3,550,000	50.2%
Grants to airports (airport infrastructure fund)	20,000,000 ⁵	20,000,000 ⁵	0	0.0%
Municipal infrastructure fund distributions	115,000,000 ⁶	115,000,000 ⁶	0	0.0%
County and township infrastructure fund distributions	115,000,000 ⁶	115,000,000 ⁶	0	0.0%
Motor vehicle fuel tax and registration fee allocations ⁷	205,709,493	186,600,000	(19,109,493)	(9.3%)
Telecommunications tax allocations	16,800,000	16,800,000	0	0.0%
Coal severance tax allocations ⁸	14,000,000	14,000,000	0	0.0%
Coal conversion tax allocations ⁸	8,000,000	8,000,000	0	0.0%
Oil and gas gross production tax allocations ⁹	847,909,596	686,537,775	(161,371,821)	(19.0%)
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (state disaster relief fund)	8,200,000	0	(8,200,000)	(100.0%)
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (tax relief fund)	11,800,000	0	(11,800,000)	(100.0%)
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (highway fund)	10,000,000	0	(10,000,000)	(100.0%)
Water projects ¹⁰	912,394,712	611,629,619	(300,765,093)	(33.0%)
Emergency township road repairs (state disaster relief fund)	750,000	0	(750,000)	(100.0%)
Cigarette tax allocations ¹¹	2,600,000	2,600,000	0	0.0%

	2021-23 Appropriations/ Revenue Allocations	2023-25 Executive Budget Recommendation	2023-25 Recommended Increase (Decrease) Compared to 2021-23 Appropriations/Revenue Allocations	
			Amount	Percentage
Energy conservation grants to political subdivisions	1,200,000	1,200,000	0	0.0%
Total special funds (excluding school-related funding)	\$2,730,814,589	\$2,287,109,879	(\$443,704,710)	(16.2%)
Total major direct assistance to political subdivisions (excluding school-related funding)	\$2,812,808,955	\$2,396,473,804	(\$416,335,151)	(14.8%)
School-related assistance to political subdivisions				
General fund appropriations - School-related funding				
State school aid per student formula payments				
State school aid - Integrated formula payments	\$1,555,350,500 ¹²	\$1,474,538,500 ¹²	(\$80,812,000)	(5.2%)
Transportation aid payments to school districts	58,100,000	58,100,000	0	0.0%
Special education contracts	27,000,000	27,000,000	0	0.0%
Prekindergarten grants	1,500,000	17,500,000	16,000,000	1066.7%
Program grant pool - Leveraging the Senior Year	0 ¹³	500,000 ¹³	500,000	N/A
EduTech services, including school district antivirus licenses and PowerSchool funding	2,824,877	3,610,232	785,355	27.8%
School district information technology network costs (statewide information technology network costs)	4,589,718	7,118,178	2,528,460	55.1%
Workforce facilitation for students at the Bakken Skills Center	0	390,000	390,000	N/A
School district and area center grants for career and technical education	26,837,780	46,837,780	20,000,000	74.5%
Total general fund - School-related funding	\$1,676,202,875	\$1,635,594,690	(\$40,608,185)	(2.4%)
Percentage of total general fund appropriations	33.6%	33.8%	0.3%	0.8%
Special funds appropriations and revenue allocations - School-related funding				
State school aid - Integrated formula payments (state tuition fund)	\$433,020,000	\$513,832,000	\$80,812,000	18.7%
State school aid - Integrated formula payments (foundation aid stabilization fund)	143,454,500 ¹²	281,669,656 ¹²	138,215,156	96.3%
Grants for adult education programs (displaced homemaker fund)	225,000	225,000	0	0.0%
School food services (special funds made available through carryover)	1,380,000 ¹³	1,380,000 ¹³	0	0.0%
Adult education (special funds made available through carryover)	5,000,000 ¹³	5,000,000 ¹³	0	0.0%
Program grant pool (special funds made available through carryover)	900,000 ¹³	900,000 ¹³	0	0.0%
School board training (foundation aid stabilization fund)		3,000,000	3,000,000	N/A
EduTech services, including school district antivirus licenses and PowerSchool funding	6,867,062	8,174,593	1,307,531	19.0%
School district information technology network costs (statewide information technology network costs)	90,000	90,000	0	0.0%
Statewide area career center initiative grants (career academies)	88,276,228	40,000,000 ¹⁴	(48,276,228)	(54.7%)
School district and area center grants for career and technical education	6,179,777	7,479,777	1,300,000	21.0%
Total special funds - School-related funding	\$685,392,567	\$861,751,026	\$176,358,459	25.7%
Total major school-related assistance to political subdivisions	\$2,361,595,442	\$2,497,345,716	\$135,750,274	5.7%

	2021-23 Appropriations/ Revenue Allocations	2023-25 Executive Budget Recommendation	2023-25 Recommended Increase (Decrease) Compared to 2021-23 Appropriations/Revenue Allocations	
			Amount	Percentage
Total general fund assistance to political subdivisions	\$1,758,197,241	\$1,744,958,615	(\$13,238,626)	(0.8%)
Total special funds assistance	<u>\$3,416,207,156</u>	<u>\$3,148,860,905</u>	<u>(\$267,346,251)</u>	(7.8%)
Total major direct assistance to political subdivisions	<u><u>\$5,174,404,397</u></u>	<u><u>\$4,893,819,520</u></u>	<u><u>(\$280,584,877)</u></u>	(5.4%)

¹ House Bill No. 1015 (2021) transfers \$187,223,092 from the tax relief fund to the human service finance fund for the program and House Bill No. 1012 (2021) appropriates an additional \$1,240,391 from the general fund for the program. The 2023-25 executive budget includes a \$200 million transfer from the tax relief fund to the human service finance fund and appropriates an additional \$21,187,791 from the general fund for the program.

² The 1987 Legislative Assembly, in House Bill No. 1590, provided that .6 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989. The 1997 Legislative Assembly, in House Bill No. 1019, reduced the .6 to .4 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent of the revenues be distributed to cities. The 2013 Legislative Assembly increased the .4 to .435 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning July 1, 2014.

³ Prior to the 2009-11 biennium, \$3 of each motor vehicle registration fee was deposited in the public transportation fund. Beginning with the 2009-11 biennium, the \$3 fee is deposited in the highway tax distribution fund, and the public transportation fund receives 1.5 percent of distributions from the highway tax distribution fund.

⁴ The 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided in Senate Bill No. 2267 that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The 2011 Legislative Assembly, in Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The 2013 Legislative Assembly, in Senate Bill No. 2162, increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year. The 2015 Legislative Assembly, in Senate Bill No. 2143, increased the amount of collections allocated to the fund to 87.5 percent of the amount appropriated up to one mill.

⁵ House Bill No. 1066 (2019), established the airport infrastructure fund for the purpose of providing grants to airports, and provides for an allocation of up to \$20 million of gross production tax revenue. Based on the December 2020 executive budget revenue forecast, the estimated oil and gas tax revenue collections for the 2019-21 and 2021-23 bienniums are not sufficient to provide for any allocations to the airport infrastructure fund.

⁶ House Bill No. 1066 (2019), established the municipal infrastructure fund and the county and township infrastructure fund for grants to non-oil-producing political subdivisions for eligible infrastructure projects. Based on the December 2022 executive budget revenue forecast, the estimated oil and gas tax revenue collections for the 2019-21 and 2021-23 bienniums will be sufficient to provide allocations from the municipal infrastructure fund but not the county and township infrastructure fund.

⁷ Prior to the 2009-11 biennium, 37 percent of the funds in the highway tax distribution fund were allocated to counties and cities, and one cent per gallon of motor fuels taxes was deposited in the township highway aid fund. Beginning with the 2009-11 biennium, counties and cities receive 34.5 percent of distributions from the highway tax distribution fund, the one cent per gallon of motor fuels taxes originally deposited in the township highway aid fund is deposited in the highway tax distribution fund, and townships receive 2.7 percent of distributions from the highway tax distribution fund. The amounts shown do not include highway tax distribution fund deposits in the public transportation fund which are shown separately in this schedule.

⁸ Beginning in the 2001-03 biennium, the coal severance tax allocation is based on the provision that 70 percent of the severance tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties. Beginning in the 2001-03 biennium, the coal conversion tax allocation is based on the provision that 15 percent of the conversion tax revenue is allocated to the county in which the plant is located. Previously, 35 percent had been allocated to the county in which the plant is located.

⁹ 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 limited based on the population of the county. Beginning in the 2013-15 biennium, the allocations from the gross production tax revenue are distributed to counties, cities, school districts, townships, and hub cities based on a formula which provides one set of percentages for counties that received less than \$5 million in allocations during the previous state fiscal year and another set of percentages for counties that received \$5 million or more in allocations during the previous state fiscal year. The amounts shown for the 2021-23 and 2023-25 bienniums reflect the December 2022 executive budget revenue forecast.

- ¹⁰ Of the \$912,394,712 provided for during the 2021-23 biennium, \$510 million is from bond proceeds for the Fargo diversion projects (\$435.5 million) and to repay outstanding debt of the Western Area Water Supply which is deposited into the resources trust fund and appropriated for the Mouse River flood control project (\$74.5 million).
- ¹¹ The cigarette tax allocation is based on the provision that 3 cents per regular package and 3.75 cents per larger package are distributed to cities based on population.
- ¹² In 2021 the Legislative Assembly provided an ongoing appropriation of \$143.5 million from the foundation aid stabilization fund for integrated formula payments during the 2021-23 biennium. The 2023-25 executive budget recommendation includes a total of \$281.7 million from the foundation aid stabilization fund for integrated formula payments, of which \$138.2 million is considered one-time funding.
- ¹³ In 2021, Legislative Assembly provided funding for program pool initiatives, including leveraging the senior year, building tomorrow's leaders, and family engagement initiatives. The Legislative Assembly also adjusted the funding source for all program and passthrough grants to provide funding from special funds made available from 2019-21 biennium carryover deposited in the department's operating fund. The 2023-25 executive budget recommendation increases funding for the program grant pool to provide an additional \$500,000 from the general fund for leveraging the senior year and provides funding for the remaining \$900,000 for the program grant pool and other program grants from 2021-23 carryover deposited in the department's operating fund.
- ¹⁴ The 2021 Legislative Assembly appropriated \$88,276,228 to the Department of Career and Technical Education for the statewide area career center initiative grant program during the 2021-23 biennium, of which \$68,276,228 was from the federal Coronavirus Capital Projects Fund and \$20,000,000 was from the federal State Fiscal Recovery Fund. The 2023-25 executive budget recommendation includes authorization for the department to access a \$108,276,228 Bank of North Dakota line of credit to be repaid using funding appropriated from the Coronavirus Capital Projects Fund (\$68.3 million) and funding made available by the 2025 Legislative Assembly through a deficiency appropriation (\$40 million).

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 2023-25 BIENNIUM EXECUTIVE BUDGET TO
2021-23 BIENNIUM APPROPRIATION AND ESTIMATED EXPENDITURES

D-3

INTEGRATED PER STUDENT PAYMENT RATES AND WEIGHTED STUDENT UNITS FOR
THE 2021-23 AND 2023-25 BIENNIUMS

D-7

ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

STATE SCHOOL AID

The 2023-25 biennium executive budget recommendation provides funding of \$2.36 billion, of which \$1.56 billion is from the general fund, \$282 million is from the foundation aid stabilization fund, and \$514 million is from the state tuition fund for the state school aid program. The following schedule summarizes state school aid program funding:

	2021-23 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2023-25 Executive Budget (Amounts Shown in Millions)
State school aid	\$2,131.8	\$138.2	\$2,270.0
Transportation aid payments	58.1		58.1
Special education - Contracts	27.0		27.0
Total	\$2,216.9	\$138.2	\$2,355.1
General fund	\$1,640.4	(\$80.8)	\$1,559.6
Foundation aid stabilization fund	143.5	138.2	281.7
State tuition fund	433.0	80.8	513.8
Total	\$2,216.9	\$138.2	\$2,355.1

The executive budget recommendation provides integrated formula payments totaling \$2.27 billion, an increase of \$138.2 million from the integrated formula payments provided during the 2021-23 biennium. When compared to the appropriation for the 2021-23 biennium, the increase of \$138.2 million includes a decrease in funding from the general fund of \$80.8 million, which is offset by increases in funding from the state tuition fund of \$80.8 million and from the foundation aid stabilization fund of \$138.2 million. The executive recommendation includes one-time funding of \$138.2 million from the foundation aid stabilization fund for integrated formula payments. 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 percent of certain other local revenue, the same as the 2021-23 biennium.

The executive budget recommendation increases funding to accelerate the elimination of the transition maximum adjustment (\$14.8 million) and to increase the integrated per student payment rate by 4 percent in the 1st year and 3 percent in the 2nd year of the 2023-25 biennium (\$146.4 million). The executive budget recommends these increases be offset by cost-to-continue savings related to slower enrollment growth (\$35.3 million) and by savings related to accelerating the implementation of on time payment for fall enrollment (\$2.4 million). These formula adjustments result in an increase of \$123.5 million. The executive budget inadvertently included an additional

\$14.7 million when calculating the total funding for integrated formula payments. The executive budget recommends the state school aid formula be amended to accelerate the elimination of the transition maximum adjustment and the implementation of on-time funding for fall enrollment and to increase the integrated per student payment rate to \$10,646 effective July 1, 2023, and \$10,965 effective July 1, 2024. The executive budget recommends, during the 2023-25 biennium, school boards be required to use at least 70 percent of all new money received, as a result of increases in the integrated per student payment rate, to increase compensation paid to non-administrative personnel.

ONE-TIME FUNDING

The executive budget includes \$147.2 million of one-time funding from the foundation aid stabilization fund for state school aid (\$138.2 million), school board training (\$3 million), cybersecurity credentials for teachers (\$2 million), and a grow your own teacher program (\$4 million).

OTHER RECOMMENDATIONS

The executive budget recommendation authorizes the Department of Public Instruction to continue unspent federal elementary and secondary school emergency relief funds, appropriated for the 2021-23 biennium, to the 2023-25 biennium.

The executive budget recommendation provides for the following program adjustments:

1. **PowerSchool** - Provides \$5.78 million from the general fund for PowerSchool, an increase of \$525,000 from the 2021-23 biennium appropriation of \$5.25 million.
2. **National board certification** - Provides \$176,290 from the general fund for teacher stipends and assessment fees for national board certification, the same level of funding provided in the 2021-23 biennium.

The executive budget recommendation provides for the following program and passthrough grants:

- **Adult education grants** - Provides \$5 million from special funds for adult education grants, the same level of funding provided in the 2021-23 biennium.
- **School food services matching grants** - Provides \$1.38 million from special funds for school food services matching grants, the same level of funding provided in the 2021-23 biennium.
- **Free breakfast program** - Provides \$200,000 from special funds to provide free breakfast to students eligible for reduced meals, the same level of funding provided in the 2021-23 biennium.

- **Program grant pool** - Provides \$1.4 million, of which \$900,000 is from special funds and \$500,000 is from the general fund for the program grant pool. Funding is provided in the program grant pool for leveraging the senior year, a leadership program, and family engagement initiatives. This level of funding is an increase of \$500,000 from the general fund from the 2021-23 biennium appropriation of \$900,000 from special funds.
- **National writing projects** - Provides \$50,000 from special funds for national writing projects, the same level of funding provided in the 2021-23 biennium.
- **North Dakota Museum of Art** - Provides \$425,000 from special funds for support of the North Dakota Museum of Art educational outreach initiative, the same level of funding provided in the 2021-23 biennium.
- **North Central Council for Educational Media Services** - Provides \$202,300 from special funds for support of the North Central Council for Educational Media Services, the same level of funding provided in the 2021-23 biennium.
- **Mentorship grant program** - Provides \$4,251,528, of which \$2,125,764 is from special funds and \$2,125,764 is from the general fund, for support of a teacher, principal, and instructional coach mentoring program, an increase of \$2,125,764 from the general fund

from the 2021-23 biennium appropriation of \$2,125,764 from special funds.

- **"We the People" program** - Provides \$70,000 from special funds for a government education program, the same level of funding provided in the 2021-23 biennium.
- **Cultural heritage grants** - Provides \$34,000 from special funds for cultural heritage grants, the same level of funding provided in the 2021-23 biennium.

Special funds for various program and passthrough grants included in the department's 2021-23 biennium budget were derived from 2019-21 carryover which was deposited in the department's operating account. The executive budget recommendation authorizes the department to continue up to \$10,387,064 remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for deposit in the department's operating fund and provides the funding be used for various program and passthrough grants.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2023-25 BIENNIUM EXECUTIVE BUDGET TO
2021-23 BIENNIUM APPROPRIATION AND ESTIMATED EXPENDITURES**

	2021-23 Appropriation	2021-23 Estimated Expenditures	2023-25 Executive Budget	2023-25 Executive Budget Increase (Decrease) Compared to 2021-23 Estimated Expenditures	2023-25 Executive Budget Increase (Decrease) Compared to 2021-23 Appropriation
State school aid program					
State school aid - Integrated formula payments	\$2,131,825,000 ¹	\$2,076,325,000 ²	\$2,270,040,156 ¹	\$193,715,156	\$138,215,156
Transportation aid payments	58,100,000	58,100,000	58,100,000	0	0
Special education - Contracts	27,000,000	25,000,000 ²	27,000,000	2,000,000	0
Total - State school aid program	\$2,216,925,000	\$2,159,425,000	\$2,355,140,156	\$195,715,156	\$138,215,156
General fund	\$1,640,450,500	\$1,582,950,500 ²	\$1,559,638,500	(\$23,312,000)	(\$80,812,000)
Foundation aid stabilization fund	143,454,500 ¹	143,454,500	281,669,656 ¹	138,215,156	138,215,156
State tuition fund	433,020,000	433,020,000	513,832,000	80,812,000	80,812,000
Total - State school aid program	\$2,216,925,000	\$2,159,425,000 ²	\$2,355,140,156	\$195,715,156	\$138,215,156
Program grants					
Adult education matching grants	\$5,000,000	\$5,000,000		(\$5,000,000)	(\$5,000,000)
School food services matching grants	1,380,000	1,380,000		(1,380,000)	(1,380,000)
Free breakfast program	200,000	200,000		(200,000)	(200,000)
Program grant pool	900,000 ³	900,000		(900,000)	(900,000)
Leveraging the senior year - Emergency Commission transfer from integrated formula payments line		500,000		(500,000)	0
Leveraging the senior year			\$500,000 ³	500,000	500,000
Grow your own teacher program			4,000,000	4,000,000	4,000,000
School board training			3,000,000	3,000,000	3,000,000
Cybersecurity credentials for teachers			2,000,000	2,000,000	2,000,000
Total - Program grants	\$7,480,000	\$7,980,000	\$9,500,000	\$1,520,000	\$2,020,000
General fund	\$0	\$500,000	\$500,000 ³	\$0	\$500,000
Other funds - Foundation aid stabilization fund			9,000,000	9,000,000	9,000,000
Other funds - Public instruction fund	7,480,000 ⁴	7,480,000	0	(7,480,000)	(7,480,000)
Total - Program grants	\$7,480,000	\$7,980,000	\$9,500,000	\$1,520,000	\$2,020,000
Other grants - Other funds					
Federal grants	\$312,513,893	\$393,346,918	\$382,513,893	(\$10,833,025)	\$70,000,000
Displaced homemaker program	225,000	200,000	225,000	25,000	0
Total - Other grants - Other funds	\$312,738,893	\$393,546,918	\$382,738,893	(\$10,808,025)	\$70,000,000
Total state school aid and other grants - All funds	\$2,537,143,893	\$2,560,951,918	\$2,747,379,049	\$186,427,131	\$210,235,156

	2021-23 Appropriation	2021-23 Estimated Expenditures	2023-25 Executive Budget	2023-25 Executive Budget Increase (Decrease) Compared to 2021-23 Estimated Expenditures	2023-25 Executive Budget Increase (Decrease) Compared to 2021-23 Appropriation
Agency administration					
Administration - General fund	\$12,520,083	\$10,973,471 ²	\$13,143,209	\$2,169,738	\$623,126
Administration - Other funds	38,632,813	35,500,000	39,760,512	4,260,512	1,127,699
STARS rewrite - Other funds	10,100,000 ⁵	1,000,000		(1,000,000)	(10,100,000)
Total - Agency administration	\$61,252,896	\$47,473,471	\$52,903,721	\$5,430,250	(\$8,349,175)
Passthrough grants, PowerSchool, and national board certification					
Adult education matching grants			\$5,000,000	\$5,000,000	\$5,000,000
School food services matching grants			1,380,000	1,380,000	1,380,000
Free breakfast program			200,000	200,000	200,000
Program grant pool			900,000 ³	900,000	900,000
National writing projects	\$50,000	\$50,000	50,000	0	0
Rural art outreach project	425,000	425,000	425,000	0	0
North Central Council for Educational Media Services	202,300	202,300	202,300	0	0
Mentoring program	2,125,764	2,125,764	4,251,528 ⁴	2,125,764	2,125,764
Bismarck Gateway to Science	13,500,000	13,500,000		(13,500,000)	(13,500,000)
"We the People" program	70,000	70,000	70,000	0	0
Cultural heritage grants	34,000	20,000	34,000	14,000	0
Total - Passthrough grants	\$16,407,064	\$16,393,064	\$12,512,828	(\$3,880,236)	(\$3,894,236)
PowerSchool	5,250,000	5,250,000	5,775,000	525,000	525,000
National board certification	176,290	176,290	176,290	0	0
Total - Passthrough grants, PowerSchool, and national board certification	\$21,833,354	\$21,819,354	\$18,464,118	(\$3,355,236)	(\$3,369,236)
General fund	\$5,426,290	\$5,426,290	\$8,077,054	\$2,650,764	\$2,650,764
Other funds - Public instruction fund	16,407,064 ⁴	16,393,064	10,387,064 ⁴	(6,006,000)	(6,020,000)
Total - Passthrough grants, PowerSchool, and national board certification	\$21,833,354	\$21,819,354	\$18,464,118	(\$3,355,236)	(\$3,369,236)
Total - Agency administration, passthrough grants, PowerSchool, and national board certification - All funds	\$83,086,250	\$69,292,825	\$71,367,839	\$2,075,014	(\$11,718,411)
Total Department of Public Instruction - All funds	\$2,620,230,143	\$2,630,244,743	\$2,818,746,888	\$188,502,145	\$198,516,745
Department of Public Instruction - Funding					
Total - General fund	\$1,658,396,873	\$1,599,850,261	\$1,581,358,763	(\$18,491,498)	(\$77,038,110)
Total - Other funds	961,833,270	1,030,394,482	1,237,388,125	206,993,643	275,554,855
Total Department of Public Instruction - All funds	\$2,620,230,143	\$2,630,244,743	\$2,818,746,888	\$188,502,145	\$198,516,745
FTE positions	86.25	86.25	86.25	0.00	0.00

Federal COVID-19 Relief Funding Appropriations for the 2021-23 and 2023-25 Bienniums

	2021-23 Appropriation	2021-23 Estimated Expenditures	2023-25 Executive Budget	2023-25 Executive Budget Increase (Decrease) Compared to 2021-23 Estimated Expenditures	2023-25 Executive Budget Increase (Decrease) Compared to 2021-23 Appropriation
Federal COVID-19 funding					
ESSER Fund III distribution and other federal funding					
Grants allocated to school districts	\$274,740,191	\$250,000,000		(\$250,000,000)	(\$274,740,191)
DPI - State discretionary	30,526,688	15,000,000		(15,000,000)	(30,526,688)
Individuals with Disabilities Education Act grant	8,632,569	3,500,000		(3,500,000)	(8,632,569)
Emergency Assistance to Non-public Schools grant	4,151,371	3,000,000		(3,000,000)	(4,151,371)
Homeless Children and Youth program grant	1,999,661	500,000		(500,000)	(1,999,661)
Total funding from ESSER Fund III distribution and other federal funding	<u>\$320,050,480</u> ⁶	<u>\$272,000,000</u> ⁷	\$0	(\$272,000,000)	(\$320,050,480)
Coronavirus Relief Fund					
Grants to regional education associations included in the grants - other grants line item of HB 1013	\$250,000	\$250,000	\$0	(\$250,000)	(\$250,000)
Total funding from the Coronavirus Relief Fund	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$0</u>	<u>(\$250,000)</u>	<u>(\$250,000)</u>
Coronavirus Capital Projects Fund					
Grant to a children's science center in Minot	\$5,900,000 ⁸	\$5,900,000	\$0	(\$5,900,000)	(\$5,900,000)
Total funding from the Coronavirus Capital Projects Fund	<u>\$5,900,000</u>	<u>\$5,900,000</u>	<u>\$0</u>	<u>(\$5,900,000)</u>	<u>(\$5,900,000)</u>
Total Federal COVID-19 funding	<u>\$326,200,480</u>	<u>\$278,150,000</u>	<u>\$0</u>	<u>(\$278,150,000)</u>	<u>(\$326,200,480)</u>
Total Department of Public Instruction - All funds, including COVID-19 relief	<u>\$2,946,430,623</u>	<u>\$2,908,394,743</u>	<u>\$2,818,746,888</u>	<u>(\$89,647,855)</u>	<u>(\$127,683,735)</u>
Department of Public Instruction Appropriation					
General fund	\$1,658,396,873	\$1,599,850,261	\$1,581,358,763	(\$18,491,498)	(\$77,038,110)
Other funds	1,288,033,750	1,308,544,482	1,237,388,125	(71,156,357)	(50,645,625)
Total Department of Public Instruction Appropriation	<u>\$2,946,430,623</u>	<u>\$2,908,394,743</u>	<u>\$2,818,746,888</u>	<u>(\$89,647,855)</u>	<u>(\$127,683,735)</u>

- ¹ In 2021 the Legislative Assembly provided a total of \$143.5 million of ongoing funding from the foundation aid stabilization fund for integrated formula payments during the 2021-23 biennium. The executive budget recommendation provides integrated formula payments totaling \$2.27 billion, an increase of \$138.2 million from the integrated formula payments provided during the 2021-23 biennium. The executive recommendation provides a total of \$281.7 million from the foundation aid stabilization fund for integrated formula payments during the 2023-25 biennium, of which \$138.2 million is considered one-time funding. The executive budget recommendation increases funding to accelerate the elimination of the transition maximum adjustment (\$14.8 million) and to increase the integrated per student payment rate by 4 percent in the 1st year and 3 percent in the 2nd year of the 2023-25 biennium (\$146.4 million). The executive budget recommends these increases be offset by cost-to-continue savings related to slower enrollment growth (\$35.3 million) and by savings related to accelerating the implementation of on-time payment for fall enrollment (\$2.4 million). These formula adjustments result in an increase of \$123.5 million. The executive budget inadvertently included an additional \$14.7 million when calculating the total funding for integrated formula payments.
- ² The Department of Public Instruction anticipates general fund turnback for the 2021-23 biennium will total approximately \$58,500,000, including \$55,000,000 related to state school aid, \$2,000,000 related to special education contracts, and \$1,546,612 related to funding provided for the teacher loan forgiveness program. The 2023-25 biennium executive recommendation authorizes the department to continue up to \$10,387,064 remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for various program and passthrough grants which, if approved, would reduce anticipated turnback to approximately \$48,100,000.
- ³ In 2021 the Legislative Assembly provided funding for program pool initiatives, including leveraging the senior year, building tomorrow's leaders, and family engagement initiatives. The Legislative Assembly also adjusted the funding source for all program and passthrough grants to provide funding from special funds made available from 2019-21 biennium carryover deposited in the department's operating fund. The executive recommendation provides an additional \$500,000 from the general fund for the program pool for leveraging the senior year, to provide a total of \$1.4 million, of which the remaining \$900,000 is provided from special funds made available from 2021-23 biennium funding anticipated to remain unspent in the integrated formula payments line item and deposited in the department's operating fund.
- ⁴ In 2021 the Legislative Assembly authorized the department to continue up to \$24,137,064 remaining in the integrated formula payments line item at the close of the 2019-21 biennium to the 2021-23 biennium for a dyslexia screening pilot program (\$250,000) and for deposit in the department's operating fund (\$23,887,064). The Legislative Assembly appropriated the funding from the department's operating fund for various program and passthrough grants. The 2023-25 biennium executive recommendation authorizes the department to continue up to \$10,387,064 remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for deposit in the department's operating fund and provides the funding be used for various program and passthrough grants. In addition, the executive recommendation provides an additional \$2,125,764 from the general fund for the teacher mentoring program to provide a total of \$4,251,528, of which the remaining \$2,125,764 is provided from special funds made available from 2021-23 biennium funding anticipated to remain unspent in the integrated formula payments line item and deposited in the department's operating fund.
- ⁵ During the 2021 special session, the Legislative Assembly provided \$10 million of one-time funding derived from reimbursements, withheld from certain school districts' integrated formula payments and deposited in the public instruction fund, and \$100,000 of one-time funding from the federal State Fiscal Recovery Fund for information technology project upgrades to the state automated reporting system (STARS) and the statewide longitudinal data system (SLDS). Funding from the State Fiscal Recovery Fund was provided for the information technology upgrades in lieu of withholding from school districts not eligible for federal Elementary and Secondary School Emergency Relief (ESSER) Fund allocations.
- ⁶ Funding from ESSER Fund III distributions and other federal COVID-19 emergency relief funds approved in the federal American Rescue Plan Act were appropriated by the Legislative Assembly in House Bill No. 1395 (2021).
- ⁷ The executive budget recommendation authorizes the Department of Public Instruction to continue unspent ESSER funds, appropriated for the 2021-23 biennium, to the 2023-25 biennium.
- ⁸ Funding from the federal Coronavirus Capital Projects Fund was provided to the Department of Public Instruction in Section 6 of House Bill No. 1015 (2021) for a grant to an entity for the development of a children's science center in Minot.

**INTEGRATED PER STUDENT PAYMENT RATES AND WEIGHTED STUDENT UNITS
FOR THE 2021-23 AND 2023-25 BIENNIUMS**

	2021-23 Legislative Appropriation	2021-23 Actual	2023-25 Executive Budget
1 st -year integrated per student payment rates	\$10,136	\$10,136	\$10,646 ¹
2 nd -year integrated per student payment rates	\$10,237	\$10,237	\$10,965 ¹
Weighted student units			
1 st year	134,526	133,301	137,937 ³
2 nd year	137,548	135,606 ²	139,413 ³

¹The 2023-25 executive recommendation increases funding for state school aid by \$146.4 million to increase integrated formula payment rates by 4 percent in the 1st year and 3 percent in the 2nd year of the 2023-25 biennium.

²Weighted student units for the 2nd year of the 2021-23 biennium are estimated as of December 2022.

³Weighted student units for the 2023-25 biennium have been estimated using fall enrollment for the 2022-23 school year for the 1st year of the biennium and a 3-year survival cohort routine for the 2nd year of the biennium.

SECTION E - HIGHER EDUCATION

SUMMARY OF KEY RECOMMENDATIONS

E-1

FULL-TIME EQUIVALENT STUDENT ENROLLMENTS

E-3

TUITION RATES

E-4

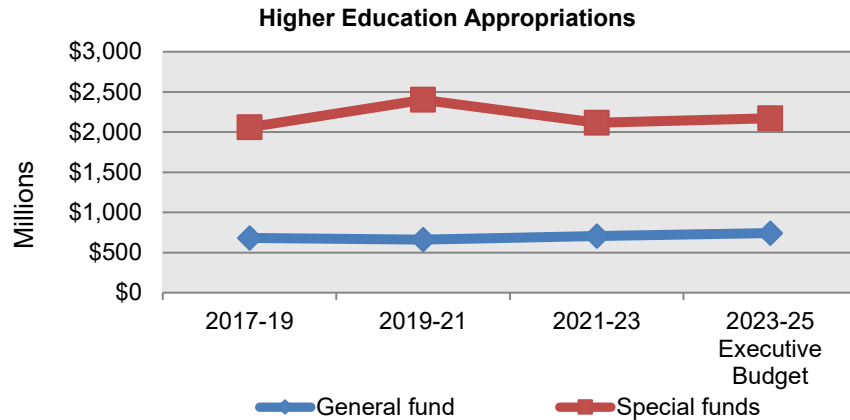
HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

The 2023-25 executive budget recommends the following higher education funding changes compared to 2021-23 appropriations for higher education:

- Increases **general fund** support by \$38.8 million as follows:

	2021-23 Legislative Appropriations	2023-25 Executive Recommendation	Increase (Decrease)	
Ongoing general fund appropriations	\$686,328,526	\$726,552,116	\$40,223,590	5.9%
One-time general fund appropriations	17,025,000	15,644,978	(1,380,022)	(8.1%)
Total	\$703,353,526	\$742,197,094	\$38,843,568	5.5%

- Increases appropriations from **special funds** by \$53.2 million, or 2.5 percent. The increase relates primarily to the institutions' special funds share of salary and health insurance increases.
- Increases the authorized number of **full-time equivalent (FTE) positions** from 6,533.99 to 6,605.91, an increase of 71.92 positions. The increase relates primarily to position increases made by the North Dakota University System institutions during the 2021-23 biennium based on the funding level approved by the 2021 Legislative Assembly.



Biennium	General Fund	Special Funds	Total
2017-19	\$679,438,630	\$2,059,950,275	\$2,739,388,905
2019-21	\$660,517,805	\$2,400,897,468	\$3,061,415,273
2021-23	\$703,353,526	\$2,117,621,160	\$2,820,974,686
2023-25 - Executive budget	\$742,197,094	\$2,170,858,954	\$2,913,056,048

Key recommendations include:

- Increases base funding for campuses by \$34.4 million, including:
 - \$9.2 million decrease relating to the student credit-hour funding formula to adjust the base budget to 2019-21 actual completed student credit-hour levels;
 - \$5.2 million increase relating to a 96 percent minimum amount payable allocation to Lake Region State College (\$588,027), North Dakota State University (\$2 million), and North Dakota State College of Science (\$2.6 million); and
 - \$38.4 million increase for an **inflationary adjustment** for each institution to provide funding for salary and health insurance increases.
- Provides \$1 million from the general fund for the **Native American scholarship program**, an increase of \$444,677 from the 2021-23 biennium general fund appropriation of \$555,323.
- Provides \$17.2 million from the general fund for the **career and technical education and academic scholarship program**. This represents an increase of \$1 million compared to the 2021-23 biennium general fund appropriation of \$16.2 million.
- Provides \$2.5 million from the general fund for **increased software contracts and a security operations center**.
- Provides \$1.8 million from the general fund, of which \$1.5 million is one-time funding and \$273,180 is ongoing, for a new **financial aid processing system**.
- Appropriates one-time funding of \$3.6 million from the general fund for the **behavioral health initiative**.
- Appropriates one-time funding of \$10 million from the general fund for **workforce education innovation grants** to expand educational programs to meet critical workforce needs of the state.
- Appropriates one-time funding of \$10 million from the legacy earnings fund for **energy workforce education scholarships**.
- Appropriates one-time funding of \$50 million from the legacy earnings fund for the **higher education challenge fund** to provide matching grants for academic enhancements to University System institutions.
- Transfers \$19 million from the strategic investment and improvements fund to continue the **capital building fund program**.
- Provides a **system information technology services pool** of \$68,405,161, of which \$43,615,969 is from the general fund and

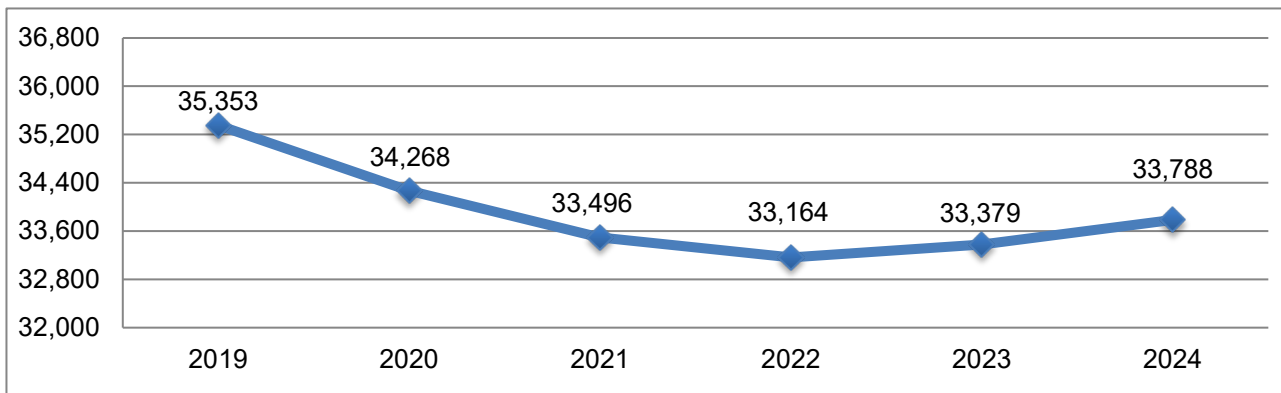
\$24,789,192 is from other funds, for support of the ConnectND system; Higher Education Computer Network; Advanced Learning Technologies, including the Interactive Video Network; the Online Dakota Information Network; and other related technology initiatives. This level of funding represents an increase of \$5,442,344 from the 2021-23 biennium appropriation of \$62,962,817. Of the \$5,442,344 increase, \$4,441,689 is an increase in general fund support and \$1,000,655 is an increase in other funds support.

12. Provides \$165,692,806 for **capital assets**, including:

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

	General Fund	Special Funds	Total
Major capital projects	\$0	\$87,744,100	\$87,744,100
Capital construction lease payments	11,197,896	0	11,197,896
Base extraordinary repairs	11,179,526	0	11,179,526
Forest Service equipment over \$5,000	56,248	0	56,248
Total	\$22,433,670	\$87,744,100	\$110,177,770

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS¹



Institution	Actual Enrollments				Projected Enrollments	
	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023	Fall 2024
Bismarck State College	2,598	2,558	2,390	2,467	2,557	2,650
Dakota College at Bottineau	596	552	615	550	534	550
Dickinson State University	1,093	1,147	1,154	1,155	1,178	1,201
Lake Region State College	975	867	791	797	802	807
Mayville State University	801	801	815	784	800	816
Minot State University	2,399	2,273	2,242	2,167	2,189	2,222
North Dakota State University	11,704	11,253	10,861	10,701	10,644	10,695
North Dakota State College of Science	2,076	2,020	2,029	2,064	2,147	2,233
University of North Dakota	11,164	10,933	10,842	10,760	10,775	10,826
Valley City State University	1,164	1,160	1,090	1,073	1,094	1,116
Williston State College	783	704	667	646	659	672
Total	35,353	34,268	33,496	33,164	33,379	33,788

¹State Board of Higher Education policy provides that a full-time equivalent (FTE) undergraduate student is equal to 15 undergraduate student credit-hours completed per semester. The policy also provides that a graduate FTE student is equal to 12 graduate-level student credit-hours completed per semester and a professional student is counted as 1 FTE student. The information presented in this schedule for the fall 2017 through fall 2020 semesters was provided by the North Dakota University System office. The estimates for the fall 2021 and fall 2022 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 2019-20 through 2022-23. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. The 2017 Legislative Assembly restored recognition of tuition income in the appropriation process, but provided continuing appropriation authority through June 30, 2019, for any additional funds received by the institutions. House Bill No. 1003 (2019) and Senate Bill No. 2003 (2021) extended the continuing appropriation authority through June 30, 2023, for any additional funds received by the institutions. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution ¹	2019-20 ¹¹	2020-21	2021-22	2022-23
Bismarck State College				
Undergraduate				
Resident	\$4,150 4.0%	\$4,816 16.0%	\$5,009 4.0%	\$5,209 4.0%
Minnesota resident ²	\$4,648 4.0%	\$5,394 16.0%	\$5,610 4.0%	\$5,209 (7.1%)
Contiguous state/province ³	\$6,225 4.0%	\$7,224 16.0%	\$7,514 4.0%	\$5,209 (30.7%)
Other nonresident	\$6,225 4.0%	\$7,224 16.0%	\$7,514 4.0%	\$7,813 4.0%
International students	\$7,262 4.0%	\$8,428 16.1%	\$8,766 4.0%	\$9,116 4.0%
Dakota College at Bottineau				
Undergraduate				
Resident and all Canadian provinces ⁴	\$4,066 8.4%	\$4,229 4.0%	\$4,356 3.0%	\$4,530 4.0%
Minnesota resident ²	\$4,554 8.4%	\$4,737 4.0%	\$4,879 3.0%	\$5,073 4.0%
Contiguous state ³	\$5,083 8.4%	\$5,286 4.0%	\$5,445 3.0%	\$5,662 4.0%
Other nonresident	\$6,100 8.4%	\$6,344 4.0%	\$6,534 3.0%	\$6,795 4.0%
International students	\$7,116 26.5%	\$7,401 4.0%	\$7,623 3.0%	\$7,927 4.0%
Dickinson State University				
Undergraduate				
Resident	\$6,522 17.3%	\$7,470 14.5%	\$7,470 0.0%	\$7,470 0.0%
Minnesota resident ²	\$7,304 17.3%	\$7,470 2.3%	\$7,470 0.0%	\$7,470 0.0%
Contiguous state/province ³	\$8,152 17.3%	\$7,470 (8.4%)	\$7,470 0.0%	\$7,470 0.0%
Other nonresident	\$9,782 17.3%	\$9,570 (2.2%)	\$9,570 0.0%	\$9,570 0.0%
International students	\$11,413 24.5%	\$9,570 (16.1%)	\$9,570 0.0%	\$9,570 0.0%

Institution ¹	2019-20 ¹¹	2020-21	2021-22	2022-23
Lake Region State College ⁵				
Undergraduate				
Resident and nonresident	\$3,778 5.0%	\$3,929 4.0%	\$4,086 4.0%	\$4,249 4.0%
International students	\$9,445 5.0%	\$9,823 4.0%	\$10,215 4.0%	\$10,624 4.0%
Mayville State University				
Undergraduate				
Resident	\$5,793 6.0%	\$6,025 4.0%	\$6,266 4.0%	\$6,517 4.0%
Minnesota resident ²	\$6,488 6.0%	\$6,748 4.0%	\$7,018 4.0%	\$7,299 4.0%
Contiguous state/province ³	\$7,241 6.0%	\$7,532 4.0%	\$7,833 4.0%	\$8,146 4.0%
Other nonresident or Canadian province	\$8,690 6.0%	\$9,038 4.0%	\$9,399 4.0%	\$9,775 4.0%
International students	\$10,138 (30.5%)	\$10,544 4.0%	\$10,966 4.0%	\$11,404 4.0%
Minot State University ⁶				
Undergraduate	\$6,088 8.4%	\$6,691 9.9%	\$6,892 3.0%	\$7,168 4.0%
Graduate	\$8,049 8.4%	\$8,731 8.5%	\$8,992 3.0%	\$9,352 4.0%
North Dakota State University				
Undergraduate				
Resident	\$8,275 4.0%	\$8,606 4.0%	\$8,951 4.0%	\$9,309 4.0%
Minnesota resident ²	\$9,268 4.0%	\$9,639 4.0%	\$10,025 4.0%	\$10,426 4.0%
Contiguous state/province ³	\$9,930 4.0%	\$10,328 4.0%	\$10,741 4.0%	\$11,170 4.0%
Other nonresident	\$12,413 4.0%	\$12,909 4.0%	\$13,426 4.0%	\$13,963 4.0%
International students	\$14,482 4.0%	\$15,061 4.0%	\$15,663 4.0%	\$16,290 4.0%
Graduate				
Resident	\$8,991 4.0%	\$9,350 4.0%	\$9,724 4.0%	\$10,113 4.0%
Minnesota resident ²	\$11,418 4.0%	\$11,875 4.0%	\$12,350 4.0%	\$12,844 4.0%
Other nonresident	\$13,486 4.0%	\$14,026 4.0%	\$14,586 4.0%	\$15,171 4.0%
International students	\$15,734 4.0%	\$16,363 4.0%	\$17,018 4.0%	\$17,699 4.0%

Institution ¹	2019-20 ¹¹	2020-21	2021-22	2022-23
North Dakota State College of Science ^{7,8}				
Undergraduate				
Resident	\$4,204 3.0%	\$4,330 3.0%	\$4,503 4.0%	\$4,683 4.0%
Minnesota resident ²	\$4,708 3.0%	\$4,850 3.0%	\$5,044 4.0%	\$5,245 4.0%
Contiguous state/province ³	\$5,045 (1.1%)	\$5,196 3.0%	\$5,404 4.0%	\$5,620 4.0%
Other nonresident	\$5,045 (53.7%)	\$5,196 3.0%	\$5,404 4.0%	\$5,620 4.0%
International students	\$7,357 (32.5%)	\$7,578 3.0%	\$7,881 4.0%	\$8,196 4.0%
University of North Dakota				
Undergraduate				
Resident	\$8,212 13.7%	\$8,540 4.0%	\$8,882 4.0%	\$9,237 4.0%
Minnesota resident ²	\$9,197 13.7%	\$9,565 4.0%	\$9,948 4.0%	\$10,346 4.0%
Contiguous state/province ³	\$12,318 13.7%	\$12,811 4.0%	\$13,323 4.0%	\$13,856 4.0%
Other nonresident	\$12,318 (36.1%)	\$12,811 4.0%	\$13,323 4.0%	\$13,856 4.0%
International students	\$16,424 (14.8%)	\$17,081 4.0%	\$17,764 4.0%	\$18,474 4.0%
Graduate				
Resident	\$10,533 28.0%	\$11,060 5.0%	\$11,503 4.0%	\$11,963 4.0%
Minnesota resident ²	\$13,377 28.0%	\$14,047 5.0%	\$14,609 4.0%	\$15,193 4.0%
Contiguous state/province ³	\$15,800 28.0%	\$16,591 5.0%	\$17,253 4.0%	\$17,943 4.0%
Other nonresident	\$15,800 (28.1%)	\$16,591 5.0%	\$17,253 4.0%	\$17,943 4.0%
International students	\$21,067 (4.1%)	\$22,121 5.0%	\$23,006 4.0%	\$23,925 4.0%
School of Law ⁹				
Resident	\$13,176 36.8%	\$13,835 5.0%	\$14,526 5.0%	\$15,253 5.0%
Minnesota resident and contiguous state/province ³	\$19,764 36.8%	\$20,752 5.0%	\$21,789 5.0%	\$22,879 5.0%
Other nonresident	\$39,527 53.7%	\$41,504 5.0%	\$29,053 (30.0%)	\$30,505 5.0%
International students	\$39,527 53.7%	\$41,504 5.0%	\$43,579 5.0%	\$30,505 (30.0%)

Institution ¹	2019-20 ¹¹	2020-21	2021-22	2022-23
School of Medicine and Health Sciences				
Resident	\$32,063 3.0%	\$33,025 3.0%	\$33,686 2.0%	\$34,360 2.0%
Minnesota resident ²	\$35,269 3.0%	\$36,328 3.0%	\$37,054 2.0%	\$37,796 2.0%
Other nonresident	\$59,348 3.0%	\$61,128 3.0%	\$62,351 2.0%	\$63,598 2.0%
Physical therapy ¹⁰				
Resident and Minnesota resident	\$14,820 3.0%	\$20,036 35.2%	\$20,837 4.0%	\$21,671 4.0%
Other nonresident	\$22,230 11.7%	\$30,054 35.2%	\$31,256 4.0%	\$32,507 4.0%
Valley City State University				
Undergraduate				
Resident	\$5,884 3.0%	\$6,119 4.0%	\$6,364 4.0%	\$6,619 4.0%
Minnesota resident ²	\$6,590 3.0%	\$6,854 4.0%	\$7,128 4.0%	\$7,413 4.0%
Contiguous state/province ³	\$7,355 3.0%	\$7,649 4.0%	\$7,955 4.0%	\$7,955 0.0%
Other nonresident	\$10,297 (32.5%)	\$10,709 4.0%	\$11,137 4.0%	\$11,583 4.0%
Graduate	\$7,829 3.0%	\$8,142 4.0%	\$8,467 4.0%	\$8,807 4.0%
Williston State College				
Undergraduate				
Resident and other nonresident	\$3,750 2.0%	\$3,900 4.0%	\$4,017 3.0%	\$4,138 3.0%
Minnesota resident ²	\$4,200 14.3%	\$4,368 4.0%	\$4,499 3.0%	\$4,634 3.0%
International students	\$6,563 32.2%	\$6,825 4.0%	\$7,030 3.0%	\$7,241 3.0%

¹The tuition rates shown are based on a credit load of 15 credit-hours per semester for undergraduate tuition and 12 credit-hours per semester for graduate tuition, which are the number of credit-hours taken by an average full-time student. Unless otherwise identified, amounts shown are for the institutions' basic tuition rate.

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

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

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

⁵Beginning with the 2009-10 academic year, Lake Region State College charges resident tuition rates to all students except international students.

⁶Beginning with the 2009-10 academic year, Minot State University charges resident tuition rates to all students.

⁷Beginning 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. Beginning with the 2005-06 academic year, the special reduced tuition rate is the same as the resident tuition rate.

⁸Beginning 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.

⁹The 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.

¹⁰Physical therapy students pay undergraduate tuition rates during the first 2 years. In the students' junior year, students enter the physical therapy program and start paying tuition based on the physical therapy program tuition rates.

¹¹The State Board of Higher Education approved a new statewide tuition model that combines tuition and nonmandatory fees, provides consistent on-campus and online tuition rates, charges a flat tuition rate if a student enrolls in more than 12 or 13 credits, and adjusts tuition rates for Minnesota resident students, other nonresident students, and international students. The tuition model principles approved by the board provides for the assessment of tuition based on residency as follows:

- Minnesota resident students - 1.12 times the resident rate.
- Other nonresident United States, Manitoba, and Saskatchewan students - No lower than 1.2 times the resident rate.
- Other international students - No lower than 1.75 times the resident rate.

The State Board of Higher Education implemented the new tuition model at Bismarck State College and North Dakota State University during the 2018-19 academic year. The State Board of Higher Education approved the new tuition model for the other nine campuses for the 2019-20 academic year.

SECTION F - HUMAN SERVICES

SUMMARY OF KEY RECOMMENDATIONS	F-1
MEDICAL SERVICES, LONG-TERM CARE, AND DEVELOPMENTAL DISABILITIES FUNDING	F-4

DEPARTMENT OF HEALTH AND HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Provides total appropriations and FTE positions as follows:

	2021-23 Legislative Appropriations	2023-25 Executive Budget	Increase (Decrease)	
General fund	\$1,623,124,301	\$2,035,464,320	\$412,340,019	25.4%
Other funds	3,586,944,026	3,758,384,881	171,440,855	4.8%
Total	\$5,210,068,327	\$5,793,849,201	\$583,780,874	11.2%
FTE positions	2,475.83	2,561.83	86.00	3.5%

- Provides \$504.1 million, of which \$122.3 million is from the general fund for cost to continue, and anticipated **cost, caseload, and utilization changes** in the department's budget.
- Increases funding from the general fund by \$21.6 million for estimated increases in the state matching funds required due to changes in the state's **federal medical assistance percentage (FMAP)**.
- Replaces ongoing funding of \$31.5 million appropriated during 2021-23 biennium from the community health trust fund with funding from the general fund.
- Recommends authorizing the department to add direct care FTE positions as needed during the 2023-25 biennium.
- Provides \$93.8 million, of which \$46.9 million is from the general fund, for a 4 percent **inflationary increase** the 1st year and a 3 percent inflationary increase the 2nd year of the 2023-25 biennium for human service providers.
- Transfers \$200,000,000 from the tax relief fund to the human service finance fund and appropriates the funding for costs associated with the county social and human services program. The executive budget also appropriates \$1,371,069 from the general fund for the program and includes an additional \$19,816,722 to transfer the costs of 85 FTE positions from the human service finance fund to the general fund.
- Adds \$842,674 for a Capitol rent model program.
- Adds \$14.9 million, of which \$10.0 million is from the general fund, to increase home- and community-based services.
- Provides one-time funding of \$11 million from the strategic investment and improvements fund for a procurement and grants management system.

- Provides one-time funding of \$60.0 million, of which \$20.4 million is from the community health trust fund and \$39.6 million is from federal funds, to replace the child support case management system.
- Adds one-time funding of \$19.8 million from the general fund for operating inflation.

PROGRAM AND POLICY

Medical Services

- Provides \$1,970.8 million for **medical services**, of which \$495.5 million is from the general fund, an increase in total of \$384.6 million, or 24.2 percent, compared to the 2021-23 biennium appropriation of \$1,586.2 million. The executive budget:

Appropriates \$942.6 million, of which \$97.0 million is from the general fund, for **Medicaid Expansion**, an increase of \$238.3 million compared to the 2021-23 biennium appropriation of \$704.3 million, of which \$81.1 million is from the general fund.

Increases eligibility for the **children's health insurance program** by changing the threshold from 170 percent of the federal poverty level to 210 percent at a cost of \$4.2 million, of which \$1.3 million is from the general fund.

Increases the federal poverty level for medically needy from 85 to 90 percent at a cost of \$10.5 million, of which \$6.3 million is from the general fund.

Long-Term Care

- Provides \$950.4 million for **long-term care**, of which \$478.8 million is from the general fund, an increase in total of \$136.1 million, or 16.8 percent, compared to the 2021-23 biennium appropriation of \$814.3 million. The executive budget:

Adds \$8.2 million, of which \$3.8 million is from the general fund, to expand services under the autism waiver program and to discontinue the autism voucher program.

Aging Services

- Provides \$59.7 million for **aging services**, of which \$26.1 million is from the general fund, an increase of \$16.0 million, or 36.6 percent, from the 2021-23 biennium appropriation of \$43.7 million. The executive budget:

Adds \$12.9 million to increase the senior meal rate.

Behavioral Health Services

- Provides \$111.4 million for behavioral health services, of which \$51.9 million is from the general fund, an increase in total of \$9.2 million, or 9 percent, compared to the 2021-23 biennium appropriation of \$102.2 million. The executive budget:

Adds \$1.8 million from the general fund to convert 23 temporary positions into FTE positions and to add 7.5 FTE positions to increase behavioral health services.

Adds funding for peer support services, including \$7.0 million from the general fund for the Community Connect program and \$8.3 million of special funds receive from the Department of Corrections and Rehabilitation for the free through recovery program.

Developmental Disabilities

- Provides \$771.4 million for developmental disabilities (DD) services, of which \$368.0 million is from the general fund, an increase in total of \$21.3 million, or 2.8 percent, compared to the 2021-23 biennium appropriation of \$750.1 million. The executive budget:

Provides \$734.5 million for **DD services grants**, an increase of \$18.2 million, or 2.5 percent, compared to the 2021-23 biennium appropriation of \$716.3 million.

Economic Assistance

- Provides \$370.2 million for economic assistance, of which \$19.6 million is from the general fund, an increase in total of \$95.2 million, or 34.6 percent, compared to the 2021-23 biennium appropriation of \$275.0 million excluding COVID-19 funding. The executive budget:

Reallocates \$7.5 million of temporary assistance for needy families (TANF) funding utilized for foster care needs to increase the amount of federal funding that can be used for economic assistance programs.

Children and Family Services

- Provides \$168.9 million for Children and Family Services, of which \$91.0 million is from the general fund, an increase in total of \$14.1 million, or 9.1 percent, compared to the 2021-23 biennium appropriation of \$154.8 million. The executive budget:

Adds \$7.5 million from the general fund to replace **TANF** funding used for the foster care program to allow more federal funds to be utilized for economic assistance program.

Adds \$3.9 million from the general fund and 6 FTE positions to increase child safety and well-being.

Early Childhood

- Provides \$88.4 million, of which \$68.6 million is from the general fund for the early childhood program which was created during the 2021-23 biennium. The executive budget:

Adds \$22 million from the general fund to expand the child care assistance program.

Provides \$13 million of legacy fund earnings for one-time pilot programs for business and operating grants, public-private benefits for businesses for child care, and child care during nontraditional hours.

Adds \$16 million from the general fund to expand the best in class program.

INSTITUTIONS

State Hospital

- Provides \$1,007,827 from the general fund for **extraordinary repairs**.
- Provides \$345,472 from the general fund for **equipment** over \$5,000.
- Provides one-time general fund support of \$7.2 million to replace reduced revenue and address staffing issues.
- Provides \$10 million from the strategic investment and improvements fund for the architectural design of a new state hospital.

Life Skills and Transition Center

- Provides \$682,979 from the general fund for **extraordinary repairs**.
- Provides \$163,152 from the general fund for **equipment** over \$5,000.

HUMAN SERVICE CENTERS

- Provides \$735,154 from the strategic investment and improvements fund to replace the fire alarm system and resurface the parking lot at the Southeast Human Service Center.
- Provides \$11.5 million from the general fund and adds 21 FTE positions to enhance crisis support services.
- Provides one-time general fund support of \$28.8 million to replace reduced revenue and address staffing issues.

PUBLIC HEALTH

The executive budget recommendation for public health:

- Authorizes the transfer of funding between the line items of the 2023-25 biennium public health appropriation and the management, program and policy, and field services divisions of the human services appropriation.

- Authorizes the transfer of funding from the line items of the 2023-25 biennium public health appropriation and the management, program and policy, and field services divisions of the human services appropriation to the county social services division of the human services appropriation.
- Allows public health to continue \$3.0 million of one-time funding appropriated from special funds, of which \$1.5 million is from the community health trust fund and \$1.5 million is from nonstate matching funds, for statewide health strategies during the 2021-23 biennium to the 2023-25 biennium. The funds appropriated from the community health trust fund are contingent on the department securing dollar-for-dollar matching funds.
- Provides \$65,094 from the general fund to convert a temporary position to 1 FTE autopsy technician IV position.
- Provides \$50,008 from federal funds to convert 4 temporary positions to 4 FTE program management III positions to act as tribal health liaisons.
- Increases funding from the community health trust fund for tobacco treatment and cessation grants (\$500,000) and adds funding from the community health trust fund for youth vaping prevention grants (\$300,000).
- Increases funding from the community health trust fund by \$2,750,000 for local public health state aid to provide a total of \$8,000,000, of which \$4,725,000 is from the general fund and \$3,275,000 is from the community health trust fund.
- Increases funding from the general fund by \$2.7 million for domestic violence prevention grants to provide a total of \$4.6 million from the general fund for domestic violence prevention.
- Increases funding from the community health trust fund for domestic violence offender treatment by \$700,000 to provide a total of \$1 million from the community health trust fund for domestic violence offender treatment grants.
- Increases funding from the general fund by \$771,111, of which \$69,558 is one-time funding, to maintain public health registries.
- Increases funding from the general fund by \$405,000 for emergency response and preparedness training and exercise (\$385,000) and to expand the biomedical cache (\$20,000).
- Provides \$55.1 million of federal state fiscal recovery funding for a new laboratory building shared with the Department of Environmental Quality. In addition, the executive budget recommendation authorizes the department to continue unexpended funds of the \$15.0 million appropriated from the federal State Fiscal Recovery Fund for the laboratory building during the 2021-23 biennium to the 2023-25 biennium.

MEDICAL SERVICES, LONG-TERM CARE, AND DEVELOPMENTAL DISABILITIES FUNDING

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

The federal medical assistance percentage (FMAP) determines the state and federal share of Medicaid and other program costs within the Department of Health and Human Services. The FMAP for the state is:

Federal Fiscal Year	Regular FMAP	COVID-19 Temporary FMAP ¹
2012	55.40%	
2013	52.27%	
2014	50.00%	
2015	50.00%	
2016	50.00%	
2017	50.00%	
2018	50.00%	
2019	50.00%	
2020	50.05%	56.25%
2021	52.40%	58.60%
2022	53.59%	59.79%
2023	51.55%	57.75%
2024	52.50% (estimate) ²	

¹The federal Families First Coronavirus Response Act temporarily increases the FMAP by 6.2 percent effective January 1, 2020, through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the secretary of the federal Department of Health and Human Services terminates.

²Estimate included in the executive budget. The Federal Funds Information for States organization is projecting North Dakota's FMAP to be 53.82% in federal fiscal year 2024.

NOTE: The following is the Medicaid Expansion FMAP for each calendar year:

2016	100%
2017	95%
2018	94%
2019	93%
2020 and future years	90%

MEDICAL SERVICES

The 2023-25 executive budget recommendation for the medical services grants includes a total of \$1,873.6 million. Of this total, \$428.6 million is from the general fund. The schedule below summarizes medical services grant funding, excluding funding for nursing facility care and other long-term care services, and community-based developmental disabilities services.

	2019-21 Biennium	2021-23 Biennium	2023-25 Executive Budget	2023-25 Executive Budget Increase (Decrease) to 2021-23
General fund	\$292,249,752	\$338,293,617	\$428,555,549	\$90,261,932
Other funds	1,055,697,986	1,169,261,805	1,444,606,332	275,344,527
Total	\$1,347,947,738	\$1,507,555,422	\$1,873,161,881	\$365,606,459

LONG-TERM CARE

The 2023-25 executive budget recommendation for long-term care grants totals \$950.4 million. Of the total, \$478.6 million is from the general fund. The schedule below summarizes the medical services grant funding recommended for long-term care services.

	2019-21 Biennium	2021-23 Biennium	2023-25 Executive Budget	2023-25 Executive Budget Increase (Decrease) to 2021-23
General fund	\$377,703,636	\$399,454,320	\$478,596,290	\$79,141,970
Other funds	358,806,895	414,357,642	471,822,820	57,465,178
Total	\$736,510,531	\$813,811,962	\$950,419,110	\$136,607,148

DEVELOPMENTAL DISABILITIES

The 2023-25 executive budget recommendation for developmental disability grants totals \$734.5 million. Of the total, \$347.7 million is from the general fund. The schedule below summarizes funding for developmental disability grants.

	2019-21 Biennium	2021-23 Biennium	2023-25 Executive Budget	2023-25 Executive Budget Increase (Decrease) to 2021-23
General fund	\$319,351,382	\$331,281,724	\$347,684,489	\$16,402,765
Other funds	339,844,419	385,001,880	386,859,074	1,857,194
Total	\$659,195,801	\$716,283,604	\$734,543,563	\$18,259,959

MAJOR MEDICAID COSTS

The following schedule details funding appropriated for major Medicaid costs and the amount included in the 2023-25 executive budget.

	2017-19 Appropriation	2019-21 Appropriation	2021-23 Biennium	2023-25 Executive Budget
Nursing facilities	\$562,420,970	\$562,849,867	\$623,649,930	\$733,051,578
Developmental disabilities	\$591,570,584	\$659,195,801	\$716,283,604	\$733,573,593
Hospitals	\$272,076,444	\$295,181,166	\$303,287,307	\$350,160,871
Professional services	\$90,531,843	\$100,987,538	\$108,585,124	\$130,793,503
Drugs	\$52,306,635	\$44,208,773	\$49,845,860	\$84,898,305
Dental	\$31,583,484	\$29,333,472	\$28,635,048	\$35,027,428
Medicaid Expansion	\$633,252,458	\$634,720,955	\$704,331,738	\$942,550,279

LONG-TERM HOME- AND COMMUNITY-BASED SERVICES PROGRAMS

The following schedule details funding appropriated for major long-term care home- and community-based programs in the 2021-23 biennium and the amount included in the 2023-25 executive budget.

	2017-19 Appropriation	2019-21 Appropriation	2021-23 Appropriation	2023-25 Executive Budget
Service payments for the elderly and disabled (SPED)	\$14,521,739	\$17,799,841	\$20,397,226	\$24,032,308
Expanded SPED	\$1,820,301	\$1,844,963	1,958,865	\$1,326,482
Personal care services	\$33,620,886	\$34,483,377	\$33,605,508	\$33,989,903
Targeted case management	\$1,826,716	\$1,917,742	\$157,824	\$949,962
Home- and community-based services waiver	\$16,108,601	\$30,104,751	\$46,820,167	\$54,617,166
Children's medically fragile waiver	\$367,452	\$544,416	\$398,028	\$818,860
Program for all-inclusive care for the elderly	\$17,702,634	\$32,866,676	\$33,601,989	\$29,641,233
Children's hospice waiver	\$117,281	\$61,848	\$73,606	\$73,698
Autism waiver	\$3,363,979	\$2,564,772	\$2,255,530	\$10,927,223
Autism voucher ¹	\$1,325,009	\$1,325,009	\$300,000	\$0

¹The executive budget recommends eliminating the autism voucher.

INFLATIONARY ADJUSTMENTS

The following schedule compares recent inflationary adjustments provided to human service providers to the inflationary adjustments recommended in the 2023-25 executive budget:

	2019-21 Actual		2021-23 Actual		2023-25 Executive Budget	
	1 st Year Inflationary Adjustment	2 nd Year Inflationary Adjustment	1 st Year Inflationary Adjustment	2 nd Year Inflationary Adjustment	1 st Year Inflationary Adjustment	2 nd Year Inflationary Adjustment
Medical services providers	2.00%	2.50%	2.00%	0.25%	4.00%	3.00%
Long-term care providers	2.00%	2.50%	2.00%	0.25%	4.00% ¹	3.00% ¹
Developmental disability providers	2.00%	2.50%	2.00%	0.25%	4.00%	3.00%

¹Does not apply to nursing home payments. House Bill No. 1090 (2021) adjusted the nursing payment methodology to provide that payments are adjusted annually by the market basket for skilled nursing facility before productivity assessment.

ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS FOR OTHER STATE AGENCIES INCLUDED IN THE 2023-25 EXECUTIVE BUDGET

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
GENERAL GOVERNMENT					
101	Governor's office				
	• Adds 2 new full-time equivalent (FTE) positions for policy advising and communications	2.00	\$536,860		\$536,860
	• Adds one-time funding for customer relationship management software		\$130,000		\$130,000
	• Adds one-time funding for Governor transition costs		\$65,000		\$65,000
108	Secretary of State				
	• Adds 1 FTE election specialist position	1.00		\$200,950	\$200,950
	• Adds equity funding for changes in employee duties and responsibilities		\$100,000		\$100,000
	• Adds funding for text message software and ongoing maintenance		\$165,000		\$165,000
	• Adds one-time funding from the strategic investment and improvements fund (SIIF) for a new campaign finance system contracted information technology (IT) services, a website redesign, and IT system enhancements			\$1,500,000	\$1,500,000
110	Office of Management and Budget				
	• Adds 1 FTE learning development manager	1.00	\$255,452		\$255,452
	• Adds 2 FTE business development positions	2.00	\$381,724		\$381,724
	• Adds 1 FTE talent acquisition manager	1.00	\$255,452		\$255,452
	• Adds 1 FTE total rewards specialist position	1.00	\$218,472		\$218,472
	• Adds 1 FTE talent acquisition specialist position	1.00	\$218,472		\$218,472
	• Adds 2 FTE shared communications services positions	2.00	\$350,722		\$350,722
	• Adds 1 FTE change management position	1.00	\$214,930		\$214,930
	• Adds funding for a salary equity pool		\$49,300,000	\$40,400,000	\$89,700,000
	• Adjusts funding for the Capitol complex rent proposal		(\$3,711,638)	\$4,101,552	\$389,914
	• Adds one-time funding for procurement software		\$2,500,000		\$2,500,000
	• Adds one-time funding for steam boiler replacement		\$12,000,000		\$12,000,000
	• Adds one-time funding for Capitol window replacement			\$4,000,000	\$4,000,000
	• Adds one-time funding for a deferred maintenance pool			\$20,000,000	\$20,000,000
	• Adds one-time funding for Capitol space utilization improvements		\$5,500,000		\$5,500,000
	• Adds one-time funding for Prairie Public Broadcasting grants		\$1,792,450		\$1,792,450
112	Information Technology Department				
	• Adjusts funding for the customer success management program		\$2,050,884	(\$2,050,884)	\$0

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds funding for an enterprise digitization project to modernize state technology	5.00	\$3,245,000	\$1,096,138	\$4,341,138
	• Adds funding for the Department of Public Instruction's Lighthouse project	4.00	\$298,868	\$800,676	\$1,099,544
	• Adds funding for the enterprise customer relationship management program	8.00	\$2,827,830	\$501,808	\$3,329,638
	• Adds funding for additional support of state agency IT systems	17.00	\$444,258	\$2,899,442	\$3,343,700
	• Transfers FTE positions from the Department of Corrections and Rehabilitation (2 FTE positions) and the Insurance Department (1 FTE position) for the IT unification initiative	3.00		\$559,876	\$559,876
	• Adds funding for FTE customer success management program positions	2.00	\$518,816		\$518,816
	• Adds funding for the K-12 ClassLink project	2.00	\$1,905,888		\$1,905,888
	• Adjusts funding for the North Dakota Health Information Network by decreasing federal funds (\$6 million) and increasing funding from the general fund (\$3 million) and the electronic health information exchange fund (\$3 million)		\$3,000,000	(\$3,000,000)	\$0
	• Adds funding from the statewide interoperable radio network (SIRN) fund for the SIRN project			\$4,200,000	\$4,200,000
	• Adds one-time funding for the enterprise digitization project, of which \$24,250,000 is from SIIF			\$25,200,000	\$25,200,000
	• Adds one-time funding for Department of Public Instruction's Lighthouse project		\$1,350,000	\$10,000,000	\$11,350,000
	• Adds one-time funding from SIIF for the enterprise customer relationship management program			\$8,700,000	\$8,700,000
	• Adds one-time funding for the universal vulnerability management project		\$7,132,500		\$7,132,500
	• Adds one-time funding from Bank of North Dakota profits transferred to the SIRN fund for the SIRN project to provide a total of \$38.4 million for the project, of which \$1.9 million is from the general fund, \$20 million is from Bank profits, and \$16.5 million is from the SIRN fund.			\$20,000,000	\$20,000,000
	• Adds federal funding to continue broadband infrastructure grants			\$45,000,000	\$45,000,000
	• Adds federal funding for the broadband, equity, access, and deployment program			\$148,250,000	\$148,250,000
117	State Auditor				
	• Adds funding from special funds in the agency's operating fund for FTE local government audit positions, including related operating expenses and one-time expenditures	7.00	\$21,000	\$1,804,284	\$1,825,284
	• Adds funding, including funding from federal and special funds, for costs related to an audit software upgrade, including one-time costs and ongoing operating costs		\$99,848	\$61,266	\$161,114
	• Adds funding for the Capitol complex rent proposal		\$178,228		\$178,228
120	State Treasurer				
	• Adds funding for the Capitol complex rent proposal		\$82,936		\$82,936
	• Adds funding for travel to professional development conferences		\$12,000		\$12,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
125	Attorney General				
	• Adjusts funding for prior biennium Bureau of Criminal Investigation (BCI) and Crime Laboratory equity increases from the Attorney General refund fund to the general fund		\$2,404,289	(\$2,404,289)	\$0
	• Adds funding for FTE attorney positions	2.00	\$631,836		\$631,836
	• Adds funding for FTE BCI cybercrime positions	2.00	\$559,991		\$559,991
	• Adds funding for FTE Crime Laboratory positions and operating expenses	4.00	\$1,076,981		\$1,076,981
	• Adds funding for FTE Medicaid Fraud Control Unit positions and operating expenses	2.00	\$149,865	\$449,588	\$599,453
	• Adds one-time funding for gaming, licensing, and deposit software		\$177,000	\$699,000	\$876,000
	• Adds one-time funding to replace undercover BCI vehicles		\$200,000		\$200,000
	• Adds one-time funding for the statewide litigation funding pool		\$4,557,748	\$442,252	\$5,000,000
	• Adds one-time funding for back the blue grants		\$5,000,000		\$5,000,000
127	Tax Commissioner				
	• Adds funding for GenTax software support		\$400,000		\$400,000
	• Adds funding for the Capitol complex rent proposal		\$614,654		\$614,654
	• Adds funding for the homestead tax credit program to provide total funding of \$18,900,000		\$900,000		\$900,000
	• Adds funding for the disabled veterans' tax credit program to provide total funding of \$18,745,000		\$2,445,000		\$2,445,000
140	Office of Administrative Hearings				
	• No major changes were identified for this agency				
150	Legislative Assembly				
	• Provides funding for annual legislative compensation increases of 2 percent in the 1 st year and 3 percent in the 2 nd year of the biennium, including monthly compensation, additional leadership monthly compensation, and daily session pay		\$309,527		\$309,527
	• Increases funding for temporary salaries		\$63,575		\$63,575
	• Adds funding for increase in monthly lodging and mileage rates		\$19,551		\$19,551
	• Adjusts funding for IT		(\$1,778,017)		(\$1,778,017)
	• Adds one-time funding for Propylon Core Upgrade		\$4,816,600		\$4,816,600
	• Adds one-time funding for increased storage capacity for audio and video		\$110,000		\$110,000
	• Adds one-time funding for laptop and iPad replacement		\$557,950		\$557,950
	• Adds one-time funding for chamber upgrades		\$220,000		\$220,000
160	Legislative Council				
	• Provides funding for annual legislative compensation increases of 2 percent in the 1 st year and 3 percent in the 2 nd year of the biennium for interim meeting per diem		\$28,356		\$28,356

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Increases funding for IT 		\$565,876		\$565,876
	<ul style="list-style-type: none"> Increases funding for professional services 		\$65,000		\$65,000
	<ul style="list-style-type: none"> Adds one-time funding for computer and iPad replacement 		\$155,500		\$155,500
	<ul style="list-style-type: none"> Adds one-time funding for secondary and backup servers 		\$120,000		\$120,000
180	Judicial branch				
	Supreme Court				
	<ul style="list-style-type: none"> Adds 1 FTE assistant state court administrator 	1.00	\$369,734		\$369,734
	<ul style="list-style-type: none"> Adds one-time funding from a federal Department of Justice grant to reduce delays in criminal case processing 			\$388,000	\$388,000
	District Courts				
	<ul style="list-style-type: none"> Adds 21 FTE positions, including 4 judges, 6 attorneys, and 11 deputy clerks of court 	21.00	\$5,391,220		\$5,391,220
	<ul style="list-style-type: none"> Adds funding for temporary youth coordinator positions 		\$495,000		\$495,000
	<ul style="list-style-type: none"> Adds funding from a federal Department of Justice grant to reduce delays in criminal case processing 			\$388,000	\$388,000
	<ul style="list-style-type: none"> Adds funding for increased IT costs 		\$2,157,620		\$2,157,620
	<ul style="list-style-type: none"> Adds funding to double jury compensation rates 		\$960,000		\$960,000
	<ul style="list-style-type: none"> Adds one-time funding for equipment, including copy machines, courtroom video systems, and other IT equipment 		\$1,125,220		\$1,125,220
	Judicial Conduct Commission				
	<ul style="list-style-type: none"> No major changes were identified for this agency 				
188	Commission on Legal Counsel for Indigents				
	<ul style="list-style-type: none"> Adds 3 FTE investigator positions 	3.00	\$488,092		\$488,092
	<ul style="list-style-type: none"> Adds funding to increase the legal fee rate from \$75 per hour to \$80 per hour 		\$630,453		\$630,453
190	Retirement and Investment Office				
	<ul style="list-style-type: none"> Increases funding for salaries and wages for staff reorganization 			\$506,929	\$506,929
	<ul style="list-style-type: none"> Adds funding for salary equity increases 			\$151,870	\$151,870
	<ul style="list-style-type: none"> Adds funding for pension administration software fees 			\$977,419	\$977,419
	<ul style="list-style-type: none"> Adds one-time funding for pension administration software implementation 			\$574,900	\$574,900
192	Public Employees Retirement System				
	<ul style="list-style-type: none"> Adds funding for an FTE retirement processing position 	1.00		\$215,357	\$215,357
	<ul style="list-style-type: none"> Adds funding for an FTE receptionist position 	1.00		\$125,711	\$125,711
	<ul style="list-style-type: none"> Adds funding for FTE positions to close the defined benefit plan 	2.00		\$481,110	\$481,110
	<ul style="list-style-type: none"> Adds funding for temporary staff to close the defined benefit plan 			\$200,000	\$200,000
	<ul style="list-style-type: none"> Adds funding for a developer for the closure of the defined benefit plan 			\$125,000	\$125,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Adds funding for a developer to upgrade the PERSLink business system 			\$125,000	\$125,000
195	Ethics Commission				
	<ul style="list-style-type: none"> Adds 1 FTE education and training position 	1.00	\$233,686		\$233,686
	<ul style="list-style-type: none"> Converts a temporary position to a FTE executive assistant position 	1.00	\$60,798		\$60,798
	<ul style="list-style-type: none"> Increases funding for professional services 		\$216,000		\$216,000
EDUCATION					
226	Department of Trust Lands				
	<ul style="list-style-type: none"> Adds 1 FTE mineral title specialist position 	1.00		\$239,104	\$239,104
	<ul style="list-style-type: none"> Adds 1 FTE investment analyst position 	1.00		\$343,942	\$343,942
	<ul style="list-style-type: none"> Transfers \$538,878 of special funds from operating expenses to salaries and wages 			\$0	\$0
	<ul style="list-style-type: none"> Adds one-time funding to continue development of an IT project. Total project funding is \$7.7 million, including \$5.2 million provided in prior bienniums. 			\$2,500,000	\$2,500,000
250	State Library				
	<ul style="list-style-type: none"> Adds funding for the Capitol complex rent proposal 		\$264,635		\$264,635
	<ul style="list-style-type: none"> Adds funding for Library Vision grants to tribal libraries 		\$50,000		\$50,000
	<ul style="list-style-type: none"> Adds one-time funding for retirement payouts 		\$40,000		\$40,000
	<ul style="list-style-type: none"> Adds one-time funding for operating expenses to meet maintenance of effort requirements 		\$228,635		\$228,635
	<ul style="list-style-type: none"> Adds one-time funding for IT equipment 		\$43,000		\$43,000
	<ul style="list-style-type: none"> Adds one-time funding for building renovations 		\$150,000		\$150,000
252	School for the Deaf				
	<ul style="list-style-type: none"> Adds funding for an FTE education services position 	.75	\$115,294		\$115,294
	<ul style="list-style-type: none"> Adds funding for teacher salary increases 		\$171,890		\$171,890
	<ul style="list-style-type: none"> Adds one-time funding, including funds from special funds available from trust fund distributions, rents, and service revenue, for inflationary increases to operating expenses 		\$90,085	\$30,086	\$120,171
	<ul style="list-style-type: none"> Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for boiler replacement 			\$650,000	\$650,000
	<ul style="list-style-type: none"> Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for pneumatic controls and fire alarm 			\$150,000	\$150,000
	<ul style="list-style-type: none"> Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue to replace equipment over \$5,000 			\$43,500	\$43,500
253	North Dakota Vision Services - School for the Blind				
	<ul style="list-style-type: none"> Adds funding for teacher salary increases 		\$93,838		\$93,838
	<ul style="list-style-type: none"> Increases funding from special funds available from trust fund distributions, rents, and service revenue for temporary salaries 			\$30,000	\$30,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for equipment less than \$5,000			\$26,000	\$26,000
	• Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for extraordinary repairs			\$439,000	\$439,000
270	Department of Career and Technical Education				
	• Adds funding for FTE program supervisor positions	2.00	\$394,874		\$394,874
	• Adds funding for cost to continue CTE reimbursement rates		\$4,000,000		\$4,000,000
	• Adds funding for new and expanding secondary CTE programs		\$10,000,000		\$10,000,000
	• Adds funding for grants for school district career advisors		\$3,000,000		\$3,000,000
	• Adds funding for grants to schools for work-based learning coordinators		\$3,000,000		\$3,000,000
	• Adds funding for an FTE Center for Distance Education (CDE) teacher position	1.00	\$176,554		\$176,554
	• Adds funding from the CDE operating fund for CDE teacher salaries and operating expenses to provide total CDE funding of \$11.7 million, of which \$7.2 million is from the general fund and \$4.5 million is from the CDE operating fund			\$1,500,000	\$1,500,000
HEALTH AND HUMAN SERVICES					
303	Department of Environmental Quality				
	• Adds funding from federal and special funds for an FTE natural resource services III position and related operating expenses	1.00		\$253,662	\$253,662
	• Adds funding from federal funds for FTE engineering and planning services VI positions and related operating expenses	2.00		\$581,284	\$581,284
	• Adds funding, including funding from federal and special funds, for an FTE human resource director position and related operating expenses	1.00	\$94,718	\$175,903	\$270,621
	• Adds funding, including funding from federal and special funds, for an FTE assistant director and related operating expenses	1.00	\$127,704	\$237,169	\$364,873
	• Adds funding, including funding from federal and special funds, for an FTE civil rights and environmental justice position and related operating expenses	1.00	\$85,341	\$158,491	\$243,832
	• Adds funding, including funding from federal and special funds, for an FTE accountant budget specialist III position and related operating expenses	1.00	\$80,141	\$148,835	\$228,976
	• Adds funding for laboratory information management system maintenance and hosting		\$280,000		\$280,000
	• Adds funding from federal funds for grants related to municipal facilities federal Infrastructure and Investment Jobs Act (IIJA) and lead and copper program			\$21,000,000	\$21,000,000
	• Adds funding, including federal funds, for environmental data system maintenance		\$115,000	\$35,000	\$150,000
	• Adds one-time funding for chemistry laboratory inflation		\$116,800		\$116,800
	• Adds one-time funding from federal funds for office and IT equipment related to administering IIJA municipal facilities revolving loan fund			\$22,350	\$22,350

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds one-time funding from federal funds to upgrade the drinking water program portal			\$325,000	\$325,000
	• Adds one-time funding from federal funds for equipment over \$5,000 related to administering IJJA municipal facilities revolving loan fund			\$155,000	\$155,000
	• Adds one-time funding, including funding from federal and special funds, for environmental data system development		\$71,000	\$1,294,444	\$1,365,444
313	Veterans' Home				
	• Adds funding to reclassify an FTE licensed practical nurse position to an FTE registered nurse position		\$15,000		\$15,000
	• Adds funding for temporary shift differential staff salaries		\$35,000		\$35,000
	• Adds funding from the Melvin Norgard memorial fund for a building with rentable indoor parking and storage			\$750,000	\$750,000
	• Adds funding from SIIF to mill, patch, and chip seal parking lots and roads			\$750,000	\$750,000
316	Indian Affairs Commission				
	• Adds funding for the Capitol complex rent proposal		\$32,593		\$32,593
321	Department of Veterans' Affairs				
	• Adds funding to convert a temporary position to an FTE veterans benefit specialist position	1.00	\$99,966		\$99,966
	• Adds one-time funding for a document scanning project		\$78,000		\$78,000
360	Protection and Advocacy Project				
	• Decreases federal funds authority			(\$229,682)	(\$229,682)
380	Job Service North Dakota				
	• Adds funding for FTE positions for the H-2A temporary foreign agriculture workers program	2.00	\$463,278		\$463,278
	• Adds federal funding for vacant FTE unfunded positions			\$1,166,890	\$1,166,890
	• Adds federal funding for temporary salaries			\$2,188,431	\$2,188,431
	• Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center, including \$340,000 for salaries and \$50,000 for operating expenses		\$390,000		\$390,000
	• Adds funding for a job placement pilot program for recently incarcerated individuals, including \$340,000 for temporary salaries and \$300,000 for grants		\$640,000		\$640,000
	• Adds federal funding for IT contractual services for the unemployment insurance program			\$2,209,296	\$2,209,296
	• Adds funding for unemployment insurance administration and IT inflation costs		\$5,500,000	(\$2,500,000)	\$3,000,000
	• Adds funding from SIIF for the unemployment insurance modernization project			\$45,000,000	\$45,000,000
REGULATORY					
401	Insurance Commissioner, including insurance tax payments to fire departments				
	• Transfers \$185,968 of special funds from operating expenses to salaries and wages			\$0	\$0

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds funding for IT and other operating expenses			\$748,763	\$748,763
	• Transfers 1 FTE position to the Information Technology Department for IT unification			(\$78,492)	(\$78,492)
	• Adds one-time funding for retirement leave payouts			\$98,300	\$98,300
	• Adds one-time funding for office remodel			\$75,000	\$75,000
405	Industrial Commission				
	• Adds 3 FTE carbon capture positions	3.00	\$715,134		\$715,134
	• Adds 1 FTE paleontology position	1.00	\$167,102		\$167,102
	• Adds 1 FTE critical minerals position	1.00	\$216,028		\$216,028
	• Adds 1 FTE grant administrator position	1.00		\$178,958	\$178,958
	• Adds 1 FTE deputy director position for the Public Finance Authority	1.00		\$132,646	\$132,646
	• Adds 0.5 FTE records management FTE position	0.5	\$66,334		\$66,334
	• Increases funding for bond payments			\$97,839,192	\$97,839,192
	• Adds one-time funding for inflationary costs		\$821,456	\$35,688	\$857,144
	• Adds one-time funding for a federal electric grid resilience grant		\$1,372,227	\$7,520,258	\$8,892,485
	• Adds one-time funding for Transmission Authority consulting expenses		\$250,000		\$250,000
	• Adds one-time funding for a transfer to the fossil restoration fund		\$250,000		\$250,000
406	Department of Labor and Human Rights				
	• Adds funding for a reclassified FTE Wage and Hour Division Director position		\$264,232	\$46,630	\$310,862
408	Public Service Commission				
	• Adds 1 FTE environmental scientist position	1.00	\$77,962	\$138,602	\$216,564
	• Adds funding for the Capitol complex rent proposal		\$221,067		\$221,067
	• Adds funding for ongoing operating expenses		\$83,600		\$83,600
	• Adds funding for Federal Energy Regulatory Commission contractor		\$120,000		\$120,000
	• Adds one-time funding for shortfall of indirect cost recovery		\$101,700		\$101,700
	• Adds one-time funding for drone		\$1,800	\$18,200	\$20,000
412	Aeronautics Commission				
	• Adds funding for professional fees and services			\$1,217,323	\$1,217,323
	• Reduces funding for airport grants			(\$450,000)	(\$450,000)
	• Adds one-time funding for International Peace Garden Airport rehabilitation			\$2,500,000	\$2,500,000
	• Adds one-time funding for airport infrastructure grants			\$4,000,000	\$4,000,000
413	Department of Financial Institutions				
	• Adds 1 FTE large bank examiner position	1.00		\$257,867	\$257,867
	• Adds 1 FTE licensing examiner position	1.00		\$230,765	\$230,765

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds 1 FTE nondepository examiner position	1.00		\$230,765	\$230,765
	• Adds funding for attorney general fees			\$250,000	\$250,000
	• Adds funding for increased IT maintenance agreements			\$100,000	\$100,000
414	Securities Department				
	• Adds funding for cryptocurrency enforcement			\$150,000	\$150,000
	• Adds one-time funding for case management and filing portal enhancements			\$150,000	\$150,000
471	Bank of North Dakota				
	• Adds 2 FTE credit underwriter positions	2.00		\$476,628	\$476,628
	• Adds 2 FTE valuation supervisor positions	2.00		\$580,428	\$580,428
	• Adds 2 FTE collateral valuation positions	2.00		\$471,531	\$471,531
	• Adds 1 FTE collateral valuation analyst position	1.00		\$253,976	\$253,976
	• Adds 1 FTE loan operations supervisor position	1.00		\$222,652	\$222,652
	• Adds one-time funding for IT projects			\$804,278	\$804,278
473	Housing Finance Agency				
	• Adds 2 FTE home loan program administrators	2.00		\$466,592	\$466,592
	• Adds 1 FTE compliance officer position	1.00		\$218,908	\$218,908
	• Increases service premium fees for the home loan program			\$4,531,830	\$4,531,830
	• Transfers the homeless grants program from the Department of Commerce		\$1,570,212	\$1,147,341	\$2,717,553
	• Increases funding for federal grants			\$1,949,910	\$1,949,910
475	Mill and Elevator Association				
	• Adds 14 new undesignated FTE positions for increased milling capacity	14.00		\$2,367,332	\$2,367,332
	• Increases funding for overtime to provide total funding of \$11,434,121			\$1,352,923	\$1,352,923
	• Adds funding for inflation costs and mill capacity growth primarily related to utilities, supplies, insurance, and repairs			\$5,569,550	\$5,569,550
485	Workforce Safety and Insurance				
	• Adds one-time funding for the claims and policy system replacement project			\$4,950,000	\$4,950,000
	• Adds one-time funding for the myWSI enhancement project			\$1,830,000	\$1,830,000
PUBLIC SAFETY					
504	Highway Patrol				
	• Adds 10 FTE trooper positions for criminal interdiction purposes	10.00	\$2,593,078	\$247,758	\$2,840,836
	• Adds 2 FTE Capitol security trooper positions	2.00	\$548,170	\$20,000	\$568,170
	• Adds 2 FTE motor carrier trooper positions	2.00	\$35,127	\$667,602	\$702,729
	• Adds funding to increase leased warehouse space		\$106,000	\$17,000	\$123,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds 1 FTE trooper for drug recognition and field sobriety duties	1.00		\$298,268	\$298,268
	• Adds one-time funding for increases in State Fleet Services rates		\$1,706,000	\$336,000	\$2,042,000
	• Adds one-time funding for a garage addition in Fargo		\$622,000	\$100,000	\$722,000
530	Department of Corrections and Rehabilitation				
	• Adds 10 FTE parole and probation positions	10.00	\$1,145,623		\$1,145,623
	• Adds 7 FTE pretrial services positions to expand pretrial services to one additional judicial district	7.00	\$1,037,447		\$1,037,447
	• Adds 8 FTE inmate case managers	8.00	\$1,100,634		\$1,100,634
	• Adds 2 FTE residential treatment positions at the Heart River Correctional Center	2.00	\$529,624		\$529,624
	• Restores funding from the general fund for salaries paid from federal funds during the 2021-23 biennium		\$18,371,718	(\$18,371,718)	\$0
	• Increases funding for the free through recovery program		\$8,300,000		\$8,300,000
	• Increases funding for juvenile contract housing		\$1,681,300		\$1,681,300
	• Adds funding for a treatment recovery impact program for 20 female inmates		\$1,973,700		\$1,973,700
	• Adds funding to expand community behavioral telehealth services statewide		\$1,000,000		\$1,000,000
	• Adds one-time funding for inflationary costs, including food, medical, clothing, and resident payroll		\$3,478,998		\$3,478,998
	• Adds one-time funding for transitional facility contract inflation		\$2,759,222		\$2,759,222
	• Adds one-time funding for the contract with the Dakota Women's Correctional and Rehabilitation Center		\$2,450,000		\$2,450,000
	• Adds one-time funding for maintenance and extraordinary repairs		\$4,000,000		\$4,000,000
	• Adds one-time funding from SIIF for a new Heart River Correctional Center facility for female inmates			\$161,200,000	\$161,200,000
540	Adjutant General, including the National Guard and Department of Emergency Services				
	• Adds 6 FTE watch center positions	6.00	\$1,468,592		\$1,468,592
	• Adds 3 FTE Dickinson readiness center positions	3.00	\$489,674	\$476,674	\$966,348
	• Adds 1 FTE operations and training manager position	1.00	\$153,274	\$102,182	\$255,456
	• Adds 1 FTE general trades maintenance worker position	1.00	\$6,032	\$6,032	\$12,064
	• Decreases funding for disaster costs			(\$2,500,000)	(\$2,500,000)
	• Decreases funding for federal equipment			(\$660,000)	(\$660,000)
	• Adjusts funding for State Radio FTE cost to continue		\$168,286	(\$168,286)	\$0
	• Adds funding for armory rent increase		\$374,776		\$374,776
	• Adds funding for maintenance and repair		\$1,500,000		\$1,500,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds federal funding for homeland security grants			\$13,240,000	\$13,240,000
	• Adds funding for disaster grants			\$25,232,411	\$25,232,411
	• Adds one-time funding for replacement of state radio consoles		\$300,000		\$300,000
	• Adds one-time funding for retirement payouts		\$100,000	\$175,000	\$275,000
	• Adds one-time funding for Dickinson readiness center		\$300,000		\$300,000
	• Adds one-time federal funding for SIRN equipment			\$2,700,000	\$2,700,000
	• Adds one-time funding from the legacy earnings fund for Camp Grafton fitness facility			\$9,000,000	\$9,000,000
	• Adds one-time funding for Minot hangar purchase		\$60,000		\$60,000
	• Adds one-time funding from SIIF for Camp Grafton training center billets			\$6,000,000	\$6,000,000
	• Adds one-time funding from the legacy earnings fund for military museum			\$20,000,000	\$20,000,000
	• Adds one-time funding for disaster response equipment			\$660,000	\$660,000
	• Adds one-time funding from the state disaster fund for federal Safeguarding Tomorrow through Ongoing Risk Mitigation Act funds			\$1,000,000	\$1,000,000
	• Adds one-time funding from SIIF for the Dickinson readiness center			\$10,000,000	\$10,000,000
AGRICULTURE AND ECONOMIC DEVELOPMENT					
601	Department of Commerce				
	• Adds funding for salary equity increases		\$100,000		\$100,000
	• Adds funding for an FTE position for the workforce talent attraction initiative	1.00	\$202,940		\$202,940
	• Adds funding for an FTE position for the workforce investment grant program	1.00	\$202,940		\$202,940
	• Adds funding for an FTE position for the Main Street Initiative community development program	1.00	\$226,922		\$226,922
	• Adds funding to establish an Office of Automation	1.00	\$1,000,000		\$1,000,000
	• Adds funding for a Global Engagement Office	1.00	\$619,404		\$619,404
	• Transfers the homeless shelter grant program to the Housing Finance Agency		(\$1,330,212)		(\$1,330,212)
	• Transfers the emergency shelter grant program to the Housing Finance Agency, including \$1,147,341 from federal funds		(\$240,000)	(\$1,147,341)	(\$1,387,341)
	• Adds one-time funding for the rural workforce housing grants		\$5,500,000		\$5,500,000
	• Adds one-time funding for the workforce talent attraction initiative		\$24,797,060		\$24,797,060
	• Adds one-time funding for tourism awareness marketing		\$5,000,000		\$5,000,000
	• Adds one-time funding for the workforce investment grant program		\$20,000,000		\$20,000,000
	• Adds one-time funding from the legacy earnings fund for a tourism destination development initiative			\$50,000,000	\$50,000,000
	• Adds one-time funding for an automation workforce transition training grant program		\$5,000,000		\$5,000,000
	• Adds one-time funding for Main Street Initiative community development grants		\$800,000		\$800,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds one-time funding for an AmeriCorps volunteer generation fund grant program		\$278,571	\$600,000	\$878,571
	• Adds one-time funding for the technical skills training grant program		\$2,000,000		\$2,000,000
	• Adds one-time funding from the legacy earnings fund for the beyond visual line of sight unmanned aircraft system grant program			\$30,000,000	\$30,000,000
	• Adds one-time funding from the legacy earnings fund for the enhanced use lease grant program			\$7,000,000	\$7,000,000
	• Adds one-time funding for automation grants		\$10,000,000		\$10,000,000
	• Adds one-time funding for rural revitalization and redevelopment grants		\$10,000,000		\$10,000,000
602	Department of Agriculture				
	• Adds funding for a FTE project manager and systems coordinator position	1.00	\$180,326		\$180,326
	• Adds funding for a FTE marketing specialist position	1.00	\$316,230		\$316,230
	• Reduces funding for the waterbank program to provide a total of \$100,000			(\$200,000)	(\$200,000)
	• Adds funding for aerial contract services for the wildlife services program to provide a total of \$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds		\$200,000		\$200,000
	• Adds funding for the Agricultural Products Utilization Commission (APUC), of which \$350,000 is ongoing funding from the APUC fund and \$3 million is one-time funding from Bank of North Dakota profits transferred to the APUC fund to provide a total of \$5.1 million from the APUC fund			\$3,350,000	\$3,350,000
	• Adds one-time funding for the North Dakota Trade Office to provide total funding of \$2.1 million from the general fund		\$500,000		\$500,000
	• Adds one-time funding from SIIF for bioscience innovation grants			\$5,500,000	\$5,500,000
627	Upper Great Plains Transportation Institute				
	• Adds one-time funding for a transportation data intelligence center		\$432,600		\$432,600
628	Branch Research Centers				
	• No major changes were identified for this agency				
630	North Dakota State University Extension Service				
	• Adds funding for the cropping system initiative		\$1,400,000		\$1,400,000
638	Northern Crops Institute				
	• Increases funding to reflect available special funds			\$1,500,000	\$1,500,000
	• Adds one-time funding from SIIF for Feed Center facility upgrades			\$3,250,000	\$3,250,000
	• Adds one-time funding from SIIF for a new pellet mill			\$650,000	\$650,000
640	North Dakota State University Main Research Center				
	• Adds funding for the big data initiative		\$838,000		\$838,000
	• Adds funding for climate smart agriculture		\$458,200		\$458,200

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds funding for bee and apiary research		\$458,200		\$458,200
	• Adds funding for precision agriculture		\$600,000		\$600,000
	• Adds one-time funding from SIIF for storage sheds			\$1,900,000	\$1,900,000
	• Adds one-time funding from SIIF for deferred maintenance			\$720,000	\$720,000
649	Agronomy Seed Farm				
	• No major changes were identified for this agency				
665	State Fair Association				
	• Increases funding for state fair premiums		\$27,167		\$27,167
670	Racing Commission				
	• Adds funding for increase of coverage for salaries and wages		\$42,368		\$42,368
NATURAL RESOURCES					
701	State Historical Society				
	• Adds 1 FTE digital specialist position	1.00	\$187,590		\$187,590
	• Adds .25 FTE Lewis and Clark Interpretive Center position	.25	\$64,814		\$64,814
	• Adds 1 FTE trade services III position	1.00		\$216,688	\$216,688
	• Adds 1 FTE trade services IV position	1.00		\$244,142	\$244,142
	• Adds 1 FTE program management II position	1.00		\$309,208	\$309,208
	• Adds .5 FTE brand marketing position	.50	\$148,574		\$148,574
	• Adds funding for ongoing historic building improvements		\$500,000		\$500,000
	• Reduces funding for debt service payments		(\$586,640)		(\$586,640)
	• Adds one-time funding for operating expense inflationary costs		\$120,795		\$120,795
	• Adds one-time funding for GIS remote access and upgrade		\$225,000	\$25,000	\$250,000
	• Adds one-time funding for digital interactive initiative		\$425,000		\$425,000
	• Adds one-time funding from the general fund and SIIF for Medora site planning		\$150,000	\$2,000,000	\$2,150,000
	• Adds one-time funding for newspaper preservation		\$236,044		\$236,044
	• Adds one-time funding from SIIF for historical building improvements			\$6,751,500	\$6,751,500
	• Adds one-time funding from special funds and SIIF for improving exhibit engagement			\$670,000	\$670,000
	• Adds one-time federal funding for Paul Bruhn historic revitalization grant			\$750,000	\$750,000
	• Adds one-time funding for federal underrepresentation grant program			\$125,000	\$125,000
	• Adds one-time funding for America's 250 th celebration		\$1,000,000		\$1,000,000
709	Council on the Arts				
	• Adds 1 FTE administrative assistant	1.00	\$136,992		\$136,992
	• Increases funding for arts education grants		\$113,535		\$113,535

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds funding for the arts across the prairie initiative, including \$100,000 of one-time funding		\$293,000		\$293,000
	• Adds one-time funding for leave payouts for retiring staff		\$106,430		\$106,430
720	Game and Fish Department				
	• Adds 1 FTE fisheries biologist II position	1.00		\$238,748	\$238,748
	• Adds 1 FTE account budget specialist III	1.00		\$230,938	\$230,938
	• Adds 2 FTE enforcement warden investigators	2.00		\$613,556	\$613,556
	• Adds funding for wildlife habitat and access initiative	3.00		\$4,657,974	\$4,657,974
	• Adds funding for aquatic nuisance species enforcement	1.00		\$1,198,589	\$1,198,589
	• Adds funding for motor pool increase			\$1,157,192	\$1,157,192
	• Adds funding for mid-term conservation agreements			\$2,777,778	\$2,777,778
	• Adds special funds in various line items, of which \$1,383,088 is for salaries and wages, \$185,442 is for operating expenses, (\$1,374,109) is for capital assets, \$1,166,633 is for game and fish grants, \$1,285,000 is for land habitat and deer depredation, \$13,754 is for Missouri river enforcement, and \$306,585 is for Lonetree reservoir			\$2,966,393	\$2,966,393
	• Adds one-time funding for Devils Lake bunkhouse improvements			\$350,000	\$350,000
	• Adds one-time funding for aquatic nuisance species laboratory and storage facility			\$850,000	\$850,000
	• Adds one-time funding for in-car video system and body cameras			\$550,000	\$550,000
	• Adds one-time funding for fisheries pondliniers			\$1,000,000	\$1,000,000
	• Adds one-time funding for fisheries dam repairs			\$380,000	\$380,000
	• Adds one-time funding for aquatic nuisance species initiative			\$208,250	\$208,250
750	Parks and Recreation Department				
	• Adds funding to convert temporary employees to 6.25 FTE positions	6.25		\$131,928	\$131,928
	• Adds 2.00 FTE natural resources services II positions	2.00	\$130,350		\$130,350
	• Adds funding for equipment life cycle replacement			\$858,700	\$858,700
	• Adds funding for park operations			\$1,750,000	\$1,750,000
	• Adds funding for the Capitol complex rent proposal		\$125,674		\$125,674
	• Adds one-time funding, including \$5 million of federal funds and \$5 million from SIIF for deferred maintenance and capital projects			\$10,000,000	\$10,000,000
	• Adds one-time funding from SIIF for Lake Metigoshe reimagined project			\$750,000	\$750,000
	• Adds one-time funding from the legacy earnings fund for Pembina Gorge campground construction			\$8,000,000	\$8,000,000
	• Adds one-time funding from the legacy earnings fund for 100 cabin construction			\$9,375,000	\$9,375,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Adds one-time funding, including \$1.5 million from SIIF for state park matching grant program			\$3,000,000	\$3,000,000
	• Adds one-time funding from SIIF for city, county, and tribal park system grants			\$6,000,000	\$6,000,000
770	State Water Commission				
	• Adds 3 FTE positions, including 2 natural resources services positions and 1 engineering and planning services position	3.00		\$703,398	\$703,398
	• Adds a temporary employee for the Northwest Area Water Supply Project			\$170,000	\$170,000
	• Adds funding for pushing remote sensors installations			\$1,572,800	\$1,572,800
	• Adds funding for IT unification, including \$1,532,980 of one time funding			\$5,615,764	\$5,615,764
	• Adds one-time funding for airborne electromagnetic survey data collection			\$750,000	\$750,000
	• Adds one-time funding for water projects			\$270,269,696	\$270,269,696
	• Adds one-time funding for the Bowman radar system			\$1,800,000	\$1,800,000
	• Adds one-time funding to replace a drilling rig			\$1,800,000	\$1,800,000
TRANSPORTATION					
801	Department of Transportation				
	• Provides one-time funding of \$300 million from SIIF and \$100 million from the general fund to match federal highway construction funds		\$100,000,000	\$300,000,000	\$400,000,000
	• Adds 29 FTE positions for snow and ice control, accounting and auditing, and driver's license examinations	29.00		\$5,444,921	\$5,444,921
	• Adds one-time funding to complete the Roadway Information Management System project		\$6,250,000		\$6,250,000
	• Appropriates funding from the general fund and funding received from motor vehicle excise tax collections for a new state transportation program		\$25,000,000	\$115,000,000	\$140,000,000

SECTION H - CAPITAL CONSTRUCTION

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CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The executive budget recommendation includes a total of \$2,279,862,285 for capital projects as reflected on the following schedule:

	2023-25 Biennium		
	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page H-2	\$682,000	\$370,164,100	\$370,846,100
Extraordinary repairs - See the extraordinary repairs schedule on page H-6	39,550,987	48,603,500	88,154,487
Department of Transportation - Contractor payments	106,284,580	1,523,187,366	1,629,471,946
Water projects ¹	0	167,600,000	167,600,000
Game and Fish Department - Land Acquisitions	0	893,750	893,750
Institutions of higher education special assessments	57,540	376,457	433,997
State agency special assessments	224,046	20,000	244,046
Payments in lieu of taxes ²	0	1,958,020	1,958,020
Other bond payments	13,881,576	6,378,363	20,259,939
Total	\$160,680,729	\$2,119,181,556	\$2,279,862,285

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

²This amount includes payments in lieu of taxes of approximately \$1,958,020 for the Game and Fish Department from special funds. This amount does not include payments in lieu of taxes of approximately \$438,000 estimated to be paid by Workforce Safety and Insurance in the 2023-25 biennium under the agency's continuing appropriation for building maintenance.

LEASE PAYMENTS

The executive budget recommendation includes a total of \$13,881,576 from the general fund for 2023-25 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, 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.

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 2023-25 biennium is estimated to be \$51.5 million based on projected sales, use, and motor vehicle excise tax collections included in the December 2022 executive budget.

The 2021 Legislative Assembly authorized \$680 million in bonds from the legacy fund to finance capital projects. The executive budget recommendation includes a total of \$102,620,461 from the legacy earnings fund for 2023-25 biennium payments on the bonds issued. The outstanding principal of the bonds as of June 30, 2023, is \$710,115,000 and the maturity date of the bonds is December 1, 2041.

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 2023-25 BIENNIUM COMPARED TO THE 2021-23 BIENNIUM**

No.	Agency or Institution	Project	2023-25 Executive Budget Recommendations			2021-23 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
226	Lake Region State College	Gearbox for wind turbine		\$600,000				
230	University of North Dakota	EERC Ampf and Elec. Dist.		33,000,000				
235	North Dakota State University	Music building addition / renovation		20,000,000				
		Sudro Hall small animal research facility expansion and renovation		3,000,000				
239	Dickinson State University	Ag building renovation		900,000				
240	Mayville State University	Old main renovation		3,779,100				
241	Minot State University	Dakota residence hall demolition		765,000				
242	Valley City State University	Osmon Field House athletic addition		20,000,000				
		Student center renovation		2,000,000				
243	Dakota College at Bottineau	Old main / center for rural health education		3,700,000				
313	Veterans' Home	Resident garages / storage units		750,000				
325	Department of Human Services	New state hospital		10,000,000				
		New state laboratory - Public health and DEQ		55,120,000				
412	Aeronautics Commission	Rehabilitate International Peace Garden's airport		2,500,000				
504	Highway Patrol	Fargo garage addition to NDDOT building	\$622,000	100,000				
530	Department of Corrections and Rehabilitation	New facility - Heart River Correctional Center - women		161,200,000				
		JRCC maintenance shop		1,550,000				
540	Adjutant General	Civil Air Patrol - hangar purchase	60,000					
		Camp Grafton billets		6,000,000				
		Camp Grafton fitness facility		9,000,000				
		Military museum		20,000,000				
		Dickinson REC		10,000,000				
638	Northern Crops Institute	NCI feed center		3,250,000				
640	NDSU Main Research Center	AES equipment storage sheds		1,900,000				
720	Game and Fish Department	ANS laboratory and storage facility		850,000				
770	Department of Water Resources	Department building contingency		200,000				
Total 2023-25 executive budget recommendation			<u>\$682,000</u>	<u>\$370,164,100</u>	<u>\$0</u>			
Total 2021-23 legislative appropriations						<u>\$7,350,000</u> ¹	<u>\$291,000,228</u> ¹	<u>\$50,000,000</u> ¹

¹ The total original appropriation for major new capital construction provided by the 2021 Legislative Assembly. Please refer to the Legislative Council's *State Budget Actions Supplement for the 2021-23 Biennium* report for details regarding the 2021-23 appropriations. The 2021 Legislative Assembly authorized the State Board of Higher Education to issue \$50 million of revenue bonds.

EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2023-25 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs:

<u>Agency or Institution</u>	2023-25 Executive Budget Recommendations		
	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>
Office of Management and Budget (110)			
Miscellaneous electrical repairs	\$300,000		\$300,000
Miscellaneous mechanical repairs	300,000		300,000
Governor's residence exterior repairs		\$300,000	300,000
Replace steam boilers	12,000,000		12,000,000
Remodel of state office building	451,000		451,000
Remodel of 18th floor		500,000	500,000
Remodel of Brynhild Haugland Room		500,000	500,000
Capitol landscaping enhancements	1,800,000		1,800,000
Replace windows in Capitol tower and legislative wing		4,000,000	4,000,000
Deferred maintenance pool		20,000,000	20,000,000
Capitol space reconfiguration	5,500,000		5,500,000
Total - Office of Management and Budget	<u>\$20,351,000</u>	<u>\$25,300,000</u>	<u>\$45,651,000</u>
 Bismarck State College (227)			
Miscellaneous projects	\$417,673		\$417,673
Total - Bismarck State College	<u>\$417,673</u>		<u>\$417,673</u>
 Lake Region State College (228)			
Miscellaneous projects	\$155,367		\$155,367
Total - Lake Region State College	<u>\$155,367</u>		<u>\$155,367</u>
 Williston State College (229)			
Miscellaneous projects	\$197,801		\$197,801
Total - Williston State College	<u>\$197,801</u>		<u>\$197,801</u>
 University of North Dakota (230)			
Building exterior	\$280,000		\$280,000
Interior finishes	280,000		280,000
Mechanical and electrical upgrades	1,169,000		1,169,000
Miscellaneous projects	20,000		20,000
Paving and lighting	1,935,000		1,935,000
Structural repairs	24,333		24,333
Utilities and infrastructure	703,233		703,233
Total - University of North Dakota	<u>\$4,411,566</u>		<u>\$4,411,566</u>
 North Dakota State University (235)			
Miscellaneous projects	\$2,732,244		\$2,732,244
Total - North Dakota State University	<u>\$2,732,244</u>		<u>\$2,732,244</u>

2023-25 Executive Budget Recommendations

<u>Agency or Institution</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>
North Dakota State College of Science (238)			
Miscellaneous projects	\$1,012,379		\$1,012,379
Total - North Dakota State College of Science	\$1,012,379		\$1,012,379
Dickinson State University (239)			
Miscellaneous projects	\$409,078		\$409,078
Total - Dickinson State University	\$409,078		\$409,078
Mayville State University (240)			
Miscellaneous projects	\$358,992		\$358,992
Total - Mayville State University	\$358,992		\$358,992
Minot State University (241)			
Miscellaneous projects	\$899,620		\$899,620
Total - Minot State University	\$899,620		\$899,620
Valley City State University (242)			
Miscellaneous projects	\$408,319		\$408,319
Total - Valley City State University	\$408,319		\$408,319
Dakota College at Bottineau (243)			
Miscellaneous projects	\$114,007		\$114,007
Total - Dakota College at Bottineau	\$114,007		\$114,007
Forest Service (244)			
Exterior updates to Bottineau field office	\$62,480		\$62,480
Total - Forest Service	\$62,480		\$62,480
State Library (250)			
Renovate information desk and workspace	\$150,000		\$150,000
Total - State Library	\$150,000		\$150,000
School for the Deaf (252)			
Extraordinary repair allocation		\$158,678	\$158,678
Replace secondary coal boiler		650,000	650,000
Replace pneumatic controls and fire alarm system		150,000	150,000
Total - School for the Deaf		\$958,678	\$958,678

2023-25 Executive Budget Recommendations

<u>Agency or Institution</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>
North Dakota Vision Services - School for the Blind (253)			
Base budget extraordinary repairs		\$39,192	\$39,192
Replace roof between west and south wings		150,000	150,000
Gutters for the south wing		50,000	50,000
Update parking lot tar		50,000	50,000
Replace doors and air conditioners		29,000	29,000
Replace electrical panel		10,000	10,000
Flooring and cabinets for east wing		45,000	45,000
Update front entrance		55,000	55,000
Update student common area		50,000	50,000
Total - North Dakota Vision Services - School for the Blind		\$478,192	\$478,192
Department of Environmental Quality (303)			
Replace carpet in office areas	\$2,400	\$9,600	\$12,000
Repair/replace sound system	1,400	5,600	7,000
Replace door	1,000	4,000	5,000
Total - Department of Environmental Quality	\$4,800	\$19,200	\$24,000
Veterans' Home (313)			
Mill patch and chip seal parking lots and roads		\$750,000	\$750,000
Total - Veterans' Home		\$750,000	\$750,000
Department of Human Services (325)			
Various projects - Health department	\$77,490	\$111,510	\$189,000
Makeup air unit replacement - Southeast Human Service Center	80,000		80,000
Various projects - State Hospital	1,007,827		1,007,827
Various projects - Life Skills and Transition Center	682,979		682,979
Total - Department of Human Services	\$1,848,296	\$111,510	\$1,959,806
Insurance Commissioner (401)			
Office remodel		\$75,000	\$75,000
Total - Insurance Commissioner		\$75,000	\$75,000
Department of Corrections and Rehabilitation (530)			
Replacement of condensate line in heating plant building	\$4,000,000		\$4,000,000
Total - Department of Corrections and Rehabilitation	\$4,000,000		\$4,000,000
Upper Great Plains Transportation Institute (627)			
Remodel room in transportation data intelligence center	\$176,900		\$176,900
Total - Upper Great Plains Transportation Institute	\$176,900		\$176,900

<u>Agency or Institution</u>	2023-25 Executive Budget Recommendations		
	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>
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
Deferred maintenance		\$720,000	720,000
Utilities and infrastructure	268,093		268,093
Total - North Dakota State University Main Research Center	\$1,340,465	\$720,000	\$2,060,465
State Historical Society (701)			
Fort Totten Hospital building reshingle		\$165,809	\$165,809
State structure repairs	\$500,000		500,000
Historical structure building improvements		6,751,500	6,751,500
Total - State Historical Society	\$500,000	\$6,917,309	\$7,417,309
Game and Fish Department (720)			
Admin extraordinary repairs		\$784,891	\$784,891
State Fair		20,000	20,000
Wildlife management area improvements		450,000	450,000
Wildlife management area shooting range		125,000	125,000
Lonetree improvements		45,000	45,000
Fisheries - Pondliners		1,000,000	1,000,000
Fisheries - Dam repairs		380,000	380,000
Devils Lake bunkhouse improvements		350,000	350,000
Total - Game and Fish Department		\$3,154,891	\$3,154,891
Parks and Recreation Department (750)			
Departmentwide		\$9,041,920	\$9,041,920
Additional repairs and maintenance		325,000	325,000
Total - Parks and Recreation Department		\$9,366,920	\$9,366,920
Department of Water Resources (770)			
Repair pipe breakage		\$250,000	\$250,000
Total - Department of Water Resources		\$250,000	\$250,000
Department of Transportation (801)			
District fueling facilities		\$501,800	\$501,800
Total - Department of Transportation		\$501,800	\$501,800
Total 2023-25 executive budget recommendation - Extraordinary repairs	<u>\$39,550,987</u>	<u>\$48,603,500</u>	<u>\$88,154,487</u>

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, 2021	Outstanding Principal Balance June 30, 2023	Outstanding Principal Balance June 30, 2025
				2019-21 Actual Payments	2021-23 Estimated Payments	2023-25 Estimated Payments			
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 ¹	\$6,035,000	\$930,857	\$495,200	\$0	\$885,000	\$0	\$0
2003 Legislative Assembly approved: State Department of Health - Morgue and storage annex (\$960,000) Department of Corrections and Rehabilitation - James River Correctional Center food service/laundry renovations - Phase II (\$2,662,890) Dickinson State University - Murphy Hall - Phase I addition (\$5,882,047) Mayville State University - Steamline replacement - Phase II (\$1,355,000) Valley City State University - Graichen Gymnasium elevator and emergency exits (\$785,300)	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 ²	13,080,000 ³	1,786,127	909,000	0	900,000	0	0
2005 Legislative Assembly approved: Office of Management and Budget - Fire suppression system (\$3,155,000) Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691)	2017 Series A refunded 2005 Series A State Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000 ⁴	6,954,205	5,797,886	2,782,875	7,786,608	2,512,416	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023	Outstanding Principal Balance June 30, 2025
				2019-21 Actual Payments	2021-23 Estimated Payments	2023-25 Estimated Payments			
NDSU - Hazardous material handling and storage facility (\$3,500,000)									
North Dakota State College of Science - Electrical distribution (\$736,000)									
Dickinson State University - Murphy Hall (\$4,100,557)									
Minot State University - Bottineau - Thatcher Hall addition (\$2,500,000)									
Department of Corrections and Rehabilitation - James River Correctional Center ET Building improvements (\$980,000)									
Department of Corrections and Rehabilitation - James River Correctional Center programs building code improvements (\$584,000)									
North Central Research Center - Agronomy laboratory and greenhouse (\$440,000)									
Central Grasslands Research Center - Office addition (\$270,000)									
Main Research Center - Greenhouse complex (\$2,000,000)									
State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000)									
State Historical Society and Heritage Center - Research collections expansion (\$5,500,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023	Outstanding Principal Balance June 30, 2025
				2019-21 Actual Payments	2021-23 Estimated Payments	2023-25 Estimated Payments			
Parks and Recreation Department - Turtle River State Park administrative office (\$350,000) 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	405,733	407,271	402,252 ⁵	1,685,000 ⁸	1,390,000	1,075,000
2019 Legislative Assembly approved: NDSU - Dunbar Hall (\$40,000,000) Valley City State University - Communications and Fine Arts Building (\$30,000,000) University of North Dakota (UND) - Gamble Hall (\$6,000,000) Dickinson State University - Pulver Hall (\$4,000,000)	2020 Series A Facilities Improvement Bonds (5% - 20-year bonds) ¹¹ (2040)	80,000,000	82,323,685 ⁶	0	10,182,125	10,192,500	64,415,000	60,480,000	56,120,000
Total		\$127,850,485	\$141,748,685	\$10,076,922	\$17,791,482	\$13,377,627	\$75,671,608	\$64,382,416	\$57,195,000
Breakdown of payments									
General fund				\$8,614,029 ⁷	\$16,615,105 ⁷	\$12,734,393 ^{7,8}			
Agency contributions				1,462,893	1,176,377	643,234			
Total				\$10,076,922	\$17,791,482	\$13,377,627 ⁸			

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

²House Bill No. 1023 (2003) appropriated \$4,237,755 of special funds for the issuance of bonds for projects at the State Department of Health and the Department of Corrections and Rehabilitation. Of that amount, \$614,865 for the State Department of Health was paid for with bioterrorism program dollars rather than by bonding.

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

³This 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.

⁴Senate Bill No. 2023 (2005) included a section stating that \$300,000 must be available from nongeneral fund sources to assist in the retirement of the debt incurred to finance the project costs associated with the construction of the State Historical Society projects. The State Historical Society's \$33,333 biennial payments (nine payments) began with the 2007-09 biennium.

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

⁵2021-23 estimated bond payments for Veterans' Home Series A bond payments total \$402,252 and that number is included in Senate Bill No. 2014 (2021). In addition, a federal bond subsidy of \$78,786 is paid to the trustee, which is the Bank of North Dakota.

⁶Senate Bill No. 2097 (2019) and House Bill No. 1003 (2019) authorized the Industrial Commission to provide up to \$130 million of bond proceeds for various institutions of higher education buildings projects, which are to be repaid by funds received from lease payments from general fund appropriations and from other funds. Bonds were sold on October 15, 2020, to provide project funds of \$80,000,000. The bond sale resulted in \$64,415,000 of bonds and a premium of \$17,908,685 which will be amortized over the life of the bond issue. The all-in true interest rate which takes into account the premium and all bond costs is 2.36 percent. The bond coupons are 5 percent.

The bond issuance amount shown on this report does not include the bonding of \$30 million authorized in House Bill No. 1003 (2019) for the deferred maintenance project at UND, which are to be paid from institution operations funding and other local funds.

The State Building Authority did not issue bonds for the NDSU agriculture products development center in the amount of \$20 million as NDSU was not able to meet the legislative directive to provide match funding in the amount of \$20 million.

⁷North Dakota Century Code Section 54-17.2-23 provided 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The Legislative Assembly in 1993 repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1995 decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1997 decreased the maximum that lease payments can total for a biennium from 11 percent of a 1 percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 2001 clarified the statute to provide the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session.

⁸These amounts are based on information provided by the State Building Authority.

NEW BONDING AUTHORIZED AND ISSUED DURING 2021-23 BIENNIUM

In House Bill No. 1431 (2021), the Legislative Assembly authorized bonding by the Public Finance Authority of up to \$680 million for the 2021-23 biennium for various projects as detailed in the table below. Legacy fund earnings are anticipated to be used for the repayment of the bonds and these bonds are not considered debt of the state and do not impact the sales tax limitation calculation. The initial bond sale on December 9, 2021, resulted in \$389,200,000 of bonds and a premium of \$641,540 which will be amortized over the life of the bond issue. The all-in true interest rate which includes the premium and all bond costs is 2.71 percent. The second bond sale on June 30, 2022, resulted in \$320,915,000 of bonds and a discount of \$1,884,652 which will be amortized over the life of the bond issue. The all-in true interest rate is 4.58 percent. The total amount of bonds issued was \$710,115,000. The bonds will be repaid over 20 years. The biennial bond payment is \$102,620,461.

Project	Authorized Bond Amount
Fargo Diversion	\$435,500,000
Resources Trust Fund	74,500,000
BND Infrastructure Revolving Loan Fund	50,000,000
Highway Fund	70,000,000
NDSU Ag Products Development Center "Peltier Complex"	50,000,000
Total	\$680,000,000

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected fund portion of the bond payments for the 2021-23 through 2027-29 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 2023-25 biennium executive budget revenue forecast with a 5 percent growth in sales tax revenues for future bienniums and no prepayments of nongeneral fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent ²	Estimated Excess General Fund Resources Available for Bond Payments
2021-23	\$22,040,721 ¹	\$5,009,276	\$17,031,445	\$47,417,907	\$30,386,462
2023-25	\$17,204,084 ¹	\$4,469,691	\$12,734,393	\$51,502,594	\$38,768,201
2025-27	\$14,404,094 ¹	\$4,224,219	\$10,179,875	\$54,048,515	\$43,868,640
2027-29	\$14,417,053 ¹	\$4,223,678	\$10,193,375	\$56,750,941	\$46,557,566

¹The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. During the 2021-23 biennium, the 2010 Series B and 2012 Series A bond issues were paid off.

²Based on the executive budget revenue forecast for the 2023-25 biennium and 5 percent growth each subsequent biennium.

SECTION I - STATE EMPLOYEES

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STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASES

The 2023-25 executive budget recommendation provides state employee salary increases of up to 6 percent effective July 1, 2023, and 4 percent effective July 1, 2024. For agencies able to identify long-term salary savings, additional salary increases are authorized during the biennium. The executive budget includes funding of \$210.9 million, of which approximately \$87.7 million is from the general fund, for the cost of the salary increase proposal.

SALARY EQUITY FUNDING

The 2023-25 executive budget recommendation includes \$89.7 million for a salary equity funding pool targeted to state employees in various agencies, of which \$49.3 million is from the general fund and \$40.4 million is from other funds.

The recommendation includes \$1.35 million of additional funding for salary equity increases in seven agencies, of which \$1.20 million is from the general fund and approximately \$152,000 is from other funds.

Total funding for salary equity increases is \$91.0 million, of which \$50.5 million is from the general fund and \$40.5 million is from other funds.

ACCRUED LEAVE PAYOUTS

The 2023-25 executive budget recommendation includes funding for accrued leave payouts in seven agencies totaling \$1 million, of which approximately \$700,000 is from the general fund and approximately \$300,000 is from other funds. This funding is available for accrued leave payouts to eligible employees upon retirement or termination of employment.

HIGHER EDUCATION

The 2021 Legislative Assembly authorized a total of 6,533.99 FTE higher education positions; however, Section 23 of Senate Bill No. 2003 (2021) authorized the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control during the 2021-23 biennium. As of December 2022, the State Board of Higher Education has increased higher education FTE positions to 6,604.91, an increase of 70.92 FTE positions compared to the original authorization of 6,533.99 FTE positions.

The 2023-25 executive budget recommendation provides funding for 6,605.91 FTE positions, an increase of 71.92 FTE positions from the 2021-23 biennium authorized level of 6,533.99 FTE positions.

EXECUTIVE BRANCH ELECTED OFFICIALS

The executive budget recommendation provides funding for executive branch elected officials' salary increases equal to 6 percent of salaries effective July 1, 2023, and 4 percent of salaries effective July 1, 2024. Statutory changes necessary to adjust elected officials' salaries are recommended to be included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The judicial branch budget request includes funding to provide Supreme Court and district court judges' salary increases of 20 percent of salaries effective July 1, 2023, and 15 percent effective July 1, 2024. The cost of the proposed salary increases is \$6.90 million from the general fund, of which \$6.45 million is for judges and \$452,400 is for judicial referees.

Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or 6 percent effective July 1, 2023, and 4 percent effective July 1, 2024. The cost of the proposed salary increases is \$4.5 million, of which \$4.5 million is from the general fund and \$28,166 is from special funds.

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 includes funding for the cost of health insurance premiums for state employees. The executive budget recommends continuing the existing health insurance plan with no changes to deductibles or coinsurance and providing for health insurance premiums of \$1,643 per month, an increase of \$214, or 15 percent, compared to the 2021-23 biennium premium rate of \$1,429. The estimated cost of the health insurance premium increase is \$78.2 million, of which approximately \$31.5 million is from the general fund.

In addition to continuing funding for the state basic health insurance plan and the high-deductible health insurance plan, the Governor recommends a third health plan option be made available to state employees that provides for preventive health care and other services not covered under the basic health insurance plan. The premium cost of the proposed additional plan is \$58.50 per month to be paid by participating state employees.

A recent history of monthly health insurance premiums provided for each employee is listed below.

Biennium	Monthly Premium	Percentage Change from Previous Biennium
2001-03	\$409	16.9%
2003-05	\$489	19.6%
2005-07	\$554	13.3%
2007-09	\$658	18.8%
2009-11	\$826	25.5%
2011-13	\$887	7.4%
2013-15	\$982	10.7%
2015-17	\$1,130	15.1%
2017-19	\$1,241	9.8%
2019-21	\$1,427	15.0%
2021-23	\$1,429	0.1%
2023-25 executive budget recommendation	\$1,643	15.0%

The executive budget is not recommending using Public Employees Retirement System (PERS) health reserves to reduce the health insurance premium for the 2023-25 biennium.

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program remains at \$1.54 per month, or \$18.48 annually.

LIFE INSURANCE

The monthly rate for life insurance provided to state employees remains at \$0.28 per month, or \$3.36 annually.

UNEMPLOYMENT INSURANCE

Funding is continued for unemployment insurance for state employees at a rate of 1 percent of the first \$6,000 of an employee's annual salary (\$60 per year or \$120 per biennium maximum).

RETIREMENT

The 2023-25 executive budget includes a recommendation to close the PERS main system defined benefit plan and require new employees to participate in the state's defined contribution plan. The Governor recommends transferring \$250 million from the general fund to the PERS fund during the 2021-23 biennium to reduce the main system defined benefit plan unfunded liability. The unfunded liability was \$1.75 billion as of July 1, 2022.

RETIREMENT - HIGHWAY PATROL

The 2023-25 executive budget recommendation includes \$390,143, of which \$335,523 is from the general fund and \$54,620 is from special funds, for the cost of increasing employer contributions to the Highway Patrolmen's

retirement system by 0.5 percent each on January 1, 2022, January 1, 2023, January 1, 2024, and January 1, 2025, pursuant to Senate Bill No. 2043 (2021).

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2023-25 executive budget.

	General Fund	Other Funds	Total
Salary increases	\$87,668,098	\$123,192,066	\$210,860,164
Salary increases - Judges and referees	6,900,244	0	6,900,244
Salary equity increases	50,506,571	40,551,870	91,058,441
Health insurance premium increases	31,501,154	46,687,471	78,188,625
Retirement increases - Highway Patrol	335,523	54,620	390,143
Total	\$176,911,590	\$210,486,027	\$387,397,617

FULL-TIME EQUIVALENT POSITIONS

The 2023-25 executive budget includes a total of 16,284.54 FTE positions, an increase of 469.21 FTE positions from the 2021-23 authorized level of 15,815.33 FTE positions, including an increase of 71.92 FTE positions in higher education and an increase of 397.29 FTE positions in all other state agencies. The increase of 397.29 in non-higher education FTE positions includes an increase of \$63.6 million, of which \$33.7 million is from the general fund and \$29.9 million is from other funds.

Major changes in FTE positions, excluding higher education, are as follows:

Agency Increases	2021-23 Authorized FTE Positions	2023-25 Executive Budget	Increase (Decrease)	Percentage Increase (Decrease)
325 - Department of Health and Human Services	2,475.83	2,561.83	86.00	3.5%
112 - Information Technology Department	479.00	520.00	41.00	8.6%
530 - Department of Corrections and Rehabilitation	907.79	939.79	32.00	3.5%
801 - Department of Transportation	982.00	1,011.00	29.00	3.0%
640 - Main Research Center	334.56	357.47	22.91	6.8%
504 - Highway Patrol	193.00	208.00	15.00	7.8%
475 - Mill and Elevator	156.00	170.00	14.00	9.0%
540 - Adjutant General	222.00	233.00	11.00	5.0%
125 - Attorney General	253.00	263.00	10.00	4.0%
401 - Insurance Department	38.00	37.00	(1.00)	(2.6%)

INFORMATION TECHNOLOGY UNIFICATION

The 2019 Legislative Assembly authorized a shared services information technology (IT) unification initiative, including a transfer of 96 FTE positions from five agencies to the Information Technology Department (ITD), as a pilot

project to consolidate IT resources and personnel in state government. The 2021 Legislative Assembly approved additional unification of state government IT resources and personnel, including the transfer of 53 FTE positions from 10 agencies to ITD. The following is a summary of FTE positions transferred to ITD as a result of the 2019-21 and 2021-23 biennium IT unification initiatives.

The executive budget recommends transferring 3 FTE IT positions to ITD during the 2023-25 biennium, including 2 FTE positions from the Department of Corrections and Rehabilitation and 1 FTE position from the Insurance Commissioner. If the recommendation is approved, a total of 152 FTE IT positions will have been transferred from 16 agencies to ITD since the 2019-21 biennium.

Agency	FTE Transferred 2019-21 Biennium	FTE Transferred 2021-23 Biennium	Total FTE Transferred
110 - Office of Management and Budget		4.00	4.00
190 - Retirement and Investment Office		2.00	2.00
226 - Department of Trust Lands	2.00		2.00
301 - State Department of Health		4.00	4.00
303 - Department of Environmental Quality		1.00	1.00
325 - Department of Human Services	48.00		48.00
380 - Job Service North Dakota		16.00	16.00
471 - Bank of North Dakota		16.00	16.00
504 - Highway Patrol		2.00	2.00
530 - Department of Corrections and Rehabilitation		6.00	6.00
540 - Adjutant General - Department of Emergency Services	4.00		4.00
601 - Department of Commerce		1.00	1.00
720 - Game and Fish Department		1.00	1.00
750 - Parks and Recreation Department	1.00		1.00
801 - Department of Transportation	41.00		41.00
Total	96.00	53.00	149.00

**ANALYSIS OF NEW FTE POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS
RECOMMENDED IN THE 2023-25 EXECUTIVE BUDGET**

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
GENERAL GOVERNMENT							
17.00	19.00	2.00	101 - Governor's office				19.00
			Adds:				
			1.00 FTE policy advisor position	\$250,904		\$250,904	
			1.00 FTE communications position	250,904		250,904	
			<u>2.00</u>	<u>\$501,808</u>	<u>\$0</u>	<u>\$501,808</u>	
33.00	34.00	1.00	108 - Secretary of State				37.00
			Adds:				
			1.00 FTE election specialist position		\$190,950	\$190,950	
			<u>1.00</u>	<u>\$0</u>	<u>\$190,950</u>	<u>\$190,950</u>	
108.00	117.00	9.00	110 - Office of Management and Budget				124.00
			Adds:				
			1.00 FTE learning development manager position	\$255,452		\$255,452	
			2.00 FTE business development positions	381,724		381,724	
			1.00 FTE talent acquisition manager position	255,452		255,452	
			1.00 FTE total rewards specialist position	218,472		218,472	
			1.00 FTE talent acquisition specialist position	218,472		218,472	
			2.00 FTE shared communications services positions	350,722		350,722	
			1.00 FTE change management position	214,930		214,930	
			<u>9.00</u>	<u>\$1,895,224</u>	<u>\$0</u>	<u>\$1,895,224</u>	
479.00	520.00	41.00	112 - Information Technology Department				562.00
			Adds:				
			1.00 FTE database administrator position		\$265,292	\$265,292	
			4.00 FTE developer positions		715,846	715,846	
			1.00 FTE governance, risk, and compliance data steward position		274,886	274,886	
			1.00 FTE governance, risk, and compliance enterprise portfolio manager position		298,868	298,868	
			1.00 FTE governance, risk, and compliance data governance lead position		274,886	274,886	
			1.00 FTE governance, risk, and compliance data architect position		250,904	250,904	
			2.00 FTE customer relationship management business analyst positions	\$436,224		436,224	
			1.00 FTE customer relationship management cloud administrator position		322,850	322,850	
			1.00 FTE customer relationship management project manager position	250,904		250,904	
			2.00 FTE customer relationship management program manager positions	501,816		501,816	
			1.00 FTE customer relationship management team lead position	274,886		274,886	
			1.00 FTE customer relationship management service desk position		178,958	178,958	
			2.00 FTE tier II support positions		357,921	357,921	
			2.00 FTE security analyst positions	444,258		444,258	
			2.00 FTE desktop support positions		309,960	309,960	
			6.00 FTE apprenticeships positions		785,986	785,986	
			5.00 FTE state agency support positions		1,043,494	1,043,494	

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			2.00 FTE customer success management positions	501,816		501,816	
			2.00 FTE ClassLink support positions	405,888		405,888	
			<u>38.00</u>	<u>\$2,815,792</u>	<u>\$5,079,851</u>	<u>\$7,895,643</u>	
			Transfers for the information technology unification initiative:				
			2.00 FTE Department of Corrections and Rehabilitation positions		\$309,959	\$309,959	
			1.00 FTE Insurance Department position		178,961	178,961	
			<u>3.00</u>	<u>\$0</u>	<u>\$488,920</u>	<u>\$488,920</u>	
			Total:				
			<u>41.00</u>	<u>\$2,815,792</u>	<u>\$5,568,771</u>	<u>\$8,384,563</u>	
61.00	68.00	7.00	117 - State Auditor				81.00
			Adds:				
			1.00 FTE local government audit manager position		\$308,364	\$308,364	
			2.00 FTE local government auditor II positions		415,480	415,480	
			4.00 FTE local government auditor I positions		703,940	703,940	
			<u>7.00</u>	<u>\$0</u>	<u>\$1,427,784</u>	<u>\$1,427,784</u>	
7.00	7.00	0.00	120 - State Treasurer				7.00
253.00	263.00	10.00	125 - Attorney General				279.00
			Adds:				
			2.00 FTE attorney positions	\$548,296		\$548,296	
			2.00 FTE Bureau of Criminal Investigation cybercrime positions	451,570		451,570	
			4.00 FTE Crime Laboratory forensic scientist positions	712,904		712,904	
			1.00 FTE Medicaid Fraud Control Unit attorney position	78,030	\$234,090	312,120	
			1.00 FTE Medicaid Fraud Control Unit investigator position	59,345	178,034	237,379	
			<u>10.00</u>	<u>\$1,850,145</u>	<u>\$412,124</u>	<u>\$2,262,269</u>	
118.00	118.00	0.00	127 - Tax Department				118.00
5.00	5.00	0.00	140 - Office of Administrative Hearings				5.00
44.00	44.00	0.00	160 - Legislative Council				44.00
362.00	386.00	24.00	180 - Judicial branch				386.00
			Adds:				
			1.00 FTE assistant state court administrator position	\$369,734		\$369,734	
			1.00 FTE district judge position	549,850		549,850	
			1.00 FTE district court staff attorney position	253,582		253,582	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE district court staff attorney position	253,582		253,582	
			1.00 FTE district court staff attorney position	253,582		253,582	
			1.00 FTE district judge position	549,850		549,850	
			1.00 FTE district judge position	549,850		549,850	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE deputy clerk of district court position	151,848		151,848	

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE district judge position	549,850		549,850	
			1.00 FTE district court staff attorney position	253,582		253,582	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE deputy clerk of district court position	151,848		151,848	
			1.00 FTE district court staff attorney position	253,582		253,582	
			1.00 FTE district court staff attorney position	253,582		253,582	
			1.00 FTE Court Improvement Program coordinator position	223,222		223,222	
			1.00 FTE Court Improvement Program data analyst position	182,730		182,730	
			<u>24.00</u>	<u>\$6,166,906</u>	<u>\$0</u>	<u>\$6,166,906</u>	
40.00	43.00	3.00	188 - Commission on Legal Counsel for Indigents				43.00
			Adds:				
			<u>3.00</u> FTE investigator positions	<u>\$488,092</u>		<u>\$488,092</u>	
			<u>3.00</u>	<u>\$488,092</u>	<u>\$0</u>	<u>\$488,092</u>	
25.00	25.00	0.00	190 - Retirement and Investment Office				33.00
35.50	39.50	4.00	192 - Public Employees Retirement System				47.50
			Adds:				
			1.00 FTE retirement processing position		\$214,632	\$214,632	
			1.00 FTE receptionist position		124,986	124,986	
			<u>2.00</u> FTE defined benefit closure positions		<u>478,760</u>	<u>478,760</u>	
			<u>4.00</u>	<u>\$0</u>	<u>\$818,378</u>	<u>\$818,378</u>	
1.00	3.00	2.00	195 - Ethics Commission				1.00
			Adds:				
			1.00 FTE education and training coordinator position	\$218,472		\$218,472	
			1.00 FTE executive assistant position	164,422		164,422	
			<u>2.00</u>	<u>\$382,894</u>	<u>\$0</u>	<u>\$382,894</u>	
<u>1,588.50</u>	<u>1,691.50</u>	<u>103.00</u>	TOTAL GENERAL GOVERNMENT	<u>\$14,100,861</u>	<u>\$8,418,007</u>	<u>\$22,518,868</u>	<u>1,786.50</u>
			OTHER EDUCATION				
86.25	86.25	0.00	201 - Department of Public Instruction				86.25
30.00	32.00	2.00	226 - Department of Trust Lands				34.00
			Adds:				
			1.00 FTE mineral title specialist position		\$253,704	\$253,704	
			<u>1.00</u> FTE investment analyst position		<u>343,942</u>	<u>343,942</u>	
			<u>2.00</u>	<u>\$0</u>	<u>\$597,646</u>	<u>\$597,646</u>	
26.75	26.75	0.00	250 - State Library				26.75

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
44.61	45.36	0.75	252 - School for the Deaf				46.11
			Adds:				
			0.75 FTE education services position	\$115,294		\$115,294	
			<u>0.75</u>	<u>\$115,294</u>	<u>\$0</u>	<u>\$115,294</u>	
27.75	27.75	0.00	253 - North Dakota Vision Services - School for the Blind				27.75
50.30	53.30	3.00	270 - Department of Career and Technical Education				57.30
			Adds:				
			2.00 FTE program supervisor positions	\$394,874		\$394,874	
			1.00 FTE Center for Distance Education teacher position	176,554		176,554	
			<u>3.00</u>	<u>\$571,428</u>	<u>\$0</u>	<u>\$571,428</u>	
<u>265.66</u>	<u>271.41</u>	<u>5.75</u>	TOTAL OTHER EDUCATION	<u>\$686,722</u>	<u>\$597,646</u>	<u>\$1,284,368</u>	<u>278.16</u>
			HEALTH AND WELFARE				
166.00	173.00	7.00	303 - Department of Environmental Quality				182.00
			Adds:				
			1.00 FTE natural resource services III position		\$218,662	\$218,662	
			2.00 FTE engineering and planning services VI positions		511,284	511,284	
			1.00 FTE human resource director position	\$89,410	166,046	255,456	
			1.00 FTE assistant director position	122,396	227,310	349,706	
			1.00 FTE civil rights and environmental justice position	76,532	142,132	218,664	
			1.00 FTE accountant budget specialist III position	76,466	142,010	218,476	
			<u>7.00</u>	<u>\$364,804</u>	<u>\$1,407,444</u>	<u>\$1,772,248</u>	
114.79	114.79	0.00	313 - Veterans' Home				114.79
4.00	4.00	0.00	316 - Indian Affairs Commission				4.00
8.00	9.00	1.00	321 - Department of Veterans' Affairs				10.00
			Adds:				
			1.00 FTE veterans benefit specialist position	\$99,966		\$99,966	
			<u>1.00</u>	<u>\$99,966</u>	<u>\$0</u>	<u>\$99,966</u>	
2,475.83	2,561.83	86.00	325 - Department of Health and Human Services				2,685.03
			Public Health				
			Adds:				
			1.00 FTE autopsy technician position (funding to convert a temporary position)	\$65,094		\$65,094	
			4.00 FTE program management III positions (funding to convert temporary positions)		\$50,008	50,008	
			<u>5.00</u>	<u>\$65,094</u>	<u>\$50,008</u>	<u>\$115,102</u>	
			Human Services				
			Adds:				
			1.00 FTE professional services II position	\$255,452		\$255,452	
			1.00 FTE professional services II position	81,764	\$17,948	99,712	
			1.00 FTE human services V position	39,016	8,564	47,580	

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			1.00 FTE professional services II position	77,966	77,966	155,932	
			1.00 FTE human services VI position	103,868	103,868	207,736	
			1.00 FTE professional services II position	77,966	77,966	155,932	
			1.00 FTE human services VI position	103,868	103,868	207,736	
			1.00 FTE human services VI position	89,480	89,480	178,960	
			0.50 FTE professional services II position	111,066	111,066	222,132	
			1.00 FTE human services VI position	83,724	83,724	167,448	
			1.00 FTE human services III position	23,450	23,450	46,900	
			1.00 FTE human services III position	23,450	23,450	46,900	
			1.00 FTE human services III position	97,012	97,012	194,024	
			1.00 FTE human services V position	234,618		234,618	
			1.00 FTE human services V position	234,618		234,618	
			1.00 FTE human services V position	234,618		234,618	
			1.00 FTE human services V position	234,618		234,618	
			1.00 FTE human services III position	34,674		34,674	
			1.00 FTE human services III position	189,272		189,272	
			1.00 FTE human services IV position	81,003	84,309	165,312	
			1.00 FTE human services IV position	81,003	84,309	165,312	
			1.00 FTE medical services V position	255,582		255,582	
			1.00 FTE medical services V position	255,582		255,582	
			1.00 FTE human services III position	130,458		130,458	
			1.00 FTE human services III position	86,698		86,698	
			1.00 FTE medical services IV position	183,520		183,520	
			1.00 FTE human services II position	44,618		44,618	
			1.00 FTE professional services III position	218,472		218,472	
			1.00 FTE human services III position	189,272		189,272	
			1.00 FTE human services III position	189,272		189,272	
			0.50 FTE human services III position	39,400		39,400	
			1.00 FTE human services III position	74,332		74,332	
			1.00 FTE human services III position	43,126		43,126	
			1.00 FTE professional services III position	218,472		218,472	
			1.00 FTE human services III position	90,548		90,548	
			1.00 FTE human services III position	189,272		189,272	
			0.50 FTE human services II position	38,732		38,732	
			0.50 FTE human services II position	38,732		38,732	
			1.00 FTE human services III position	42,788		42,788	
			1.00 FTE human services III position	42,788		42,788	
			1.00 FTE human services II position	7,468		7,468	
			1.00 FTE human services II position	7,468		7,468	
			1.00 FTE human services IV position	8,870		8,870	
			1.00 FTE human services IV position	11,668		11,668	
			1.00 FTE admin services II position	7,468		7,468	
			1.00 FTE human services III position	189,272		189,272	
			1.00 FTE medical services I position	7,856		7,856	
			1.00 FTE human services II position	8,868		8,868	
			1.00 FTE human services II position	8,868		8,868	
			1.00 FTE human services II position	8,868		8,868	
			1.00 FTE human services IV position	11,668		11,668	
			1.00 FTE human services III position	42,848		42,848	
			1.00 FTE human services II position	8,868		8,868	
			1.00 FTE human services II position	8,868		8,868	
			1.00 FTE human services II position	8,868		8,868	

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			1.00 FTE medical services I position	7,856		7,856	
			1.00 FTE human services III position	7,522		7,522	
			1.00 FTE human services II position	8,868		8,868	
			1.00 FTE human services III position	189,272		189,272	
			1.00 FTE admin services IV position	42,302		42,302	
			1.00 FTE human services III position	83,772		83,772	
			1.00 FTE human services II position	43,274		43,274	
			1.00 FTE human services II position	44,120		44,120	
			1.00 FTE human services II position	44,120		44,120	
			1.00 FTE human services III position	130,458		130,458	
			1.00 FTE human services III position	39,400		39,400	
			1.00 FTE human services II position	44,120		44,120	
			1.00 FTE human services II position	44,120		44,120	
			1.00 FTE human services II position	44,120		44,120	
			1.00 FTE human services II position	44,120		44,120	
			1.00 FTE human services III position	39,400		39,400	
			1.00 FTE human services III position	39,400		39,400	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services V position		200,146	200,146	
			1.00 FTE human services II position		200,760	200,760	
			1.00 FTE human services II position		200,760	200,760	
			<u>81.00</u>	<u>\$6,108,208</u>	<u>\$3,189,814</u>	<u>\$9,298,022</u>	
			Total:				
			<u>86.00</u>	<u>\$6,173,302</u>	<u>\$3,239,822</u>	<u>\$9,413,124</u>	
28.50	28.50	0.00	360 - Protection and Advocacy Project				28.50
156.61	158.61	2.00	380 - Job Service North Dakota				159.61
			Adds:				
			<u>2.00</u> FTE foreign agriculture workers program positions	<u>\$439,818</u>		<u>\$439,818</u>	
			<u>2.00</u>	<u>\$439,818</u>	<u>\$0</u>	<u>\$439,818</u>	
<u>2,953.73</u>	<u>3,049.73</u>	<u>96.00</u>	TOTAL HEALTH AND WELFARE	<u>\$7,077,890</u>	<u>\$4,647,266</u>	<u>\$11,725,156</u>	<u>3,183.93</u>
			REGULATORY				
38.00	37.00	(1.00)	401 - Insurance Department				38.00
			Transfer to Information Technology Department:				
			<u>(1.00)</u> FTE data processing coordinator III position		<u>(\$226,656)</u>	<u>(\$226,656)</u>	
			<u>(1.00)</u>	<u>\$0</u>	<u>(\$226,656)</u>	<u>(\$226,656)</u>	
108.25	115.75	7.50	405 - Industrial Commission				118.75
			Adds:				

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			3.00 FTE carbon capture positions	\$760,911		\$760,911	
			1.00 FTE paleontology position	196,610		196,610	
			1.00 FTE critical minerals positions	276,523		276,523	
			1.00 FTE grant administration position		\$182,321	182,321	
			1.00 FTE deputy director position		132,646	132,646	
			0.50 FTE records management position	69,497		69,497	
			<u>7.50</u>	<u>\$1,303,541</u>	<u>\$314,967</u>	<u>\$1,618,508</u>	
13.00	13.00	0.00	406 - Department of Labor and Human Rights				13.00
43.00	44.00	1.00	408 - Public Service Commission				47.00
			Adds:				
			1.00 FTE environmental scientist position	\$77,962	\$138,602	\$216,564	
			<u>1.00</u>	<u>\$77,962</u>	<u>\$138,602</u>	<u>\$216,564</u>	
7.00	7.00	0.00	412 - Aeronautics Commission				7.00
31.00	34.00	3.00	413 - Department of Financial Institutions				39.00
			Adds:				
			1.00 FTE licensing examiner position		\$199,820	\$199,820	
			1.00 FTE non-depository examiner position		199,820	199,820	
			1.00 FTE examiner for large banks position		226,922	226,922	
			<u>3.00</u>	<u>\$0</u>	<u>\$626,562</u>	<u>\$626,562</u>	
10.00	10.00	0.00	414 - Securities Department				
173.00	181.00	8.00	471 - Bank of North Dakota				185.00
			Adds:				
			2.00 FTE credit underwriter positions		\$476,628	\$476,628	
			2.00 FTE valuation supervisor positions		580,428	580,428	
			2.00 FTE collateral valuation positions		471,531	471,531	
			1.00 FTE collateral valuation analyst position		253,976	253,976	
			1.00 FTE loan operations supervisor position		222,652	222,652	
			<u>8.00</u>	<u>\$0</u>	<u>\$2,005,215</u>	<u>\$2,005,215</u>	
49.00	52.00	3.00	473 - Housing Finance Agency				55.00
			Adds:				
			1.00 FTE compliance officer position		\$218,908	\$218,908	
			2.00 FTE home loan administrator positions		466,592	466,592	
			<u>3.00</u>	<u>\$0</u>	<u>\$685,500</u>	<u>\$685,500</u>	
156.00	170.00	14.00	475 - Mill and Elevator Association				170.00
			Adds:				
			14.00 FTE undesignated positions		\$2,367,332	\$2,367,332	
			<u>14.00</u>	<u>\$0</u>	<u>\$2,367,332</u>	<u>\$2,367,332</u>	

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
260.14	260.14	0.00	485 - Workforce Safety and Insurance				260.14
<u>888.39</u>	<u>923.89</u>	<u>35.50</u>	TOTAL REGULATORY	<u>\$1,381,503</u>	<u>\$5,911,522</u>	<u>\$7,293,025</u>	<u>932.89</u>
			PUBLIC SAFETY				
193.00	208.00	15.00	504 - Highway Patrol				220.00
			Adds:				
			10.00 FTE trooper positions	\$1,330,000	\$780,832	\$2,110,832	
			2.00 FTE Capitol trooper positions	266,000	156,170	422,170	
			2.00 FTE motor carrier trooper positions	266,000	156,166	422,166	
			1.00 FTE drug recognition and field sobriety trooper position	133,000	78,082	211,082	
			<u>15.00</u>	<u>\$1,995,000</u>	<u>\$1,171,250</u>	<u>\$3,166,250</u>	
907.79	939.79	32.00	530 - Department of Corrections and Rehabilitation				1,001.79
			Adds:				
			6.00 FTE protective services IV positions	\$637,554		\$637,554	
			4.00 FTE protective services II positions	700,374		700,374	
			1.00 FTE protective services II position	155,936		155,936	
			1.00 FTE facility services V position	163,558		163,558	
			1.00 FTE facility services IV position	150,548		150,548	
			1.00 FTE medical services II position	193,960		193,960	
			1.00 FTE human services V position	190,472		190,472	
			1.00 FTE human services V position	170,698		170,698	
			1.00 FTE protective services V position	124,472		124,472	
			1.00 FTE administrative services IV position	112,002		112,002	
			1.00 FTE protective services III position	110,058		110,058	
			4.00 FTE protective services IV positions	516,912		516,912	
			8.00 FTE protective services III positions	1,031,032		1,031,032	
			2.00 FTE protective services II positions	529,624		529,624	
			1.00 FTE administrative services V position	148,222		148,222	
			<u>34.00</u>	<u>\$4,935,422</u>	<u>\$0</u>	<u>\$4,935,422</u>	
			Transfers to the Information Technology Department:				
			(1.00) FTE facility services V position	(\$199,356)		(\$199,356)	
			<u>(1.00) FTE facility services V position</u>	<u>(196,336)</u>		<u>(196,336)</u>	
			<u>(2.00)</u>	<u>(\$395,692)</u>	<u>\$0</u>	<u>(\$395,692)</u>	
			Total:				
			<u>32.00</u>	<u>\$4,539,730</u>	<u>\$0</u>	<u>\$4,539,730</u>	
222.00	233.00	11.00	540 - Adjutant General				238.00
			Adds:				
			1.00 FTE general trades maintenance worker II position	\$4,498	\$4,498	\$8,996	
			1.00 FTE physical plant director position	127,726	127,726	255,452	
			1.00 FTE maintenance supervisor position	95,260	95,260	190,520	
			1.00 FTE custodial supervisor position	83,188	83,188	166,376	

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			1.00 FTE operations and training manager position	153,274	102,182	255,456	
			1.00 FTE watch center manager position	237,290		237,290	
			1.00 FTE dashboard development technician position	178,182		178,182	
			1.00 FTE watch center analyst position	204,630		204,630	
			1.00 FTE watch center analyst position	204,630		204,630	
			1.00 FTE watch center analyst position	204,630		204,630	
			1.00 FTE watch center analyst position	204,630		204,630	
			<u>11.00</u>	<u>\$1,697,938</u>	<u>\$412,854</u>	<u>\$2,110,792</u>	
<u>1,322.79</u>	<u>1,380.79</u>	<u>58.00</u>	TOTAL PUBLIC SAFETY	<u>\$8,232,668</u>	<u>\$1,584,104</u>	<u>\$9,816,772</u>	<u>1,459.79</u>
			AGRICULTURE AND ECONOMIC DEVELOPMENT				
58.80	63.80	5.00	601 - Department of Commerce				68.80
			Adds:				
			1.00 FTE workforce talent attraction initiative position	\$202,940		\$202,940	
			1.00 FTE workforce investment grant program position	202,940		202,940	
			1.00 FTE Main Street Initiative community development program position	226,922		226,922	
			1.00 FTE Office of Automation position	310,858		310,858	
			1.00 FTE Global Engagement Office position	250,904		250,904	
			<u>5.00</u>	<u>\$1,194,564</u>	<u>\$0</u>	<u>\$1,194,564</u>	
79.00	81.00	2.00	602 - Department of Agriculture				81.00
			Adds:				
			1.00 FTE project manager and systems coordinator position	170,326		\$170,326	
			1.00 FTE marketing specialist position	214,930		214,930	
			<u>2.00</u>	<u>\$385,256</u>	<u>\$0</u>	<u>\$385,256</u>	
43.88 ²	43.88	0.00	627 - Upper Great Plains Transportation Institute				43.88
108.21 ²	109.81	1.60	628 - Branch research centers				109.81
			Adjusts:				
			<u>1.60</u> FTE position adjustments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
241.77 ²	250.70	8.93	630 - North Dakota State University Extension Service				260.70
			Adjusts:				
			<u>8.93</u> FTE position adjustments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
13.55 ²	18.15	4.60	638 - Northern Crops Institute				18.15
			Adjusts:				
			<u>4.60</u> FTE position adjustments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
334.56 ²	357.47	22.91	640 - Main Research Center				374.47
			Adjusts:				
			<u>22.91</u> FTE position adjustments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
3.00 ²	3.00	0.00	649 - Agronomy Seed Farm				3.00

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
2.00	2.00	0.00	670 - Racing Commission				2.00
<u>884.77</u>	<u>929.81</u>	<u>45.04</u>	TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>\$1,579,820</u>	<u>\$0</u>	<u>\$1,579,820</u>	<u>961.81</u>
			NATURAL RESOURCES AND HIGHWAYS				
78.75	83.50	4.75	701 - State Historical Society				83.50
			Adds:				
			1.00 FTE digital specialist position	\$187,590		\$187,590	
			0.25 FTE administrative staff officer I position	64,814		64,814	
			1.00 FTE assistant store manager position		\$244,142	244,142	
			1.00 FTE storekeeper I position		216,688	216,688	
			0.50 FTE public information specialist II position	108,574		108,574	
			1.00 FTE museum store manager position		309,208	309,208	
			<u>4.75</u>	<u>\$360,978</u>	<u>\$770,038</u>	<u>\$1,131,016</u>	
5.00	6.00	1.00	709 - Council on the Arts				7.00
			Adds:				
			1.00 FTE Administrative assistant III position	\$128,992		\$128,992	
			<u>1.00</u>	<u>\$128,992</u>	<u>\$0</u>	<u>\$128,992</u>	
164.00	172.00	8.00	720 - Game and Fish Department				184.00
			Adds:				
			1.00 FTE fisheries biologist II position		\$228,958	\$228,958	
			1.00 FTE biologist I position		197,648	197,648	
			1.00 FTE biologist position		197,646	197,646	
			1.00 FTE biologist position		197,646	197,646	
			1.00 FTE biologist II - grants habitat supervisor position		227,312	227,312	
			1.00 FTE account budget specialist III position		227,308	227,308	
			1.00 FTE investigator / warden position		228,634	228,634	
			1.00 FTE investigator / warden position		228,634	228,634	
			<u>8.00</u>	<u>\$0</u>	<u>\$1,733,786</u>	<u>\$1,733,786</u>	
57.75	66.00	8.25	750 - Parks and Recreation Department				79.75
			Adds:				
			6.25 FTE natural resources services II positions		\$131,928 ³	\$131,928 ³	
			2.00 FTE administrative services IV positions	\$130,350		130,350 ³	
			<u>8.25</u>	<u>\$130,350</u>	<u>\$131,928</u>	<u>\$262,278</u>	
90.00	93.00	3.00	770 - State Water Commission				96.00
			Adds:				
			2.00 FTE natural resources services II positions		\$505,772	\$505,772	
			1.00 FTE engineering and planning services IV position		197,626	197,626	
			<u>3.00</u>	<u>\$0</u>	<u>\$703,398</u>	<u>\$703,398</u>	
982.00	1,011.00	29.00	801 - Department of Transportation				1,016.00
			Adds:				

2021-23 FTE Positions	Executive Recommendation 2023-25 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
			8.00 FTE drivers license examiner positions		\$1,999,936	\$1,999,936	
			3.00 FTE fiscal services positions		715,000	715,000	
			14.00 FTE snow and ice control operators positions		1,899,996	1,899,996	
			4.00 FTE motor fuel tax auditors positions		829,992	829,992	
			<u>29.00</u>	<u>\$0</u>	<u>\$5,444,924</u>	<u>\$5,444,924</u>	
<u>1,377.50</u>	<u>1,431.50</u>	<u>54.00</u>	TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>\$620,320</u>	<u>\$8,784,074</u>	<u>\$9,404,394</u>	<u>1,466.25</u>
SUMMARY TOTALS							
1,588.50	1,691.50	103.00	General Government	\$14,100,861	\$8,418,007	\$22,518,868	1,786.50
265.66	271.41	5.75	Other Education	686,722	597,646	1,284,368	278.16
2,953.73	3,049.73	96.00	Health and Welfare	7,077,890	4,647,266	11,725,156	3,183.93
888.39	923.89	35.50	Regulatory	1,381,503	5,911,522	7,293,025	932.89
1,322.79	1,380.79	58.00	Public Safety	8,232,668	1,584,104	9,816,772	1,459.79
884.77	929.81	45.04	Agriculture and Economic Development	1,579,820	0	1,579,820	961.81
1,377.50	1,431.50	54.00	Natural Resources and Highways	620,320	8,784,074	9,404,394	1,466.25
<u>9,281.34</u>	<u>9,678.63</u>	<u>397.29</u>	TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	<u>\$33,679,784</u>	<u>\$29,942,619</u>	<u>\$63,622,403</u>	<u>10,069.33</u>
HIGHER EDUCATION							
158.83 ⁴	162.83	4.00	215 - North Dakota University System office	\$0	\$0	\$0	165.83
332.90 ⁴	335.33	2.43	227 - Bismarck State College	0	0	0	336.33
115.76 ⁴	120.59	4.83	228 - Lake Region State College	0	0	0	120.59
101.29 ⁴	102.83	1.54	229 - Williston State College	0	0	0	103.83
2,059.98 ⁴	2,060.56	0.58	230 - University of North Dakota	0	0	0	2,063.56
492.67 ⁴	488.83	(3.84)	232 - University of North Dakota School of Medicine and Health Sciences	0	0	0	488.83
1,829.43 ⁴	1,867.50	38.07	235 - North Dakota State University	0	0	0	1,871.50
311.61 ⁴	313.95	2.34	238 - North Dakota State College of Science	0	0	0	314.95
175.50 ⁴	178.00	2.50	239 - Dickinson State University	0	0	0	179.50
230.35 ⁴	226.92	(3.43)	240 - Mayville State University	0	0	0	228.92
403.04 ⁴	423.63	20.59	241 - Minot State University	0	0	0	424.63
202.77 ⁴	211.94	9.17	242 - Valley City State University	0	0	0	212.94
91.86 ⁴	84.00	(7.86)	243 - Dakota College at Bottineau	0	0	0	85.00
28.00 ⁴	29.00	1.00	244 - Forest Service	186,516	0	186,516	29.00
<u>6,533.99</u>	<u>6,605.91</u>	<u>71.92</u>	TOTAL HIGHER EDUCATION	<u>\$186,516</u>	<u>\$0</u>	<u>\$186,516</u>	<u>6,625.41</u>

2021-23 FTE Positions	Executive Recommendation		Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2023-25 FTE Positions in Agency Budget Request ¹
	2023-25 FTE Positions	Increase (Decrease)		General Fund	Other Funds	Total	
15,815.33	16,284.54	469.21	TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)	\$33,866,300	\$29,942,619	\$63,808,919	16,694.74

NOTE: Funding for the positions listed does not include the executive recommendation for salaries and benefits and health insurance increases.

¹ Total FTE positions requested, including optional adjustments.

² The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 8 of Senate Bill No. 2020 (2021):

	2021-23 Legislative Authorization	Adjusted FTE Position Level	Variance
Upper Great Plains Transportation Institute	43.88	43.88	0.00
Branch research centers	108.21	109.81	1.60
North Dakota State University Extension Service	241.77	250.70	8.93
Northern Crops Institute	13.55	18.15	4.60
Main Research Center	334.56	357.47	22.91
Agronomy Seed Farm	3.00	3.00	0.00
Total	<u><u>744.97</u></u>	<u><u>783.01</u></u>	<u><u>38.04</u></u>

³ The Parks and Recreation Department requested \$1,038,908 from the general fund for 7 FTE natural resource services positions and \$260,700 from the general fund for 2 FTE administrative services positions. The executive budget recommendation includes \$131,928 from special funds for 6.25 FTE natural resource services positions and \$130,350 from the general fund for 2 FTE administrative services positions.

⁴ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 23 of Senate Bill No. 2003 (2021):

	2021-23 Legislative Authorization	Adjusted FTE Position Level	Variance
North Dakota University System office	158.83	162.83	4.00
Bismarck State College	332.90	335.33	2.43
Lake Region State College	115.76	120.59	4.83
Williston State College	101.29	102.83	1.54
University of North Dakota	2,059.98	2,060.56	0.58
University of North Dakota School of Medicine and Health Sciences	492.67	488.83	(3.84)
North Dakota State University	1829.43	1,867.50	38.07
North Dakota State College of Science	311.61	313.95	2.34
Dickinson State University	175.50	178.00	2.50
Mayville State University	230.35	226.92	(3.43)
Minot State University	403.04	423.63	20.59
Valley City State University	202.77	211.94	9.17
Dakota College at Bottineau	91.86	84.00	(7.86)
Forest Service	28.00	28.00	0.00
Total	<u><u>6,533.99</u></u>	<u><u>6,604.91</u></u>	<u><u>70.92</u></u>

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 4-year universities; 7.3% higher education faculty at 2-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 4-year universities, 5% higher education faculty at 2-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 4 vacant FTE positions and provided a 1% salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase.	2.3%
2004	Up to 2% effective on January 1, 2005, for the executive and judicial branches to the extent that the increase 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% based on performance and up to 2% for classified employees in the first quartile of their salary range and up to 1% for classified employees in the second quartile of their salary range for market equity	1.5%
2014 ⁵	From 2 to 4% based on performance and up to 2% for classified employees in the first quartile of their salary range and up to 1% for classified employees in the second quartile of their salary range for market equity	1.6%
2015 ⁶	From 2 to 4% based on performance	0.1%
2016 ⁶	From 2 to 4% based on performance	1.2%
2017	0%	1.6%
2018	0%	2.2%
2019 ⁷	2% with a minimum monthly increase of \$120 and a maximum monthly increase of \$200	1.6%
2020	2.5%	0.2%
2021 ⁸	1.5% with a minimum monthly increase of \$100	4.5%
2022	2%	8.3%
2023 ⁹	6%	4.1% (projected)
2024	4%	2.3% (projected)

*Percentage change, consumer price index annual rate, Moody's Analytics and IHS Markit

¹In addition the 2001 Legislative Assembly provided:

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

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

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

³In addition the 2009 Legislative Assembly provided an appropriation of \$15,984,000, of which \$9 million is from the general fund, to OMB to address salary equity issues. House Bill No. 1015 (2009) provided the statewide equity pool be used for market equity compensation adjustments for classified and nonclassified state employees of executive branch agencies, institutions, and departments, excluding entities under the control of the State Board of Higher Education. The market equity increases were to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan needed to give priority to employees who were employed by the state for the greatest length of time and were furthest below their salary range midpoint. The Office of Management and Budget, in developing the plan, was to consider employee pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming.

The 2009-11 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

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

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

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

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

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

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

⁶The 2015 Legislative Assembly provided salary increases for all eligible classified and nonclassified employees of 2 to 4 percent per year, based on performance.

The 2015 Legislative Assembly also provided targeted market equity funds of \$4.49 million, which included \$3.75 million from the general fund to address occupational market disparities, economic growth areas, recruitment and retention challenges, and external pay inequities for employees who are critical to the mission of the agency. Agencies that received a targeted market equity salary adjustment include the Adjutant General (\$71,323), Veterans' Home (\$468,954), State Department of Health (\$724,558), Department of Human Services (\$3,039,616), and the Protection and Advocacy Project (\$185,549).

The 2015 Legislative Assembly also provided additional salary market equity-related funding for the following agencies:

- Attorney General's office - \$1,546,301, which includes \$1,012,301 from the general fund.
- Office of Administrative Hearings - \$38,110 from special funds.
- Retirement and Investment Office - \$50,000 from special funds.
- Department of Public Instruction - \$100,000 from the general fund.
- Department of Corrections and Rehabilitation - \$2,126,442 from the general fund.
- Adjutant General - \$192,621 from the general fund.

⁷The 2019 Legislative Assembly approved state employee salary increases of 2 percent with a \$120 monthly minimum and a \$200 monthly maximum on July 1, 2019, which results in the following:

- Employees earning less than \$72,000 each year will receive a \$120 monthly salary increase rather than a 2 percent increase;
- Employees earning \$72,000 or more each year but less than \$120,000 each year will receive a 2 percent salary increase; and
- Employees earning \$120,000 or more each year are limited to a \$200 monthly salary increase rather than a 2 percent increase.

⁸The 2021 Legislative Assembly approved state employee salary increases of 1.5 percent with a \$100 monthly minimum on July 1, 2021, which results in the following:

- Employees earning less than \$80,000 each year will receive a \$100 monthly salary increase rather than a 1.5 percent increase; and
- Employees earning \$80,000 or more each year will receive a 1.5 percent salary increase.

⁹As recommended in the 2023-25 biennium executive budget.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2023-25 biennium includes funding to provide salary increases of 6 percent effective July 1, 2023, and 4 percent effective July 1, 2024, for executive branch elected officials. The statutory changes necessary to adjust elected officials' salaries are recommended to be included in the appropriation bills for the respective elected officials. The schedule below shows for each elected official the salary authorized by the 2021 Legislative Assembly and the salary being proposed in the executive budget.

State Official	Statutory Annual Salary Authorized by the 2021 Legislative Assembly		Proposed Annual Salary Included in the 2023-25 Executive Budget Recommendation	
	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024
Governor	\$140,829 ¹	\$143,646 ¹	\$152,265	\$158,355
Lieutenant Governor	\$109,536	\$111,727	\$118,431	\$123,168
Secretary of State	\$112,241	\$114,486	\$121,355	\$126,209
State Auditor	\$112,241	\$114,486	\$121,355	\$126,209
State Treasurer	\$112,241	\$114,486	\$121,355	\$126,209
Attorney General	\$165,845	\$169,162	\$179,312	\$186,484
Tax Commissioner	\$121,814	\$124,250	\$131,705	\$136,973
Superintendent of Public Instruction	\$127,768	\$130,323	\$138,142	\$143,668
Insurance Commissioner	\$112,241	\$114,486	\$121,355	\$126,209
Public Service Commissioners (3)	\$115,304	\$117,610	\$124,667	\$129,654
Agriculture Commissioner	\$121,553	\$123,984	\$131,423	\$136,380

¹Section 4 of House Bill No. 1001 (2021) provides an exemption that if the Governor chooses not to accept the salary and benefits of the position, or any portion of the salaries and benefits, the Office of Management and Budget may transfer appropriation authority from the Governor's salary line item to other line items.

The judicial branch included funding in its request for salary increases of 20 percent effective July 1, 2023, and 15 percent effective July 1, 2024, for judges. The following schedule shows the current salary and the salary being proposed for each judge in the judicial branch budget request:

	Statutory Annual Salary Authorized by the 2021 Legislative Assembly		Proposed Annual Salary Included in the 2023-25 Judicial Branch Budget Request	
	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024
Supreme Court Chief Justice	\$170,535	\$173,946	\$208,735	\$240,045
Other Supreme Court justices	\$165,845	\$169,162	\$202,994	\$233,443
District court presiding judges	\$156,499	\$159,629	\$191,555	\$220,288
Other district court judges	\$152,175	\$155,219	\$186,263	\$214,202

SECTION J - TRUST FUND ANALYSES

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**ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$748,943,600		\$602,223,616
Add estimated revenues				
Investment income (loss)	(\$38,589,849) ¹		\$28,360,128 ¹	
Oil and gas tax collections	9,646,249 ²		0 ²	
Transfer from general fund	0 ³		0	
Total estimated revenues		(28,943,600)		28,360,128
Total available		\$720,000,000		\$630,583,744
Less estimated expenditures and transfers				
Transfer to general fund	\$117,776,384 ⁴		\$28,360,128 ⁴	
Total estimated expenditures and transfers		117,776,384		28,360,128
Estimated ending balance		<u>\$602,223,616</u>		<u>\$602,223,616</u>

¹Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under Section 54-27.2-01.

²Section 57-51.1-07.5 provides for the deposit of up to \$75 million of the state share of oil and gas tax collections into the budget stabilization fund each biennium. The executive budget does not include any oil and gas tax deposits in the fund during the 2023-25 biennium due to the fund being at its maximum balance.

³Chapter 54-27.2 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund, except that the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The executive budget proposes reducing the maximum balance of the budget stabilization fund to an amount equal to 15 percent of the ongoing general fund budget, excluding funding for state school aid, as approved by the most recently adjourned Legislative Assembly. Therefore, the fund would be at its maximum balance at the end of the 2021-23 biennium.

⁴The executive budget proposes reducing the maximum balance of the budget stabilization fund to an amount equal to 15 percent of the ongoing general fund budget, excluding funding for state school aid, as approved by the most recently adjourned Legislative Assembly. The executive budget recommends transferring excess funds to the general fund at the end of the 2021-23 biennium, and investment earnings would be transferred to the general fund during the 2023-25 biennium.

FUND HISTORY

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

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section originally provided any money in the fund in excess of 10 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly, must be deposited in the general fund. House Bill No. 1451 (2011) decreased the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. House Bill No. 1155 (2017) increased the maximum balance allowed in the fund from 9.5 to 15 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.

- Section 54-27.2-03 provides the governor may order a transfer from the budget stabilization fund to the general fund if the director of the Office of Management and Budget projects a general fund revenue shortfall. The section originally limited the transfer to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. House Bill No. 1155 (2017) revised the section to allow for transfers from the budget stabilization fund to the general fund as follows:

After general fund allotments totaling at least 3 percent have been made under Section 54-44.1-12, the governor may order a transfer of up to an amount equal to 3 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the governor may order a transfer of up to 2 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the governor may order a transfer of up to 3 percent of general fund appropriations; and

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the governor may order a transfer of any remaining funds in the budget stabilization fund.

The amount of transfers from the budget stabilization fund to the general fund may not exceed the difference between the original and revised general fund revenue forecasts less general fund allotments made under Section 54-44.1-12. For purposes of the transfers, total general fund allotment percentages must be based on allotments made after any allotment exemption granted by the director of the budget.

ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING THE 2023-25 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 2023-25 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Mineral Values)	Distributions	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	\$400,689,879	\$23,200,000	13.57%
	1999	\$444,823,559	\$23,200,000	7.50%
1999-2001	2000	\$467,059,293	\$23,775,000	11.05%
	2001	\$521,509,978	\$23,775,000	2.03%
2001-03	2002	\$533,360,593	\$28,896,500	(1.34%)
	2003	\$522,905,814	\$28,896,500	4.57%
2003-05	2004	\$547,047,877	\$30,000,000	12.60%
	2005	\$614,738,548	\$30,000,000	8.58%
2005-07	2006	\$686,273,875	\$31,100,000	7.51%
	2007	\$761,901,287	\$31,100,000	12.82%
2007-09	2008	\$887,092,909	\$33,400,000	(4.22%)
	2009	\$908,928,685	\$33,400,000	(13.75%)
2009-11	2010	\$846,314,086	\$38,589,000	14.48%
	2011	\$1,221,501,801	\$38,589,000	17.99%
2011-13	2012	\$1,622,412,984	\$46,257,000	2.42%
	2013	\$1,917,135,220	\$46,257,000	10.65%
2013-15	2014	\$2,417,363,782	\$65,163,000	13.85%
	2015	\$3,128,315,233	\$65,163,000	.50%
2015-17	2016	\$3,437,988,002	\$103,067,000	(0.63%)
	2017	\$3,512,355,582	\$103,067,000	9.50%
2017-19	2018	\$3,940,114,988	\$144,132,000	6.50%
	2019	\$4,318,989,728	\$144,132,000	3.87%
2019-21 ¹	2020	\$4,651,515,837	\$183,378,000	(1.87%)
	2021	\$4,628,066,674	\$183,378,000	21.67%
2021-23	2022	\$5,736,576,906	\$210,510,000	(4.99%)
	2023	\$5,655,342,224	\$210,510,000	²
2023-25	2024	²	\$249,930,000 ³	²
	2025	²	\$249,930,000 ³	²

¹The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund. In addition, Senate Bill No. 2362 provides, if the actual legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium in accordance with Section 26 of Article X of the Constitution of North Dakota exceed the estimate made by the 66th Legislative Assembly by at least \$64,370,000, the State Treasurer must immediately transfer \$64,370,000 from the general fund to the common schools trust fund, for the

biennium beginning July 1, 2019, and ending June 30, 2021. The State Treasurer transferred \$64,370,000 from the general fund to the common schools trust fund at the end of the 2019-21 biennium.

²Section 2 of Article IX of the Constitution of North Dakota was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was \$5,825,188,852 as of September 30, 2022.**

³The executive recommendation includes estimated distributions of \$501,832,000 from the common schools trust fund for state school aid. The Department of Trust Lands has indicated distributions from the common schools trust fund during the 2023-25 biennium will total \$499,860,000, or \$249,930,000 per year.

MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides 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. Measure No. 1 (2006), approved by voters, removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

Article IX, Section 5

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

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

Article X, Section 24

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

This section was enacted in 1994 through voter approval of Measure No. 1 (Senate Concurrent Resolution No. 4011 (1993)). In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which provided for a constitutional amendment to Section 24. The amendment allows the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes and simplifies other language in the section. However, the amendment does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Select North Dakota Century Code Provisions

Sections 47-30.2-44

Section 47-30.2-44 provides that all funds received by the state under the Uniform Unclaimed Property Act 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. The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

Until July 1, 2017, 45 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 was transferred to the common schools trust fund and became a part of the principal of the fund. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to remove authorization for appropriation to the Attorney General for enforcement of the Master Settlement Agreement and to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. As a result, no additional tobacco settlement proceeds will be deposited into the common schools trust fund.

Tobacco settlement money received by the state and transferred to the common schools trust fund totaled \$189,745,840. The following is a summary of actual transfers to the common schools trust fund from the tobacco settlement trust fund, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement.

Biennium	Total Transfers
1999-2001	\$23,805,353
2001-03	23,998,745
2003-05	20,977,122
2005-07	19,722,653
2007-09	27,672,929
2009-11	18,248,834
2011-13	18,108,052
2013-15	19,003,716
2015-17	18,208,436
Total	\$189,745,840

DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND Select Constitutional Provisions

Article IX, Section 1

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

Article IX, Section 2

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

- Biennial distributions from each educational trust fund must be 10 percent of the 5-year average value of the trust assets, excluding the value of lands and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 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 the Board of University and School Lands has full control of:

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

Section 47-30.2-46

Section 47-30.2-46 provides a continuing appropriation for the amounts necessary to pay all expense deductions, including the payment of claims, costs related to the sale of abandoned property, and certain administrative costs.

INVESTMENT OF THE COMMON SCHOOLS TRUST FUND

Section 15-03-04 provides 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 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$26,666,703		\$25,745,600
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$23,250,900 ¹		\$0	
Projected transfers from the tobacco settlement trust fund	21,000,000 ²		40,000,000 ²	
Transfers from the tobacco prevention and control trust fund (2021 SB 2004)	2,056,437 ²			
Refund of prior biennium expenditures from the fund	93,884			
Total estimated revenues		46,401,221 ²		40,000,000 ²
Total available		\$73,067,924		\$65,745,600
Less estimated expenditures and adjustments				
State Department of Health/Department of Health and Human Services - Public Health (2021 SB 2004; Executive budget recommendation)				
Tobacco prevention and control program grants to local public health units for tobacco prevention and control	\$5,850,000 ³		\$6,250,000 ³	
Tobacco prevention and control, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses	4,943,000 ⁴		5,043,000 ⁴	
Tobacco cessation grants			500,000	
Youth vaping prevention grants			300,000	
Women's Way program	329,500		329,500	
Behavioral Risk Factor State Survey	200,000		200,000	
Dentists' loan repayment program	360,000 ⁵		360,000 ⁵	
Behavioral health loan repayment program	234,500 ⁶		234,500 ⁶	
Cancer programs	580,324 ⁷		580,324 ⁷	
Domestic violence prevention	300,000 ⁷		1,000,000 ⁷	
Local public health state aid	525,000 ⁷		3,275,000 ⁷	
Forensic examiner contract	1,000,000 ⁸		1,000,000 ⁸	
One-time funding for a statewide health strategies initiative	1,500,000 ⁸		0 ⁸	
One-time local public health pandemic response grants	0 ⁹		0 ⁹	
Department of Human Services/Department of Health and Human Services - Human Services - (2021 HB 1012; Executive budget recommendation)				
Department of Human Services - Medical Services	31,500,000		0	
Department of Health and Human Services - Human Services - Child support system			20,400,000	
Total estimated expenditures and adjustments		47,322,324		39,472,324
Estimated ending balance		\$25,745,600		\$26,273,276

¹Through October 2022 the state has received tobacco settlement payments totaling \$23,250,900 for the 2021-23 biennium, all of which has been transferred from the tobacco settlement trust fund to the community health trust fund. Total transfers of \$150,227,873 have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - Interest earned on the community health trust fund is deposited in the general fund. Community health trust fund revenues for the 2021-23 biennium are based on actual revenues received through October 2022 and the December 2022 executive budget revenue forecast for the remainder of the 2021-23

biennium. The estimated revenues for the 2023-25 biennium are based on the December 2022 executive budget revenue forecast. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

Initiated Measure No. 3 (2008) resulted in the allocation shown below of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended North Dakota Century Code Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remained at 45 percent. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the tobacco settlement trust fund must be transferred within 30 days of receipt to the community health trust fund. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on reallocations approved by the 2017, 2019, and 2021 Legislative Assemblies:

	Actual and Estimated Total Tobacco Settlement Proceeds, Including Attorney General Costs	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Actual payments 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Actual payments 2017-19 biennium	74.1 million ¹	N/A	0	33.3 million	40.7 million
Actual payments 2019-21 biennium	43.9 million ²	N/A	0	0	44.1 million
Estimated 2021-23 biennium	44.3 million	N/A	0	0	44.3 million
Estimated 2023-25 biennium	40.0 million	N/A	0	0	40.0 million
Total	\$533.0 million	\$105.7 million	\$101.2 million	\$134.5 million	\$191.5 million

¹This amount includes funding made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement, net of unspent funds returned by the Attorney General.

²This amount is net of unspent funds returned to the tobacco settlement trust fund by the Attorney General.

³In 2021 the Legislative Assembly provided \$6.5 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs during the 2021-23 biennium. The executive budget recommendation for the 2023-25 biennium provides a total of \$6.25 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs.

⁴Section 54-27-25 provides money in the community health trust fund may be appropriated for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the Tobacco Quitline to provide nicotine replacement therapy and cessation counseling. In 2021 the Legislative Assembly appropriated \$5,043,000 from the community health trust fund for tobacco prevention and control programs including \$2,833,504 for operating expenses and \$2,209,496 for other grants, including cessation. The executive budget recommendation for the 2023-25 biennium provides a total of \$5,043,000 for tobacco prevention and control programs.

⁵In 2021 the Legislative Assembly provided a total of \$540,000 for the dental loan repayment program, of which \$360,000 is from the community health trust fund and \$180,000 is from the general fund. The executive budget recommendation for the 2023-25 biennium provides a total of \$585,200 for the dental loan repayment program, of which \$360,000 is from the community health trust fund and \$225,200 is from the general fund.

⁶In 2021 the Legislative Assembly provided a total of \$392,125 for the behavioral health loan repayment program, of which \$234,500 is from the community health trust fund and \$157,625 is from the general fund. The executive budget recommendation for the 2023-25 biennium provides a total of \$528,480 for the behavioral health loan repayment program, of which \$234,500 is from the community health trust fund and \$293,980 is from the general fund.

⁷In 2021 the Legislative Assembly changed the funding source for cancer programs (\$580,324) and domestic violence offender treatment grants (\$300,000) from the tobacco prevention and control trust fund to the community health trust fund and provided \$5,250,000 for local public health unit state aid grants, of which \$4,725,000 is from the general fund and \$525,000 is from the community health trust fund. The executive budget recommendation for the 2023-25 biennium provides a total of \$580,324 for cancer programs and increases funding for domestic violence prevention to provide \$1,000,000 from the community health trust fund. In addition, the executive budget recommendation for the 2023-25 biennium increases funding from the community health trust fund by \$2,750,000 to provide a total of \$8,000,000 for local public health unit state aid grants, of which \$4,725,000 is from the general fund and \$3,275,000 is from the community health trust fund.

⁸In 2021 the Legislative Assembly added funding from the community health trust fund to increase the State Department of Health's forensic examiner contract with the University of North Dakota School of Medicine and Health Sciences (\$1 million) and to provide one-time funding (\$1.5 million) for a statewide health strategies initiative totaling \$3 million. The Legislative Assembly also provided the one-time funding from the community health trust fund for the statewide health strategies initiative is contingent on the State Department of Health securing \$1.5 million in dollar-for-dollar matching funds. The executive budget recommendation for the 2023-25 biennium continues to provide \$1 million from the community health trust fund for Public Health's forensic examiner contract with the University of North Dakota School of Medicine and Health Sciences and increased funding for the contract from the general fund to \$755,292, \$130,022 more than the 2021-23 biennium. The executive budget recommendation also allows Public Health to continue the \$3 million of one-time funding, appropriated during the 2021-23 biennium for a statewide health strategies initiative, to the 2023-25 biennium and provides the funds appropriated from the community health trust fund are contingent on the department securing dollar-for-dollar matching funds.

⁹In Senate Bill No. 2004 (2021), the Legislative Assembly included one-time funding for local public health pandemic response grants totaling \$10,000,000, of which \$5,484,704 is from federal funds and \$4,515,296 is from the community health trust fund. The Legislative Assembly also provided legislative intent that the State Department of Health use federal Coronavirus (COVID-19) funds or other available funds for defraying expenses related to local public health pandemic response grants before accessing the funding appropriated from the community health trust fund.

FUND HISTORY

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

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

Section 54-27-25, as amended in Senate Bill No. 2012 (2019), provides all money in the fund must be transferred within 30 days of receipt to the community health 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 pursuant to Section 54-27-25. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. However, in Senate Bill No. 2004 (2017), the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health trust fund.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the community health trust fund. The Legislative Assembly, in Senate Bill No. 2012 (2019), removed this authorization. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING THE 2023-25 EXECUTIVE BUDGET RECOMMENDATION)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$381,570,138		\$452,627,046
Add estimated revenues				
Oil extraction tax allocations	\$214,830,768 ¹		\$224,390,545 ¹	
Total estimated revenues		214,830,768 ²		224,390,545 ²
Total available		\$596,400,906		\$677,017,591
Less estimated expenditures and transfers				
Department of Public Instruction (DPI) (2021 HB 1013; executive budget recommendation)				
State school aid	\$143,454,500 ³		\$143,454,500 ³	
One-time funding to rewrite the state automated reporting system (STARS) application (2019 SB 2013)	319,360 ³			
One-time funding for state school aid			138,215,156 ³	
One-time funding for school board training			3,000,000 ³	
One-time funding for cybersecurity credentials for teachers			2,000,000 ³	
One-time funding for a grow your own teacher program			4,000,000 ³	
Total estimated expenditures and transfers		143,773,860 ⁴		290,669,656 ⁴
Estimated ending balance		\$452,627,046		\$386,347,935
Less required reserve of 15 percent of the general fund appropriation for state school aid and career and technical education grants to school districts and area centers during the prior biennium		257,328,931 ⁵		250,093,242 ⁶
Estimated ending balance available		\$195,298,115		\$136,254,693

¹Estimated revenues - Based on actual oil extraction tax collections deposited in the fund through October 2022. The estimated allocations for the remainder of the 2021-23 biennium and the estimated allocations for the 2023-25 biennium are based on the December 2022 executive budget revenue forecast.

²Section 24 of Article X of the Constitution of North Dakota provides 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 allocates the interest income to the general fund on a monthly basis. For the period July 1, 2021, through November 30, 2022, \$477,448 of interest has been allocated to the general fund.

³The Legislative Assembly, in House Bill No. 1013 (2021), appropriated \$143,454,500 from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid. In addition, Section 16 of House Bill No. 1013 provides an exemption to allow DPI to continue up to \$600,000 of the unexpended amount remaining from a 2019-21 biennium one-time appropriation from the foundation aid stabilization fund for the STARS rewrite, for the purpose of continuing the STARS rewrite during the 2021-23 biennium. The department continued \$319,360 for the STARS rewrite during the 2021-23 biennium. The executive budget recommendation for the 2023-25 biennium provides \$143,454,500 from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid and \$138,215,156 from the foundation aid stabilization fund for one-time funding for state school aid. The executive budget recommendation for the 2023-25 biennium also provides for one-time funding from the foundation aid stabilization fund for school board training (\$3 million), cybersecurity credentials for teachers (\$2 million), and a grow your own teacher program (\$4 million).

⁴Expenditures - Prior to December 8, 2016, Section 24 of Article X of the Constitution of North Dakota provided the principal of the foundation aid stabilization fund could only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. Senate Concurrent Resolution No. 4003 (2015), approved by voters in November 2016, amended Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes.

⁵Amendments to the constitution approved by the voters, as provided in Senate Concurrent Resolution No. 4003 (2015), require the balance in the foundation aid stabilization fund be at least 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium as determined by the Office of Management and Budget. Any excess balance in the fund is available for education-related purposes. The Legislative Assembly, in Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in DPI as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education. In 2019, the Legislative Assembly provided \$2,178,702,429 for integrated formula payments, transportation aid, and special education grants during the 2019-21 biennium, of which \$377,764,000 is provided from the state tuition fund, \$110,000,000 is from the foundation aid stabilization fund, and \$1,690,938,429 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education, totaled \$24,587,780 during the 2019-21 biennium. Based on this level of funding from the general fund during the 2019-21 biennium, the required reserve balance for the 2021-23 biennium is \$257,328,931, \$42,497,227 more than the reserve required for the 2019-21 biennium.

⁶In 2021, the Legislative Assembly provided \$2,216,925,000 for integrated formula payments, transportation aid, and special education grants for the 2021-23 biennium, of which \$433,020,000 is from the state tuition fund, \$143,454,500 is from the foundation aid stabilization fund, and \$1,640,450,500 is from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education total \$26,837,780 for the 2021-23 biennium. Based on this level of funding from the general fund during the 2021-23 biennium, the required reserve balance for the 2023-25 biennium is \$250,093,242, \$7,235,689 less than the reserve required for the 2021-23 biennium.

FUND HISTORY

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

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

In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which amended the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for education-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039 (2015), which included certain provisions effective December 1, 2016, based on the approval of Senate Concurrent Resolution No. 4003 by voters. Those provisions of Senate Bill No. 2039 established a scholarship endowment fund and a school construction assistance loan fund and provided for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016), and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016). Other provisions of Senate Bill No. 2039 provided any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for education-related purposes, including state aid to school districts and education-related property tax relief to school district patrons. The Legislative Assembly approved Senate Bill No. 2272 (2017), which provided for uses of the foundation aid stabilization fund and repealed Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund.

Prior to December 8, 2016, the principal of the foundation aid stabilization fund was only available upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. Section 54-44.1-12 provides the Director of the Budget may order an allotment to control the rate of

expenditures of state agencies. This section provided that an allotment must be made by a specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent the allotment can be offset by transfers from the foundation aid stabilization fund. The Legislative Assembly approved Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), which amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in DPI, as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Section 24 of Article X of the Constitution of North Dakota provides 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.

**ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues ^{1,2}				
Motor vehicle fuel tax	\$178,100,000		\$182,102,368	
Special fuels taxes	163,400,000		165,000,000	
Motor vehicle registration fees	174,800,000		177,800,000	
Legacy fund earnings ³	0		0	
Total estimated revenues		516,300,000		524,902,368
Total available		\$516,300,000		\$524,902,368
Less estimated deductions and transfers				
Highway Patrol	\$9,346,781		\$11,989,604	
Motorboat safety account	200,000		200,000	
State snowmobile fund	200,000		200,000	
Rail safety fund	594,724		600,000	
Administrative assistance to transferees	5,500,000		5,500,000	
Ethanol production incentives	4,700,000		4,700,000	
Total estimated deductions before distributions		20,541,505		23,189,604
Total available for distributions and transfers		\$495,758,495		\$501,712,764
Less estimated distributions and transfers				
State highway fund	\$303,858,495		\$307,612,764	
Counties	109,100,000		110,400,000	
Cities	62,000,000		62,700,000	
Townships	13,400,000		13,500,000	
Transit	7,400,000		7,500,000	
Total estimated distributions and transfers		495,758,495		501,712,764
Estimated ending balance		\$0		\$0

¹Revenues do not include funds collected and disbursed for the administration of the Department of Transportation's (DOT) Motor Vehicle Division, through tribal agreements, or funds collected for vanity license plates and disbursed to nonprofit organizations.

²The amounts shown reflect actual revenue collections deposited in the fund through September 2022. The estimated revenue for the remainder of the 2021-23 biennium and the estimated collections for the 2023-25 biennium are based on DOT's revenue forecast.

³Section 21-10-13 provides for the State Treasurer to transfer up to \$60 million of legacy fund earnings to the highway tax distribution fund on July 1 of each odd-numbered year beginning in 2023. The executive budget removes the legacy fund earnings transfer to the highway tax distribution fund.

FUND HISTORY

Section 11 of Article X of the Constitution of North Dakota provides:

Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of

administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair, and maintenance of public highways.

The majority of funds received from motor fuels taxes and motor vehicle registration fees are deposited in the highway tax distribution fund. Section 54-27-19 provides the highway tax distribution fund consists of the "moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes." This section provides after the first \$5.5 million per biennium is transferred to the state highway fund for the purpose of providing administrative assistance to other transferees, the money in the fund must be distributed by the State Treasurer as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to the census.
 - a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the incorporated cities within the county on a countywide per capita basis. The remaining county allocation amount must be transferred into the county highway tax distribution fund.
 - b. For each county having a city with a population of ten thousand or more, the amount transferred each month into the county highway tax distribution fund must be the difference between the amount allocated to that county pursuant to this subsection and the total amount allocated and distributed to the incorporated cities in that county as computed according to the following formula:
 - (1) A statewide per capita average as determined by calculating twenty-seven percent of the amount allocated to all of the counties under this subsection divided by the total population of all of the incorporated cities in the state.
 - (2) The share distributed to each city in the county having a population of less than one thousand must be determined by multiplying the population of that city by the product of 1.50 times the statewide per capita average computed under paragraph 1.
 - (3) The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under paragraph 1.
 - (4) The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under paragraphs 2 and 3 for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under paragraph 1 and the balance remaining must then be divided by the total population of all cities of five thousand or more in the state.
5. The moneys allocated to the incorporated cities must be distributed to them monthly by the state treasurer and must be deposited by the cities in a separate fund and may only be used in accordance with section 11 of article X of the Constitution of North Dakota and an incorporated city may use the fund for the construction, reconstruction, repair, and maintenance of public highways within or outside the city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

Section 54-27-19(1) provides for 61.3 percent of the funds from the highway tax distribution fund be transferred to DOT for deposit in the state highway fund. Section 24-02-37(1) provides, except for investment income, the money of the state highway fund must be applied in the following priority:

- a. The cost of maintaining the state highway system.
- b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.
- c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.

Section 54-27-19(2) requires 2.7 percent of the funds from the highway tax distribution fund to be deposited in the township highway fund. Section 54-27-19.1 directs the State Treasurer to distribute the money to the counties of the state based on the length of township roads in each county compared to the length of all township roads in the state. To receive any funds, organized townships must provide 50 percent matching funds. Each county treasurer is required to allocate the funds received to the organized townships in the county which provide 50 percent matching funds based on the length of township roads in each of those organized townships compared to the length of all township roads in the county. The funds received must be deposited in the township road and bridge fund and used for highway and bridge purposes. If a county does not have organized townships, or has some organized and some unorganized townships, the county is required to retain a pro rata portion of the funds received based on the length of roads in unorganized townships compared to the length of township roads in organized townships in the county.

Section 54-27-19(3) allocates 1.5 percent of the funds from the highway tax distribution fund to the public transportation fund. Section 39-04.2-04 provides money in the public transportation fund must be disbursed under guidelines issued by the director of DOT and must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped. In addition, the money may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.

Motor Vehicle Fuel Tax

Prior to 1983, the motor vehicle fuel excise tax was 8 cents per gallon on motor vehicle fuel sold. The 1983 Legislative Assembly repealed Chapter 57-54 relating to motor vehicle fuel tax and created Chapter 57-43.1 to consolidate the provisions of the motor fuel tax law and the importers for use tax law. Section 1 of House Bill No. 1539 (1983) imposed a 13 cents per gallon tax for all motor vehicle fuel sold except on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol, which was taxed as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
Through December 31, 1983	\$0.09
January 1, 1984, through December 31, 1984	\$0.08
January 1, 1985, through December 31, 1985	\$0.07
January 1, 1986, through June 30, 1992	\$0.09
July 1, 1992	\$0.13

The Legislative Assembly, in Section 1 of Senate Bill No. 2296 (1985), changed the language from agricultural ethyl or methanol to "a qualifying alcohol," adjusted the motor fuel tax on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
July 1, 1985, through June 30, 1987	\$0.05
July 1, 1987, through December 31, 1992	\$0.09
January 1, 1993	\$0.13

The Legislative Assembly, in Section 9 of Senate Bill No. 2557 (1987), increased the motor vehicle fuel tax from 13 cents per gallon to 17 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of Senate Bill No. 2029 (1989), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold. The referred measure was disapproved on December 5, 1989, leaving the motor vehicle fuel tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 2 of House Bill No. 1575 (1991), removed Section 57-43.1-02(2) relating to the exception from the motor vehicle fuel tax for motor vehicle fuels containing a minimum of 10 percent of qualifying alcohol.

The Legislative Assembly, in Section 1 of House Bill No. 1163 (1997), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of House Bill No. 1183 (1999), increased the motor vehicle fuel tax from 20 cents per gallon to 21 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 12 of Senate Bill No. 2012 (2005), increased the motor vehicle fuel tax from 21 cents per gallon to 23 cents per gallon for all motor vehicle fuel sold. Section 2 of House Bill No. 1478 (2005), created a new subsection to Section 57-43.1-02, imposing a 1 cent per gallon motor vehicle fuel tax on E85 fuel effective after June 30, 2005, through the month in which a cumulative total of 1.2 million gallons of E85 fuel has been reported to the Tax Commissioner and after that date is ineffective.

Special Fuels Excise Tax

The 1983 Legislative Assembly also repealed Chapter 57-52, relating to special fuels excise tax and created Chapter 57-43.2 to consolidate the provisions of the Special Fuels Tax Act, the special fuels tax levy, the Importers for Use Tax Act, and the aviation fuel tax. Section 1 of House Bill No. 1072 (1983) created Chapter 57-43.2 related to special fuels taxes and imposed an excise tax of 8 cents per gallon on the sale or delivery of special fuel with some exceptions and an excise tax of 2 cents per gallon on the exempt items in Section 57-43.2-02. Section 1 of House Bill No. 1539 (1983) amended Section 1 of House Bill No. 1072 to increase the special fuels excise tax from 8 cents per gallon to 13 cents per gallon.

The Legislative Assembly, in Section 1 of House Bill No. 1248 (1985), amended the definition of special fuel to include compressed natural gas.

The Legislative Assembly, in Section 10 of Senate Bill No. 2557 (1987), increased the special fuels excise tax from 13 cents per gallon to 17 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2029 (1989), increased the special fuels excise tax from 17 cents per gallon to 19 cents per gallon. The referred measure was disapproved on December 5, 1989, leaving the special fuels excise tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 12 of House Bill No. 1311 (1997), removed exemptions from the 17 cents per gallon on special fuels. Section 2 of House Bill No. 1163 (1997), increased the special fuels excise tax from 17 cents per gallon to 20 cents per gallon.

The Legislative Assembly, in Section 3 of House Bill No. 1183 (1999), increased the special fuels excise tax from 20 cents per gallon to 21 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2454 (2001), amended Section 57-43.2-02 regarding special fuels excise taxes to authorize a reduction of one and five-hundredths cents per gallon on the sale or delivery of diesel fuel that contains at least 2 percent biodiesel fuel by weight.

The Legislative Assembly, in Section 14 of Senate Bill No. 2012 (2005), amended Section 57-43.2-02 regarding special fuels excise taxes to increase the special fuels excise tax from 21 cents per gallon to 23 cents per gallon effective after June 30, 2005.

Motor Vehicle Registration Fees

Motor vehicle registration fees are assessed based on Chapter 39-04 and vary by vehicle type and vehicle weight. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of an initial fee of \$10 for plates. Motor vehicle registration fees were last changed in 2005, which increased fees for all weight classes by \$10.

**ANALYSIS OF THE LEGACY EARNINGS FUND
FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$0		\$680,000,000
Add estimated revenues				
Earnings transferred from the legacy fund ¹	\$680,000,000		N/A	
Total estimated revenues		680,000,000		N/A
Total available		\$680,000,000		\$680,000,000
Less estimated expenditures and transfers				
Spending based on percent of market value calculation²				
Transfer to the legacy sinking and interest fund ³	\$0		\$150,000,000	
Transfer to the highway tax distribution fund ³	0		0	
Other designations ³	0		336,600,000	
Allocation of excess earnings⁴				
Transfer to the legacy fund to become part of principal	0		193,400,000	
Transfer to the strategic investment and improvements fund	0		0	
Total estimated expenditures and transfers		0		680,000,000
Estimated ending balance		\$680,000,000		\$0
Reserve for future bond payments		0		0
Estimated uncommitted ending balance		\$680,000,000		\$0

¹Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings in the legacy fund are transferred to the general fund at the end of the biennium. North Dakota Century Code Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. Unrealized earnings remain in the fund. House Bill No. 1380 (2021), as codified in Section 21-10-13, provides a process to immediately transfer legacy fund earnings from the general fund to the legacy earnings fund. Since the earnings are transferred at the end of the biennium, Section 21-10-13 clarifies the earnings are available for spending from the fund in the subsequent biennium.

The amount shown for the earnings reflects the December 2022 executive budget.

²Section 21-10-13 establishes a percent of market value calculation to determine the amount of legacy fund earnings available for spending in the subsequent biennium. The percent of market value is based on 7 percent of the 5-year average of legacy fund assets using the June 30th fund balances for the 5-year period ending with the most recently completed even-numbered fiscal year.

For the 2023-25 biennium, the amount available for spending is \$486,568,637 based on the legacy fund balances of \$5,576,084,018 (June 30, 2018), \$6,122,227,871 (June 30, 2019), \$6,995,309,070 (June 30, 2020), \$8,115,202,181 (June 30, 2021), and \$7,946,079,492 (June 30, 2022).

³Pursuant to Section 21-10-13, the funding available for spending is allocated as follows:

- The first \$150 million to the legacy sinking and interest fund for bond payments related to infrastructure projects and programs and a transfer to the Public Employees Retirement System main system plan;
- The next \$60 million to the highway tax distribution fund; and
- Other purposes subject to legislative appropriation, including up to \$50 million for tax relief; up to \$30 million for the clean sustainable energy fund; and up to \$30 million for university research programs, the innovation loan fund, and workforce enrichment initiatives.

The executive budget recommends changing the allocations to provide 31 percent (\$150 million) for bond payments and a transfer to the Public Employees Retirement System main system plan, 35 percent (\$172 million) for economic development and research, 20 percent (\$96 million) for legacy projects, and 14 percent (\$68 million) for community and workforce development.

⁴Based on the provisions of Section 21-10-13, if the earnings transferred to the legacy earnings fund exceed the amount available to spend, the excess earnings are allocated as follows:

- A portion of the excess earnings are retained in the legacy earnings fund as a reserve for any bond payments;
- Up to \$100 million of excess earnings is transferred to the legacy fund to become part of the principal; and
- Any the remaining excess earnings are transferred to the strategic investment and improvements fund.

Transfers to the legacy fund from any source, including legacy fund earnings, become part of the principal. Subject to the provisions of the constitution, not more than 15 percent of the principal may be spent during a biennium, and any expenditure of principle requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly.

⁵The executive budget recommends retaining the excess earnings in the legacy fund by immediately transferring the excess earnings from the legacy earnings fund to the legacy fund to become part of the principal.

FUND HISTORY

House Bill No. 1380 (2021), as codified in Section 21-10-13, created the legacy earnings fund and provided a process to immediately transfer legacy fund earnings from the general fund to the legacy earnings fund. The earnings available for spending are allocated to special funds and for other purposes designated by the Legislative Assembly. If the earnings transferred to the fund exceed the amount available to spend, a portion of the excess earnings are retained in the legacy earnings fund as a reserve for any bond payments, and up to \$100 million of excess earnings is transferred to the legacy fund to become part of the principal with the remaining excess earnings transferred to the strategic investment and improvements fund.

**ANALYSIS OF THE LEGACY FUND
FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$8,074,763,216		\$7,467,721,081
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) (2019 SB 2312) ¹	\$1,592,957,865		\$1,372,406,975	
Investment earnings (losses) (2021 HB 1015; 2021 HB 1425) ^{2,3,4,5}	(1,520,000,000)		522,739,772	
Transfer in from legacy earnings fund			193,400,000	
Total estimated revenues		72,957,865		2,088,546,747
Total available		\$8,147,721,081		\$9,556,267,828
Less estimated expenditures and transfers				
Transfer of realized earnings to the legacy earnings fund (2021 HB 1380) ⁶	\$680,000,000		N/A	
Expenditure of principal ⁷	0		\$0	
Total estimated expenditures and transfers		680,000,000		0
Estimated ending balance		\$7,467,721,081		\$9,556,267,828

¹The oil and gas tax revenues reflect allocations for August through July (24 months). The estimated allocations reflect the December 2022 executive budget.

²Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium. North Dakota Century Code Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. Unrealized earnings remain in the fund. The schedule below provides more detail on the investment earnings and the transfers at the end of each biennium since the 2015-17 biennium.

	2015-17 Biennium Actual ³	2017-19 Biennium Actual ³	2019-21 Biennium Actual ³	2021-23 Biennium Estimated ⁴	2023-25 Biennium Estimated ⁴
Realized earnings (losses)	\$273,064,100	\$502,243,356	\$951,888,747	\$680,000,000	N/A
Unrealized earnings (losses)	252,305,388	167,170,302	935,625,936	(2,200,000,000)	N/A
Total investment earnings (losses)	\$525,369,488	\$669,413,658	\$1,887,514,683	(\$1,520,000,000)	\$522,739,772
End of biennium transfer		\$455,263,216	\$871,687,384	N/A	N/A

The investment earnings (losses) for the legacy fund for the 2021-23 biennium through October 31, 2022, were approximately (\$947.5 million), including realized earnings (losses) of \$403.0 million and unrealized earnings (losses) of (\$1,350.5 million).

³Due to the timing of the transfer and the reporting of earnings at the end of the each biennium, the realized and unrealized earnings reflect the amounts reported by the Retirement and Investment Office for July through June (24 months), but the transfers reflect the realized earnings from June through May (24 months).

⁴The estimated earnings reflect the December 2022 executive budget.

NOTE: The actual earnings may differ significantly from these estimates based on actual investment performance.

⁵House Bill No. 1425 (2021) designates a portion of the legacy fund investments to in-state fixed income investments and in-state equity investments. The performance of these investments may affect the earnings of the legacy fund.

⁶House Bill No. 1380 (2021), as codified in Section 21-10-13, provides a process to immediately transfer legacy fund earnings from the general fund to the legacy earnings fund and establishes a percent of market value calculation to determine the amount of legacy fund earnings available for spending each biennium. The percent of market value is based on 7 percent of the 5-year average of legacy fund assets. The earnings available for spending are allocated to special funds and for other purposes designated by the Legislative Assembly. If the earnings transferred to the fund exceed the amount available to spend, a portion of the excess earnings are retained in the legacy earnings fund as a reserve for any bond payments, and up to \$100 million of excess earnings is transferred to the legacy fund to become part of the principal with the remaining excess earnings transferred to the strategic investment and improvements fund. The executive budget recommends changing the allocations.

⁷The principal and earnings of the legacy fund may not be spent until after June 30, 2017, pursuant to Section 26 of Article X of the Constitution of North Dakota. After June 30, 2017, up to 15 percent of the principal of the legacy fund may be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly.

FUND HISTORY

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

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund.

Senate Bill No. 2312 (2019) amended the oil and gas tax revenue sharing agreement between the state and the Three Affiliated Tribes of the Fort Berthold Reservation increasing the revenue allocated to the Three Affiliated Tribes and decreasing the revenue allocated to the state. As a result, less revenue is available for allocations to the legacy fund.

**ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$287,678,550		\$278,590,121
Add estimated revenues and transfers				
Oil extraction tax collections	\$517,632,000 ¹		\$455,800,000 ¹	
Bond proceeds from repayment of loans	74,500,000 ²			
Repayments and reimbursements	11,088,000		11,000,000	
Investment earnings/miscellaneous income	2,600,000		1,526,000	
Total estimated revenues		605,820,000		468,326,000
Total available		\$893,498,550		\$746,916,121
Less estimated expenditures and transfers				
Department of Water Resources - Grants, projects, and project administration, pursuant to House Bill No. 1020 (2021) for the 2021-23 biennium and the executive budget for the 2023-25 biennium	\$386,208,429 ³		\$739,400,000 ⁴	
House Bill No. 1431 (2021) - Appropriation to the State Water Commission to provide funding for the Mouse River flood control project	74,500,000 ²			
Total estimated Department of Water Resources expenditures and loans		460,708,429		739,400,000
Transfer to renewable energy development fund (Section 57-51.1-07)	\$3,000,000		\$3,000,000	
Transfer to energy conservation grant fund (Section 57-51.1-07)	1,200,000		1,200,000	
Senate Bill No. 2345 (2021) - Transfer to water projects stabilization fund	150,000,000 ⁵			
Total estimated transfers		154,200,000		4,200,000
Estimated ending balance		<u>\$278,590,121</u>		<u>\$3,316,121</u>

¹Estimated oil extraction tax revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through October 31, 2022. The estimated allocations for the remainder of the 2021-23 biennium and the estimated allocations for the 2023-25 biennium are based on the December 2022 executive budget revenue forecast.

²House Bill No. 1431 (2021) allocates \$74.5 million of bond proceeds which are deposited into the resources trust fund for the repayment of outstanding loans of the Western Area Water Supply Authority. The bill also provides an appropriation of \$74.5 million from the resources trust fund to the State Water Commission for the Mouse River flood control project.

³House Bill No. 1020 (2021) includes \$678,048,989 from the resources trust fund for the purpose of defraying the expenses of the Department of Water Resources for the 2021-23 biennium. This amount includes \$360,685,806 of new appropriations for the 2021-23 biennium and \$317,363,183 of water project funding continued from the 2019-21 biennium (carryover). The Department of Water Resources estimates it will expend \$386,208,429 during the 2021-23 biennium.

⁴The executive budget recommendation includes \$739,400,000 from the resources trust fund for defraying the expenses of the Department of Water Resources for the 2023-25 biennium and for carryover projects.

⁵The amount shown reflects the oil and gas tax revenue deposited in the resources trust fund in excess of the revenue forecast for the period August 1, 2021, through October 31, 2022, and the estimated allocations through February 28, 2023, based on the December 2022 executive budget revenue forecast. Senate Bill No. 2345 (2021 special legislative session) created the water projects stabilization fund for the purpose of defraying planning and construction expenses of water-related projects, provided for a transfer of \$1 million from the resources trust fund to the water projects stabilization fund, and provided for the transfer of all

oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the 2021 legislative forecast from August 1, 2021, through February 28, 2023, on a quarterly basis.

INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the Legislative Assembly in Senate Bill No. 2233 (2013), which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually, the Bank receives .5 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund. House Bill No. 1020 (2017) provided the maximum to be allocated to the infrastructure revolving loan fund is **\$26 million**. House Bill No. 1431 (2021) eliminates the infrastructure revolving loan fund within the resources trust fund; combines it with the community water development fund to establish a newly created water infrastructure revolving loan fund; and provides a continuing appropriation to the State Water Commission for the purpose of providing loans for water projects in a similar manner as the prior infrastructure revolving loan fund.

RESOURCES TRUST FUND HISTORY

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

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

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

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

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

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

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

The Legislative Assembly in Senate Bill No. 2014 (2013) authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of .5 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly, in Senate Bill No. 2233 (2013), established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil

extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota. House Bill No. 1020 (2017) reduced the allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium, restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019, and provided for a \$26 million maximum allocation of resources trust fund revenues to the infrastructure revolving loan fund.

The Legislative Assembly in Senate Bill No. 2020 (2015) directed the State Water Commission to refinance all remaining bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of \$45,840,221 at a variable interest rate of 1.75 percent. The Bank loan will mature on June 30, 2030.

The Legislative Assembly in Senate Bill No. 2020 (2019) provided \$37.2 million to pay off the Bank of North Dakota loan. The bill contains an emergency clause, added in Senate Bill No. 2015 (2019); therefore, the State Water Commission paid off the Bank loan from the water development trust fund during the 2017-19 biennium.

The Legislative Assembly in Senate Bill No. 2345 (2021 special legislative session) created the water projects stabilization fund for the purpose of defraying planning and construction expenses of water-related projects, provided for a transfer of \$1 million from the resources trust fund to the water projects stabilization fund, and provided for the transfer of all oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the 2021 legislative forecast from August 1, 2021, through February 28, 2023, on a quarterly basis.

**ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	\$225,927,981 ¹		\$245,384,757 ¹	
Total estimated revenues		225,927,981		245,384,757
Total available		\$225,927,981		\$245,384,757
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$121,323,326		\$131,771,615	
City share (46.3 percent)	104,604,655		113,613,142	
Total estimated expenditures and transfers		225,927,981		245,384,757
Estimated ending balance		\$0		\$0

¹The amounts shown reflect actual revenue collections deposited in the fund through October 2022. The estimated revenue for the remainder of the 2021-23 biennium and the estimated collections for the 2023-25 biennium are based on the December 2022 executive budget.

FUND HISTORY

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

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

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

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

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

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

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

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

House Bill No. 1067 (2015), which became effective July 1, 2015, and expired on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census data. House Bill No. 1379 (2021) clarified the timing of the allocations from the state aid distribution fund and continued the method of allocating revenues based on the most recent actual or estimated census data.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND
FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$863,342,901		\$1,252,056,624
Add estimated revenues				
Production royalties (2017 SB 2134; 2019 SB 2211) ^{1,2}	\$280,340,662		\$217,118,000	
Oil and gas bonuses ^{1,2}	0		0	
Mineral revenue refund repayments (2017 SB 2134; 2019 SB 2211) ²	(37,901,738)		0	
Mineral leases ¹	5,137,352		0	
Investment earnings ¹	(2,732,343)		17,650,565	
Oil and gas tax collections (2021 HB 1015; 2021 SB 2014, 2021 SB 2249, 2021 SB 2319; executive budget) ^{3,4}	898,500,000		493,963,459	
Total estimated revenues		1,143,343,933		728,732,024
Total available		\$2,006,686,834		\$1,980,788,648
Less estimated expenditures and transfers				
Secretary of State				
Information technology project (executive budget)			\$1,500,000	
Office of Management and Budget				
Information technology projects (2021 HB 1015)	\$3,251,304			
Transfer to the cultural endowment fund for the maintenance of public arts projects (2021 HB 1015)	1,000,000			
Deferred maintenance funding pool			20,000,000	
Information Technology Department				
Information technology projects (executive budget)			34,351,650	
Attorney General				
Litigation funding pool (2021 HB 1003)	3,000,000			
North Dakota University System				
Capital building fund program (2021 SB 2003; executive budget)	19,000,000		19,000,000	
Campus projects (2021 SB 2003)	2,863,000			
Lake Region State College				
Wind turbine replacement project (executive budget)			480,000	
Dickinson State University				
Agriculture and technology education building project (executive budget)			900,000	
Mayville State University				
Old Main renovation project (executive budget)			3,779,100	
Minot State University				
Dakota Hall demolition project (executive budget)			765,000	
Dakota College at Bottineau				
Old Main renovation project (executive budget)			3,700,000	
Veterans' Home				
Parking lot repairs (executive budget)			750,000	

State Department of Health and Human Services - Human Services Division		
Information technology projects (executive budget)		11,000,000
State Hospital project planning and design (executive budget)		10,000,000
Job Service North Dakota		
Unemployment insurance information technology project (executive budget)		45,000,000
Insurance Commissioner		
Study of lignite coal industry insurance (2021 HB 1010)	200,000	
Industrial Commission		
Transfer to the oil and gas research fund (2021 SB 2014)	9,500,000	
Transfer to the clean sustainable energy fund (executive budget)	250,000,000	250,000,000
Bank of North Dakota		
Transfer to the innovation loan fund to support technology advancement (2021 HB 1141)	15,000,000	
Department of Corrections and Rehabilitation		
Information technology project (executive budget)		2,307,000
Heart River Correctional Center project (executive budget)		161,200,000
James River Correctional Center maintenance shop project (executive budget)		1,550,000
Adjutant General		
National Guard deferred maintenance projects (2021 HB 1016)	1,000,000	
Dickinson Readiness Center project (executive budget)		10,000,000
Camp Grafton project (executive budget)		6,000,000
Department of Commerce		
Beyond visual line of sight unmanned aircraft systems (2021 SB 2018)	19,000,000	
Enhanced use lease grants (2021 SB 2018)	7,000,000	
Job development grant (2021 SB 2018)	1,500,000	
Workforce safety grant (2021 SB 2018)	1,500,000	
Agriculture Commissioner		
Grasslands grazing grant program (2021 HB 1009)	5,000,000	
Bioscience grants (executive budget)		5,500,000
Upper Great Plains Transportation Institute		
Remote sensing infrastructure (2021 SB 2020)	225,000	
Branch Research Centers		
Capital projects at the Carrington Research Center, the Central Grasslands Research Center, the Hettinger Research Center, and the Langdon Research Center (2021 SB 2020)	2,073,000	
NDSU Main Research Center		
Equipment storage sheds (executive budget)		1,900,000
Deferred maintenance projects (executive budget)		720,000
Northern Crops Research Center		
Feed center project (executive budget)		3,900,000
State Historical Society		
Historic site projects (executive budget)		6,751,500
Medora area planning (executive budget)		2,000,000
Exhibit projects (executive budget)		595,000
Parks and Recreation Department		
Various capital projects at parks and deferred maintenance (executive budget)		5,000,000
Local park district grants (executive budget)		6,000,000

State park matching grants (executive budget)			1,500,000
Lake Metigoshe master plan (executive budget)			750,000
Department of Transportation			
Matching federal funds (executive budget)			300,000,000
Transfer to the general fund (2021 HB 1015; executive budget)	410,000,000		400,000,000
Administrative costs/other fees	3,517,906		4,000,000
Total estimated expenditures and transfers		754,630,210	1,320,899,250
Estimated ending balance		\$1,252,056,624	\$659,889,398
Restricted fund income			
Reserve relating to potential title disputes (2017 SB 2134; 2019 SB 2211) ^{2,6}		68,349,040	68,349,040
Loan guarantees (2011 SB 2306; 2013 SB 2287; 2019 SB 2296; 2021 SB 2230) ⁷		80,000,000	80,000,000
Estimated ending balance - Unobligated		\$1,103,707,584	\$511,540,358

¹The amounts shown reflect projections by the Department of Trust Lands for the 2021-23 bienniums.

²Senate Bill No. 2134 (2017) changes the definition of the ordinary high water mark related to sovereign minerals, reducing the mineral revenue to the strategic investment and improvements fund and requiring refund payments for previously received mineral revenues. The bill appropriated \$100 million from the strategic investment and improvements fund and authorized \$87 million from a line of credit through the Bank of North Dakota for the mineral revenue refund repayment during the 2017-19 biennium. Some production royalties may be deposited in the strategic investment and improvements fund prior to the implementation of the repayment process. The bill provided legislative intent that the \$87 million line of credit is to be repaid from the strategic investment and improvements fund; however, the total amount of funding needed for mineral revenue refund repayments is unknown and any changes to the amount of funding or the line of credit repayments will be determined by future legislative assemblies. Mineral revenue refund repayments began in the fall of 2020. The amounts shown for the refund repayments reflect the amounts paid through April 2022 pursuant to the department's continuing appropriation.

House Bill No. 1202 (2019) clarifies the definition of navigable waters, which may affect the state's mineral interests and mineral revenue deposited in the strategic investment and improvements fund. However, the estimated impact is unknown.

³Estimated revenues - The estimated allocations for the 2021-23 biennium are based on actual oil and gas tax revenue allocations through April 2022 and the 2021 legislative revenue forecast for the remainder of the 2021-23 biennium.

⁴House Bill Nos. 1014 and 1066 (2019) and Senate Bill Nos. 2016, 2249, 2312, and 2362 (2019) change the oil and gas tax revenue allocation formulas. The combined effect of the bills results in a decrease in the allocations to the strategic investment and improvements fund.

House Bill No. 1015 (2021) increases the oil and gas tax revenue allocation limit for the state disaster relief fund by \$5 million and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund. For the 2021-23 biennium only, Senate Bill No. 2014 (2021) limits the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year. Senate Bill No. 2249 (2021) increases the oil and gas tax revenue allocation limit for the state disaster relief fund by \$5 million, the same as House Bill No. 1015 (2021). Senate Bill No. 2319 (2021) allocates a portion of the oil and gas tax revenue collected from oil wells that cross into a reservation to the tribes decreasing the state's share of oil and gas tax revenues. The combined effect of the bills results in an increase in the allocations to the strategic investment and improvements fund.

⁵House Bill No. 1014 (2019) provides a contingent transfer of up to \$40 million from the strategic investment and improvements fund to the infrastructure revolving loan fund if the actual oil and gas tax revenues deposited in the strategic investment and improvements fund during the 2017-19 biennium exceed \$755 million. The contingency was met, and the amount shown for the 2019-21 biennium reflects the actual transfer to the infrastructure revolving loan fund.

⁶These amounts represent mineral revenues received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve. The assigned fund balance is adjusted only when approved by the board, which is usually done in August of each year.

⁷Senate Bill No. 2287 (2013) increased the guarantee reserve fund balance from 25 to 100 percent, not to exceed a total of \$25 million, through July 31, 2015. After July 31, 2015, the amount of reserves for all guaranteed loans must be determined by a formula that will provide an adequate amount of reserves as determined by the Bank of North Dakota. Money may be transferred from the strategic investment and improvements fund to reimburse lenders for guaranteed loans in default.

Senate Bill No. 2296 (2019) increased the limit for loan guarantees to \$50 million. Senate Bill No. 2230 (2021) increases the loan guarantee limit to \$80 million.

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 North Dakota Century Code Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund. The unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

**ANALYSIS OF THE TAX RELIEF FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$200,199,146		\$201,176,153
Add estimated revenues				
Allocation of oil and gas tax revenues	\$200,000,000 ¹		\$200,000,000 ¹	
Refund of prior biennium county expenses				
Total estimated revenues		200,000,000		200,000,000
Total available		\$400,199,146		\$401,176,153
Less estimated expenditures and transfers				
Distributions to non-oil-producing counties (2021 HB 1015)	\$11,799,901 ²			
Transfer to human service finance fund (2021 HB 1015; executive budget recommendation)	187,223,092		200,000,000 ³	
Total estimated expenditures and transfers		199,022,993		200,000,000
Estimated ending balance		<u>\$201,176,153</u>		<u>\$201,176,153</u>

¹Estimated revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through October 2022. The estimated allocations for the remainder of the 2021-23 biennium and the estimated allocations for the 2023-25 biennium are based on the November 2022 executive budget revenue forecast.

²Section 4 of 2021 House Bill No. 1015, provides \$20 million for distributions to non-oil-producing counties for the benefit of organized and unorganized townships. Of the \$20 million, \$8.2 million is from the state disaster relief fund and \$11.8 million is from the tax relief fund. The State Treasurer is required to allocate \$10 million equally to all the townships and \$10 million based on road miles.

³The executive budget recommends continuing to use the fund for defraying the expenses of the state-paid economic assistance and social services program.

FUND HISTORY

Section 57-64-05, as created by Senate Bill No. 2199 (2009), created the property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of House Bill No. 1013 (2013), changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from \$341.79 million per biennium to \$300 million per biennium.

House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to reduce the allocation to the tax relief fund to \$200 million.

House Bill No. 1066 (2019) amended Section 57-51.1-07.5 but did not change the allocation of \$200 million to the tax relief fund.