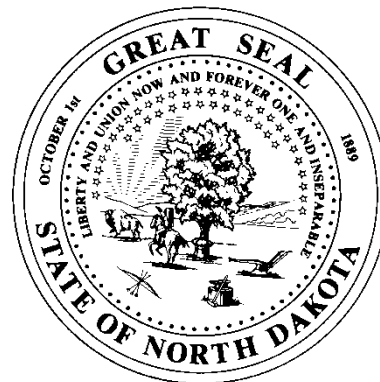


68TH LEGISLATIVE ASSEMBLY STATE BUDGET ACTIONS FOR THE 2023-25 BIENNIUM

(Including Supplemental and Statistical Information Regarding the State Budget)



**LEGISLATIVE COUNCIL
STATE CAPITOL
BISMARCK, NORTH DAKOTA
JUNE 2023**

This report contains information on actions by the 2023 Legislative Assembly affecting the state budget, including the 2023 Legislative Assembly's changes to base budget levels for the July 1, 2023, through June 30, 2025, biennium (2023-25). The 2023-25 biennium appropriations for state agencies and institutions are also compared to 2021-23 biennium appropriations.

In preparing this analysis, the Legislative Council staff reviewed 2023 appropriation acts, the "purposes of amendments" contained in the House and Senate journals, and other available fiscal records.

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

INDEX

Description	Page No.
Abandoned Oil and Gas Well Plugging and Site Reclamation Fund.....	K-1
Adjutant General	H-119
Administrative Hearings, Office of.....	H-18
Aeronautics Commission	H-85
Agricultural Experiment Station.....	H-145
Agriculture Commissioner.....	D-31
Agronomy Seed Farm.....	H-148
Aid to Political Subdivisions	L-30
Appropriations.....	Section C
2023-25 Biennium Summary	A-1, C-1
Comparison of 2021-23 and 2023-25 Legislative Appropriations	C-2
Comparison of 2021-23 and 2023-25 Ongoing General Fund Appropriations.....	C-5
Comparison of Appropriations to Personal Income	L-2
Comparison of Executive Budget Recommendations to Legislative Budgets.....	L-4
Deficiency and Supplemental Appropriations for the 2021-23 Biennium	B-11
Graphs.....	C-12
One-Time Funding.....	C-7
Federal Funding	C-16
Arts, Council on the.....	H-157
Attorney General.....	D-11
Auditor, State	D-6
Bank of North Dakota.....	H-91
Bismarck State College.....	F-19
Blind, School for the.....	H-52
Board of University and School Lands	H-43
Branch Research Extension Centers	H-138
Budget Stabilization Fund	K-8
Capital Construction.....	Section I
Extraordinary Repairs	I-4
Lease Payments and Balances	I-10
Major Capital Construction	I-2
Overview.....	I-1
Capitol Building Fund	K-10
Career and Technical Education, Department of	H-55

College of Science	F-39
Commerce, Department of.....	H-124
Commission on Legal Counsel for Indigents.....	H-29
Common Schools Trust Fund	K-14
Community Health Trust Fund	K-18
Corrections and Rehabilitation, Department of	H-112
Dakota College at Bottineau	F-57
Deaf, School for the	H-49
Developmental Center (Life Skills and Transition Center)	G-1
Dickinson State University	F-42
District Court	H-25
Elected Officials	Section D
Elected Officials' Salaries.....	J-20
Elementary and Secondary Education.....	Section E
Overview.....	E-1
Payments and Students.....	E-21
Public Instruction, Department of.....	E-5
State School Aid	E-17
State School Aid Funding History	L-15
Emergency Services, Department of	H-119
Employees, State.....	Section J
Analysis of FTE Changes	J-7
Analysis of State Employee Salary Increases	J-16
Number of State Employees - History	J-13
Overview.....	J-1
Salary and Health Insurance Increases - Cost History	J-21
Environment and Rangeland Protection Fund	K-27
Environmental Quality, Department of	H-61
Ethics Commission	H-38
Executive Summary, State Budget	Section A
Fair, State	H-150
Federal Funds.....	C-16
Financial Institutions, Department of.....	H-87
Fire Department Payments	D-25
Forest Service.....	F-60
Foundation Aid Stabilization Fund	K-29
FTE - Full-time Equivalent Positions.....	J-7
Number of State Employees - History	J-13

Game and Fish Department.....	H-160
General Fund	
Appropriations	Section C
2023-25 Biennium Summary	A-1, C-1
Comparison of 2021-23 and 2023-25 Legislative Appropriations	C-2
Comparison of 2021-23 and 2023-25 Ongoing Appropriations.....	C-5
Comparison of Executive Budget Recommendations to Legislative Budgets.....	L-4
Graphs.....	C-12
History of General Fund Budgets	L-1
One-Time Funding.....	C-7
Revenue Estimates	B-7
Governor.....	D-1
Health Care Trust Fund	K-32
Higher Education	Section F
Enrollment - FTE.....	F-3
Overview.....	F-1
Tuition Rates	F-4
Highway Patrol.....	H-109
Highway tax distribution fund	K-35
Historical Data.....	Section L
Historical Society	H-153
Homestead Tax Credit - See Tax Commissioner.....	D-22
Housing Finance Agency.....	H-96
Human Services.....	Section G
Human Services, Department of.....	G-9
Overview.....	G-1
Indian Affairs Commission	H-68
Industrial Commission.....	H-79
Information Technology Department.....	H-9
Information Technology Projects.....	I-8
Insurance Commissioner	D-25
Insurance Tax Payments to Fire Departments.....	D-25
International Peace Garden	H-163
Job Service North Dakota	H-76
Judicial Branch.....	H-25
Judicial Conduct Commission.....	H-25
Labor and Human Rights, Department of	H-83
Lake Region State College	F-22

Land Department	H-43
Lease Payments, Capital Construction	I-10
Legacy earnings fund.....	K-39
Legacy Fund	K-41
Legal Counsel for Indigents, Commission on.....	H-29
Legislative Assembly	H-19
Legislative Council.....	H-22
Library, State	H-46
Lignite Research Fund.....	K-43
Management and Budget, Office of	H-1
Mayville State University.....	F-46
Medical marijuana fund.....	K-45
Mill and Elevator	H-103
Minot State University	F-50
North Dakota State College of Science.....	F-39
North Dakota State University.....	F-35
NDSU Extension Service	H-141
Northern Crops Institute.....	H-143
Office of Management and Budget	H-1
Outdoor Heritage Fund	K-46
Parks and Recreation Department.....	H-163
Political Subdivisions, Assistance to	L-30
Protection and Advocacy Project	H-74
Public Employees Retirement System	H-34
Public Instruction, Department of.....	E-5
Public Printing.....	D-4
Public Service Commission	D-28
Racing Commission	H-151
Resources Trust Fund	K-48
Retirement and Investment Office.....	H-31
Revenues, General Fund and Oil.....	Section B
Deficiency and Supplemental Appropriations for the 2021-23 Biennium	B-11
Estimates.....	B-1, B-7, B-16
Graphs.....	B-9, B-10, B-19, B-20
Other Funds Major Tax and Fee Increases	B-12
Summary	A-1, B-1, B-13
Oil and Gas Tax Distribution Flowchart	B-21
Secretary of State	D-3

Securities Department	H-89
Senior Citizen Services and Programs Fund	K-51
State Aid Distribution Fund	K-54
State Disaster Relief Fund	K-22
State Employees	Section J
Analysis of FTE Changes	J-7
Analysis of State Employee Salary Increases	J-16
Number of State Employees - History	J-13
Overview.....	J-1
Salary and Health Insurance Increases - Cost History	J-21
State Fair	H-150
State Hospital	G-7
State Library	H-46
Strategic Investment and Improvements Fund	K-56
Supreme Court.....	H-25
Tax and Fee Increases	B-12
Tax Commissioner	D-22
Tax Relief/Social Services Fund	K-53
Transportation, Department of	H-172
Treasurer, State	D-9
Trust Fund Analyses	Section K
Trust Lands, Department of	H-43
Tuition Trust Fund.....	K-61
University of North Dakota	F-28
UND Medical Center	F-32
University System	Section F
University System Office	F-9
University System Overview	F-1
Upper Great Plains Transportation Institute	H-136
Valley City State University	F-54
Veterans' Affairs, Department of	H-70
Veterans' Home	H-65
Vision Services - School for the Blind	H-52
Water Commission, State	H-167
Williston State College	F-25
Workforce Safety and Insurance.....	H-106

EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

	2023-25 Biennium
Estimated unobligated general fund balance - July 1, 2023	\$1,198,158,717 ¹
Add estimated 2023-25 general fund revenues and transfers	4,969,565,300
Total resources available	\$6,167,724,017
Less 2023-25 general fund appropriations	6,096,193,537
Estimated general fund balance - June 30, 2025	\$71,530,480²

¹This amount reflects \$48,332,655 of 2021-23 biennium supplemental and deficiency appropriations, \$214,068,515 of estimated 2021-23 unspent general fund appropriation authority, and \$32,834,400 of exemptions to continue 2021-23 unspent general fund appropriation authority into the 2021-23 biennium.

²In addition, the budget stabilization fund is projected to have a June 30, 2025, balance of \$914,429,031.

TOTAL APPROPRIATIONS SUMMARY

	2021-23 Legislative Appropriations	Increase (Decrease)	2023-25 Legislative Appropriations
General fund	\$5,058,789,985	\$1,037,403,552	\$6,096,193,537
Estimated income	13,131,971,890	381,436,220	13,513,408,110
Total all funds	\$18,190,761,875	\$1,418,839,772	\$19,609,601,647

MAJOR SPECIAL FUND BALANCES

	Estimated June 30, 2025, Balance
Legacy fund	\$10,466,944,579
Tax relief/social services fund	\$251,176,054
Strategic investment and improvements fund (SIIF) (unreserved)	\$832,880,426
Budget stabilization fund	\$914,429,031
Foundation aid stabilization fund (unreserved)	\$226,713,036

2023-25 GENERAL FUND REVENUES

1. The 2023 legislative revenue forecast reflects **general fund revenues** of \$6,167.7 million, a decrease of \$105.2 million, or 1.7 percent, compared to the revised 2021-23 biennium revenues.
2. Since the estimated June 30, 2023, general fund balance exceeds \$65 million, an estimated \$194.4 million will be **transferred from the general fund to the budget stabilization fund** at the end of the 2021-23 biennium. However, the transfer may be reduced or may not occur if the interest earnings of the budget stabilization fund bring the fund balance to its statutory limit.
3. Major areas of **tax and fee revenue changes** (as compared to the revised revenue forecast for the 2021-23 biennium) include:
 - a. Sales and use tax collections increasing by \$127.2 million, or 6.1 percent.
 - b. Motor vehicle excise tax collections decreasing by \$129.6 million, or 43.1 percent.
 - c. Individual income tax collections decreasing by \$54.7 million, or 5.9 percent.
 - d. Corporate income tax collections decreasing by \$54.6 million, or 12.4 percent.
 - e. Oil and gas tax collections increasing by \$60 million, or 15 percent.
4. Legislative action estimated to have a **major impact on tax and fee revenues** includes:
 - a. House Bill No. 1012 allocates 50 percent of the motor vehicle excise tax collections to a newly created flexible transportation fund rather than the general fund resulting in an estimated decrease of \$171.4 million.

- b. House Bill No. 1158 provides individual income tax relief by exempting income in the first bracket from taxation, consolidating the five income tax brackets into three brackets, and decreasing the income tax rates. As a result, individual income tax collections are estimated to decrease by \$358.3 million.
 - c. House Bill No. 1168 provides up to \$3 million of total individual and corporate income tax credits per year for a 21st century manufacturing and animal agricultural workforce incentive resulting in an estimated decrease of \$6 million.
 - d. Senate Bill No. 2367 increases the allocation of oil and gas tax revenues to the general fund resulting in an increase of \$60 million to the general fund.
5. Legislative action estimated to have a **major impact on transfers and other sources of revenue to the general fund** includes:
- a. House Bill No. 1014 transfers \$140 million from Bank of North Dakota profits to the general fund.
 - b. Senate Bill No. 2015 transfers \$50 million from the SIF to the general fund.
 - c. House Bill No. 1379 provides an allocation from the legacy earnings fund to the general fund for tax relief (\$225 million) and allocates 50 percent of any remaining earnings not allocated for other purposes to the general fund (\$29.4 million).

2023-25 OIL AND GAS TAX REVENUES

1. **Oil prices** are anticipated to decrease from \$70 per barrel in the 1st year to \$62 per barrel in the 2nd year of the 2023-25 biennium. The average oil price in April 2023 was \$77.34 per barrel based on the average of the Flint Hills Resources price (\$75.23) and the West Texas Intermediate price (\$79.44).
2. **Oil production** is anticipated to remain at 1.1 million barrels per day for the 2023-25 biennium. Average production in March 2023 was 1.12 million barrels per day.
3. The 2023 legislative revenue forecast reflects **oil and gas tax revenue** totaling \$5,140.8 million, a decrease of \$884.6 million, or 14.7 percent, compared to the revised 2021-23 biennium revenues.
4. Legislative action estimated to have a **major impact on oil and gas tax revenues** includes:
 - a. House Bill No. 1014 limits the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year for the 2023-25 biennium and allocates an additional \$7.5 million per biennium to the oil and gas research fund for the 2023-25 biennium.
 - b. House Bill No. 1040 adds a new allocation from the state's share of oil and gas tax revenue ("buckets") to provide an allocation of \$65 million per biennium to the Public Employees Retirement fund for the main system plan.
 - c. Senate Bill No. 2161 increases the allocation limit for the state energy research center fund by \$2.5 million, from \$5 million to \$7.5 million per biennium.
 - d. Senate Bill No. 2367 adjusts the allocations from the state share of oil and gas tax revenue to increase the allocations to the general fund by \$60 million per biennium, from \$400 million to \$460 million, and to increase the allocation to the social services fund, which was previously the tax relief fund, by \$50 million per biennium, from \$200 million to \$250 million.

LEGACY FUND

1. The June 30, 2025, balance of the legacy fund is estimated to be \$10.47 billion, including oil and gas tax revenue deposits of \$1.34 billion and investment earnings of \$0.52 billion during the 2023-25 biennium.
2. Senate Bill No. 2330 changed the definition of legacy fund earnings from realized earnings to a percent of market value calculation based on 7 percent of the 5-year average value of the legacy fund. The change will affect the June 30, 2023, earnings transfer. Based on the 7 percent calculation, the June 30, 2023, transfer of earnings will total \$486.6 million. The bill also changed the asset allocation of the legacy fund investments from a 20 percent designation for in-state investments to a fixed amount designation of \$1.3 billion for in-state investments, including \$700 million for fixed income investments and \$600 million for equity investments.
3. House Concurrent Resolution No. 3033 provides a constitutional amendment that would provide for a distribution from the legacy fund to a legacy earnings fund at the beginning of each biennium rather than a transfer of earnings to the general fund at the end of each biennium subject to voter approval.

2023-25 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of \$6,096.2 million, \$1,037.4 million, or 20.5 percent, more than the 2021-23 legislative appropriations.
2. Major general fund appropriations changes relate to:
 - a. Department of Health and Human Services (DHHS) - \$395.3 million.
 - b. Tax Commissioner, including homestead property tax credits - \$163.9 million.
 - c. Higher education - \$145.8 million.
 - d. Office of Management and Budget (OMB), including funding pools - \$103.0 million.
 - e. Department of Public Instruction (DPI) - \$69.8 million.
 - f. Department of Corrections and Rehabilitation (DOCR) - \$37.3 million.
 - g. Department of Commerce - \$32.5 million.
 - h. Department of Mineral Resources - \$32.4 million.
 - i. Industrial Commission - (\$47.2 million).
 - j. Bank of North Dakota - (\$27.5 million).

2023-25 SPECIAL FUNDS APPROPRIATIONS

1. Provided special funds (estimated income) appropriations of \$13,513.4 million, \$381.4 million, or 2.9 percent more than the 2021-23 legislative appropriations.
2. Major special funds appropriations changes include:
 - a. Higher education - \$321.7 million.
 - b. Department of Water Resources - \$278.6 million.
 - c. Information Technology Department (ITD) - \$221.4 million.
 - d. Adjutant General - \$159.4 million.
 - e. Office of Management and Budget, including funding pools - \$112.5 million.
 - f. Department of Corrections and Rehabilitation - \$106.8 million.
 - g. North Dakota State University Main Research Station - \$92.2 million.
 - h. Parks and Recreation Department - \$75.2 million.
 - i. Department of Commerce - \$72.6 million.
 - j. Department of Environmental Quality - \$55.0 million.
 - k. Industrial Commission - (\$66.2 million).
 - l. State Treasurer - (\$73.2 million).
 - m. Department of Transportation - (\$88.8 million).
 - n. Department of Public Instruction - (\$160.6 million).
 - o. Department of Health and Human Services - (\$167.3 million).
 - p. Bank of North Dakota - (\$692.7 million).

2023-25 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Ongoing general fund revenues total \$4,888.2 million for the 2023-25 biennium, an increase of \$161.5 million, or 3.4 percent, from the estimated ongoing general fund revenues of \$4,726.7 million for the 2021-23 biennium.
2. Provided \$5,842.7 million of ongoing general fund appropriations and \$253.5 million of one-time general fund appropriations for the 2023-25 biennium.
3. Retained an estimated \$985.9 million at the end of the 2023-25 biennium, including \$71.5 million in the general fund and \$914.4 million in the budget stabilization fund.

HIGHER EDUCATION

1. Increased ongoing **general fund** support by \$106.1 million and increased one-time general fund support by \$39.8 million as follows:

	2021-23 Legislative Appropriations	2023-25 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$686,328,526	\$792,409,065	\$106,080,539	15.5%
One-time general fund appropriations	17,025,000	56,839,701	39,814,701	233.9%
Total	\$703,353,526	\$849,248,766	\$145,895,240	20.7%

2. Increased appropriations from **special funds** by \$321,652,347 from \$2,117,621,160 to \$2,439,273,507, or 15.2 percent. The increase relates primarily to increases in funding for capital projects.
3. Increased the authorized number of **FTE positions** from 6,533.99 to 6,605.91, an increase of 71.92. Of the 71.92 FTE positions, 70.92 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control, and 1 FTE position was added for the Forest Service.
4. Increased campus **base funding formula distributions** from the general fund by \$85.2 million for credit-hour adjustments, funding formula changes, employee salary and health insurance increases, and to limit resident tuition rate increases to 0 percent, excluding tuition rates for high-cost differentiated tuition programs, graduate programs, and professional programs, which are limited to annual tuition rate increases of 1 percent.
5. Added one-time funding of \$20.0 million from the general fund for the **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. The Legislative Assembly appropriated \$11.15 million from the general fund for the program during the 2021-23 biennium.

ELEMENTARY AND SECONDARY EDUCATION

1. Provided funding of \$2,381,774,851, of which \$1,699,921,765 is from the general fund, \$157,000,000 is from the foundation aid stabilization fund, \$13,993,086 is from SIIF, and \$510,860,000 is from the state tuition fund, for state school aid, **including integrated formula payments, transportation aid, and special education**. This level of funding represents an increase of \$164,849,851, including increases in funding of \$13,545,500 from the foundation aid stabilization fund, \$13,993,086 from SIIF, \$77,840,000 from the state tuition fund, and \$59,471,265 from the general fund, from the 2021-23 legislative appropriation of \$2,216,925,000.
 - a. In 2013 the Legislative Assembly approved a change in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students, and this base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. For the 2023-25 biennium, the **integrated formula payment** rates are increased 4 percent each year of the biennium to provide \$10,646 during the 1st year of the biennium and \$11,072 during the 2nd year of the biennium. The Legislative Assembly provided funding for **integrated formula payments** totaling \$2,299,674,851, of which \$1,617,821,765 is from the general fund, \$157,000,000 is from the foundation aid stabilization fund, \$13,993,086 is from SIIF, and \$510,860,000 is from the state tuition fund. This level of funding represents an increase of \$167,849,851, including increases in funding of \$62,471,265 from the general fund, \$13,545,500 from the foundation aid stabilization fund, \$13,993,086 is from SIIF, and \$77,840,000 from the state tuition fund, from the 2021-23 biennium appropriation for integrated formula payments of \$2,131,825,000.
 - b. The Legislative Assembly provided **transportation aid** totaling \$58.1 million from the general fund, the same as the 2021-23 biennium. This level of funding will allow reimbursement rates, which are codified in North Dakota Century Code Chapter 15.1-27 and subject to legislative appropriation to remain the same as the 2021-23 biennium.
 - c. The Legislative Assembly provided \$24 million from the general fund for **special education contracts**, a decrease of \$3 million from special education contract funding of \$27 million provided during the 2021-23 biennium. In addition to special education contracts, the state school aid formula provides approximately \$255.7 million through the integrated formula payments line item for special education and prekindergarten special education average daily membership and weighting factors.
2. The Legislative Assembly provided \$33,581,000 for **program and passthrough grants**, of which \$9,695,000 is from the general fund, \$5,500,000 is from SIIF, and \$18,386,000 is from other funds made available from continuing unexpended 2021-23 biennium integrated formula payment authority. Funding for program and passthrough grants was included in Senate Bill Nos. 2013, 2032, 2200, 2284, and 2380. Major changes to program and passthrough grants include the following:

- a. Program grants:
 - (1) **Adult education grants** - Provided \$5.5 million from carryover funds (increase of \$500,000 from the 2021-23 biennium).
 - (2) **Free meal program** - Added \$6 million from the general fund for program grants to school districts to defray the expenses of providing meals, free of charge, for all students enrolled in public or nonpublic school at or below 200 percent of the federal poverty guideline.
 - (3) **Free breakfast program** - Funding of \$200,000 from carryover funds in the base budget was removed because the free meal program will serve the same students.
 - (4) **Flexible program grant program pool** - Provided \$1.2 million from carryover funds for a flexible program grant pool, including family engagement initiative, programs for leveraging the senior year, and leadership (increase of \$300,000 from the 2021-23 biennium). Funding is increased for the leveraging the senior year program.
 - (5) **Paraprofessional-to-teacher program** - Added \$3 million from the general fund for a paraprofessional-to-teacher program.
 - (6) **Administrative cost sharing** - Added \$125,000 from the general fund for administrative cost-sharing reimbursements to eligible cooperating school districts and special education units.
 - (7) **One-time program grants** - The Legislative Assembly provided one-time funding from carryover funds for various programs, including science of reading and literacy instruction (\$1 million), dyslexia identification training (\$279,000), reading learning platform training (\$558,000), Amira reading tool (\$1.6 million), teacher retention program (\$2.3 million) and school board training (\$1.5 million). The Legislative Assembly also provided \$70,000 of one-time funding from the general fund for regional education association merger incentive grants.
- b. Passthrough grants:
 - (1) **National writing projects** - Provided \$40,000 from carryover funds (decrease of \$10,000 from the 2021-23 biennium).
 - (2) **North Central Council for Educational Media Services** - Removed \$202,300 from carryover funds in the base budget.
 - (3) **Teacher, principal, and instructional coach mentoring program** - Provided \$2.5 million from carryover funds (increase of \$374,236 from the 2021-23 biennium).
 - (4) **Governor's School** - Added \$500,000 from the general fund for Governor's School programs at North Dakota State University and University of North Dakota (increase of \$500,000 from the 2021-23 biennium).
 - (5) **Science center grants** - Added \$5.5 million of **one-time funding** from SIF for passthrough grants to the Grand Forks Science Center (\$5 million) and the Fargo Science Center (\$500,000).
3. Increased federal funding for **other grants** by \$70 million, of which \$50 million is for anticipated increases in United States Department of Agriculture food program funding and \$20 million is for anticipated increases in United States Department of Education programs.
4. Provided \$5,775,000 from the general fund for **PowerSchool** in a separate line item of DPI's appropriation, an increase of \$525,000 from the 2021-23 biennium legislative appropriation.
5. Required school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for **compensation increases for nonadministrative personnel** and the Superintendent of Public Instruction to provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.
6. Allowed the department to continue **COVID-19-related funds** appropriated to DPI from the federal Elementary and Secondary School Emergency Relief Fund and other federal funds during the 2021-23 biennium to the 2023-25 biennium.
7. Allowed the department to continue unexpended one-time funding provided during the special session for upgrades to the **state automated reporting system (STARS) and the statewide longitudinal data system (SLDS)**. The department will retain \$5 million for STARS upgrades and must transfer any funding continued over \$5 million to ITD for SLDS upgrades.

HEALTH AND HUMAN SERVICES

1. Provided total general fund appropriations for DHHS of \$2,043.4 million, \$395.3 million, or 24.8 percent, more than the \$1,593.4 million appropriated for the 2021-23 biennium.
2. Appropriated salaries and wages funding for the human services divisions of DHHS in a **block grant pool**, authorized the department to adjust FTE positions subject to the availability of funding and underfunded salaries and wages by \$19.5 million from the general fund for DHHS for the 2023-25 biennium.

3. Provided \$76.6 million, of which \$38.3 million is from the general fund for 3 percent **annual inflationary increases** for most providers.
4. Provided funding increases for 2023-25 biennium **cost, caseload, and utilization changes** of \$528.8 million, of which \$100.1 million is from the general fund.
5. Added \$30 million from the general fund to replace funding at facilities due to less anticipated revenues.
6. Appropriated funding of \$802.6 million, of which \$80.3 million is from the general fund, to continue the **Medicaid Expansion program**. The Legislative Assembly adjusted funding to provide for Medicaid Expansion rates at 145 percent of Medicare reimbursement levels effective January 1, 2025.
7. Added funding of \$4,267,312, of which \$1,389,270 is from the general fund to increase the eligibility level for the **children's health insurance program** from 175 to 210 percent of the federal poverty level.
8. Added funding of \$6 million, of which \$3.9 million is from the general fund, to **rebase basic care rates** on July 1, 2023, and appropriated \$500,000 from the health care trust fund for basic care facility bad debt expenses.
9. Adjusted funding for the **free through recovery program** to provide \$15.5 million from the general fund directly to DHHS for the program rather than using passthrough funds from DOCR.
10. Provided funding of \$228.2 million, of which \$1.2 million is from the general fund, \$200 million is from the tax relief fund, and \$26.95 million is from SIIF for the **county social and human services program**.
11. Provided one-time funding of \$11 million from SIIF for a grants and procurement software project.
12. Added one-time funding from the community health trust fund (\$20.4 million) and federal funds (\$39.6 million) to replace the child support case management system.
13. Added one-time funding of \$20.6 million, of which \$10.3 million is from the general fund, for operating inflation.
14. Added one-time funding of \$55.1 million from the federal State Fiscal Recovery Fund for a new public health laboratory building.
15. Added one-time funding from SIIF for the design and to start construction on a new State Hospital.

CAPITAL CONSTRUCTION

1. Provided a total of \$2,761.1 million for the following capital project-related purposes:
 - a. \$861.4 million for major capital projects.
 - b. \$76.4 million for extraordinary repairs.
 - c. \$122.9 million for bond payments, of which \$13.2 million is for bonds issued by the State Building Authority, \$102.6 million is for payments on legacy bonds issued by the Public Finance Authority, and \$7.1 million is for other bond payments related to University System projects.
 - d. \$1,426 million for contractor payments on transportation-related projects.
 - e. \$271.4 million for state-owned water projects.
 - f. \$3 million for other projects.
2. The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$21,928,230	\$839,507,026
Extraordinary repairs	22,100,687	54,277,221
Bond payments	13,881,576	108,998,824
Transportation-related projects	0	1,425,971,946
Water projects	0	271,400,000
Other projects	281,586	2,722,057
Total	\$58,192,079	\$2,702,877,074

STATE EMPLOYEES

1. Provided **salary increases** for classified and nonclassified employees during the 2023-25 biennium of 6 percent on July 1, 2023, and 4 percent on July 1, 2024. The Legislative Assembly approved total funding of \$214.4 million for state employee salary increases for the 2023-25 biennium, of which \$89 million is from the general fund and \$125.4 million is from other funds.
2. Provided \$86.7 million for **salary equity increases** for the 2023-25 biennium, of which \$48.9 million is from the general fund and \$37.8 million is from other funds. Of this amount, \$82.5 million was appropriated to OMB, including \$45.1 million from the general fund and \$37.4 million from other funds, in a targeted market equity pool for the purpose of providing compensation adjustments for executive branch state employees during the 2023-25 biennium.
3. Continued funding for the full cost of **health insurance** premiums for state employees at \$1,643.08 per month, an increase of \$214.31, or 15 percent, compared to the 2021-23 biennium premium rate of \$1,428.77 per month. Funding of \$78 million, of which \$31.4 million is from the general fund and \$46.6 million is from other funds, is added for the health insurance premium increase.
4. Appropriated \$98.2 million, of which \$40.1 million is from the general fund and \$58.1 million from other funds, to OMB for a **new and vacant FTE position funding pool** for executive branch agencies, excluding higher education and the non-Public Health divisions of DHHS.
5. **Closed the main system defined benefit retirement plan to new hires** beginning January 1, 2025. The bill increased employer contributions by 1 percent beginning January 1, 2024, resulting in total employer contributions of 8.12 percent for employees hired on or before December 31, 2019. Beginning January 1, 2026, the employer contribution rate for state agencies will change to the actuarially determined employer contribution rate to further address the unfunded liability of the main system defined benefit plan over a closed period of 31.5 years. Employees hired after December 31, 2024, must be enrolled in a new defined contribution plan. The default employee contribution rate of the new defined contribution plan is 4 percent and the employee may elect to contribute up to an additional 3 percent. The employer is required to match the employee contribution up to 7 percent. The Legislative Assembly provided \$200 million to be transferred to the Public Employees Retirement System (PERS) fund for the purpose of reducing the unfunded liability of the PERS main system plan during the 2023-25 biennium, including \$65 million of the state share of oil and gas tax revenues and \$135 million from SIIF.
6. Authorized a total of 16,201.54 FTE positions, an increase of 386.21 FTE positions from the 2021-23 authorized level of 15,815.33 FTE positions, including an increase of 71.92 higher education FTE positions and an increase of 314.29 FTE positions in all other state agencies. Of the total 16,201.54 FTE positions, 6,605.91 are higher education FTE positions and 9,595.63 are FTE positions in other state agencies.

CORRECTIONS

1. Provided a total general fund appropriation for DOCR of \$255.5 million, \$37.3 million, or 17.1 percent more than the \$218.2 million appropriation for the 2021-23 biennium.
2. Provided an ongoing general fund appropriation for DOCR of \$241.8 million, \$23.9 million, or 11.0 percent more than the \$217.9 million appropriated for the 2021-23 biennium.
3. Added 24 **new FTE positions**, including 6 FTE parole and probation positions, 4 FTE pretrial services positions, 6 FTE inmate case manager positions, 3 FTE Heart River Correctional Center positions, and 5 FTE positions converted from temporary positions, and removed 2 FTE positions which were transferred to ITD as part of the information technology (IT) unification initiative.
4. Removed \$6.8 million from the general fund of passthrough funding to DHHS for the **free through recovery** program. Funding for the program is now appropriated directly to DHHS from the general fund.
5. Provided \$131.2 million from SIIF for a new **women's prison facility** at the Heart River Correctional Center.
6. Restored \$18.4 million of general fund support funded from the **federal Coronavirus Relief Fund** during the 2021-23 biennium for law enforcement salaries and wages.

INFORMATION TECHNOLOGY

1. Provided \$196.9 million, of which \$24.9 million is from the general fund and \$172 million is from other funds, for large **state agency IT projects** for the 2023-25 biennium, including:
 - a. One-time funding of \$60 million, of which \$20.4 million is from the community health trust fund and \$39.6 million is from federal funds, was appropriated to DHHS to **replace the child support case management system**.
 - b. One-time funding of \$11 million from SIIF was appropriated to DHHS for procurement and grants software.

- c. One-time funding of \$45 million from the State Fiscal Recovery Fund was appropriated to Job Service North Dakota for the **unemployment insurance system replacement project**.
 - d. One-time funding of \$9.1 million from the general fund was appropriated to the Department of Transportation for various IT projects, including a roadway information management system (\$6.3 million), automated vehicle location project (\$2 million), and exterior door security project (\$865,000).
2. Appropriated \$556.3 million to ITD, of which \$43.4 million is from the general fund and \$512.9 million is from other funds, including:
 - a. One-time funding of \$100 million, including \$80 million from SIIF and \$20 million from Bank of North Dakota profits, for the **statewide interoperable radio network**.
 - b. Federal funds of \$148.25 million available as a result of the federal Infrastructure Investment and Jobs Act for the **broadband equity, access, and deployment program**.
 3. Of the large IT projects and funding appropriated to ITD, \$29.7 million, including \$6.2 million from the general fund and \$23.5 million from other funds, is for various IT projects, including the enterprise digitization project to modernize state government aging technology (\$9.6 million), the business gateway - enterprise customer relationship management project (\$6.4 million), and the DPI lighthouse project and governance, risk, and compliance costs (\$5.5 million).
 4. Authorized 507 FTE positions for ITD for the 2023-25 biennium, an increase of 28 FTE positions from the 2021-23 biennium authorized level of 479 FTE positions. This includes a transfer of 3 FTE positions from DOCR (2 FTE positions) and Insurance Commissioner (1 FTE position) for the IT unification initiative.

WORKFORCE AND ECONOMIC DEVELOPMENT

1. Appropriated a total of \$524.3 million, including \$169.9 million from the general fund and \$354.4 million from other funds, for workforce and economic development programs and initiatives, of which the Legislative Assembly:
 - a. Provided \$39.6 million for **North Dakota tourism** operating expenses (\$14.6 million) and grants (\$25 million), of which \$9 million is from the general fund, \$542,000 is from the tourism operating fund, and \$30 million is from SIIF for tourism marketing awareness operating expenses (\$5 million) and a tourism destination initiative grant program (\$25 million). Of the total, \$9.6 million is considered ongoing funding and \$30 million is considered one-time funding. Total funding for the 2021-23 biennium was \$16.8 million.
 - b. Provided \$12 million of ongoing funding for the Department of Commerce **uncrewed aircraft systems (UAS)** program, of which \$3 million is from the general fund for operating expenses of the Northern Plains UAS Test Site, \$1 million is for grants from the UAS fund, and \$8 million is for grants from federal funds. Total funding for the 2021-23 biennium was \$13 million.
 - c. Provided one-time funding of \$26 million from SIIF for the Department of Commerce **beyond visual line of sight UAS program**. Total funding for the 2021-23 biennium was \$20 million.
 - d. Provided one-time funding of \$10 million from SIIF to the Department of Commerce for **enhanced use lease grants**. Total funding for the 2021-23 biennium was \$7 million.
 - e. Provided one-time funding of \$28.5 million from the general fund to the Department of Commerce for **workforce-related programs**, including workforce talent attraction initiative operating expenses (\$12 million), workforce investment program grants (\$12.5 million), technical skills training grants (\$2 million), and new Americans workforce development and training grants (\$2 million).
 - f. Transferred \$95 million from SIIF to the **North Dakota Development Fund**.
 - g. Provided \$1,006,082 from the general fund to the Department of Commerce for Operation Intern, a program providing matching funds to help expand the number of internships, work experience, and apprenticeship positions with North Dakota employers. Total funding for the 2021-23 biennium was \$755,000.
 - h. Provided one-time funding of \$500,000 from the general fund to the Department of Commerce for providing workforce grants to tribally controlled community colleges in North Dakota, the same as the 2021-23 biennium.
 - i. Provided \$2,485,000 from the general fund to the Department of Commerce for the newly created Office of Legal Immigration, of which \$2 million is considered one-time funding.

- j. Provided \$77 million from the general fund to DHHS for **child care-related programs**, including child care assistance programs (\$37 million), child care quality tiers (\$3 million), low-income family fee waiver (\$2.3 million), child care application assistance (\$500,000), public-private business child care program (\$5 million), child care program grants and shared services (\$7 million), child care background check enhancement (\$1 million), nontraditional hours child care pilot program (\$1.8 million), best in class and kindergarten readiness expansion (\$14.4 million), quality infrastructure for providers (\$3 million), and early childhood career development grants (\$2 million).
- k. Provided \$61.5 million from Bank of North Dakota profits for the partnership in assisting community expansion (PACE) program (\$39 million), agriculture PACE program (\$5 million), biofuels PACE program (\$1 million), beginning farmer loan program (\$15 million), and small business development center grants (\$1.5 million).
- l. Provided \$2.1 million from the general fund to the Agriculture Commissioner for the **North Dakota Trade Office**, an increase of \$500,000 from the amount appropriated for the 2021-23 biennium.
- m. Provided one-time funding of \$12 million to the Agriculture Commissioner for **bioscience innovation grants**, of which \$6.5 million is from the general fund and \$5.5 million is from SIIF.
- n. Provided \$5.1 million for the **Agricultural Products Utilization Commission (APUC)**, of which \$2.1 million is ongoing funding from the APUC fund and \$3 million is one-time funding from profits of the Bank of North Dakota. Total funding for the 2021-23 biennium was \$4.5 million.
- o. Transferred \$25 million from the general fund to the **agriculture diversification and development fund**, of which \$10 million is available for agriculture infrastructure grants to political subdivisions.
- p. Provided one-time funding of \$96.8 million to the Department of Career and Technical Education (CTE) for a statewide career center initiative grant program for **career academies**, of which \$68,276,228 is from a Bank of North Dakota line of credit to be repaid from funding appropriated from the federal Coronavirus Capital Projects Fund during the November 2021 special legislative session, \$2 million is from the general fund for accrued interest on the line of credit, and \$26.5 million is from SIIF for career academy inflationary costs.
- q. Provided \$2.5 million from the general fund to CTE for workforce training grants, an increase of \$500,000 from the 2021-23 total of \$2 million.
- r. Transferred \$10 million from SIIF to the legacy investment for technology fund for legacy investment technology loans.

INFRASTRUCTURE

- 1. Provided \$1,948.8 million, of which \$1,174.7 million is from federal funds and \$774.1 million is from state and local matching funds, for **road projects**, including the establishment of a flexible transportation fund.
- 2. Provided \$31.1 million, including funding from the general fund (\$475,000), the Aeronautics Commission fund (\$10.6 million), and the airport infrastructure fund (\$20 million) for **airport grants**. Provided \$2.5 million, including funding from federal funds (\$2.25 million) and the Aeronautics Commission fund (\$250,000) for rehabilitation of the International Peace Garden airport.
- 3. Provided \$780.7 million for **water projects** from various sources, including a Bank of North Dakota line of credit (\$100 million), the resources trust fund (\$443.1 million), the water projects stabilization fund (\$123.4 million), and other funds (\$114.2 million).

AID TO POLITICAL SUBDIVISIONS

- 1. Senate Bill No. 2183 provides \$20 million from the general fund and Senate Bill No. 2015 provides \$5 million from the disaster relief fund for snow removal grants to tribal governments, counties, cities, and townships for up to 60 percent of the new removal costs incurred for the period of October 1, 2022, through April 30, 2023.
- 2. Other major aid to political subdivisions increases compared to the 2021-23 biennium include the following:
 - a. County social and human services program (\$38.3 million);
 - b. Legacy earnings highway distribution fund (\$40 million);
 - c. Flexible transportation fund township projects (\$42.8 million);
 - d. Homestead credit (\$54.4 million) and primary residence credit (\$103.2 million); and
 - e. State school aid (\$164.8 million).

3. In total, the Legislative Assembly is providing \$5.5 billion in state assistance to political subdivisions including schools for the 2023-25 biennium, a \$0.30 billion or 5.8 percent increase compared to the \$5.2 billion provided during the 2021-23 biennium. See the schedule beginning on page L-30 for additional detail.

MILITARY-RELATED PROGRAMS

1. Provided \$470,692 from the general fund for rental payments and project costs for **city-owned armories**.
2. Provided \$3,362,235 from the general fund for the National Guard **tuition assistance program**.
3. Provided \$923,694 from the general fund for the **reintegration program** to support National Guard members and their families.
4. Provided \$1 million from the general fund for deferred maintenance and repairs to facilities statewide.
5. Provided authority for the State Historical Society to spend \$20 million for a **North Dakota military museum**.

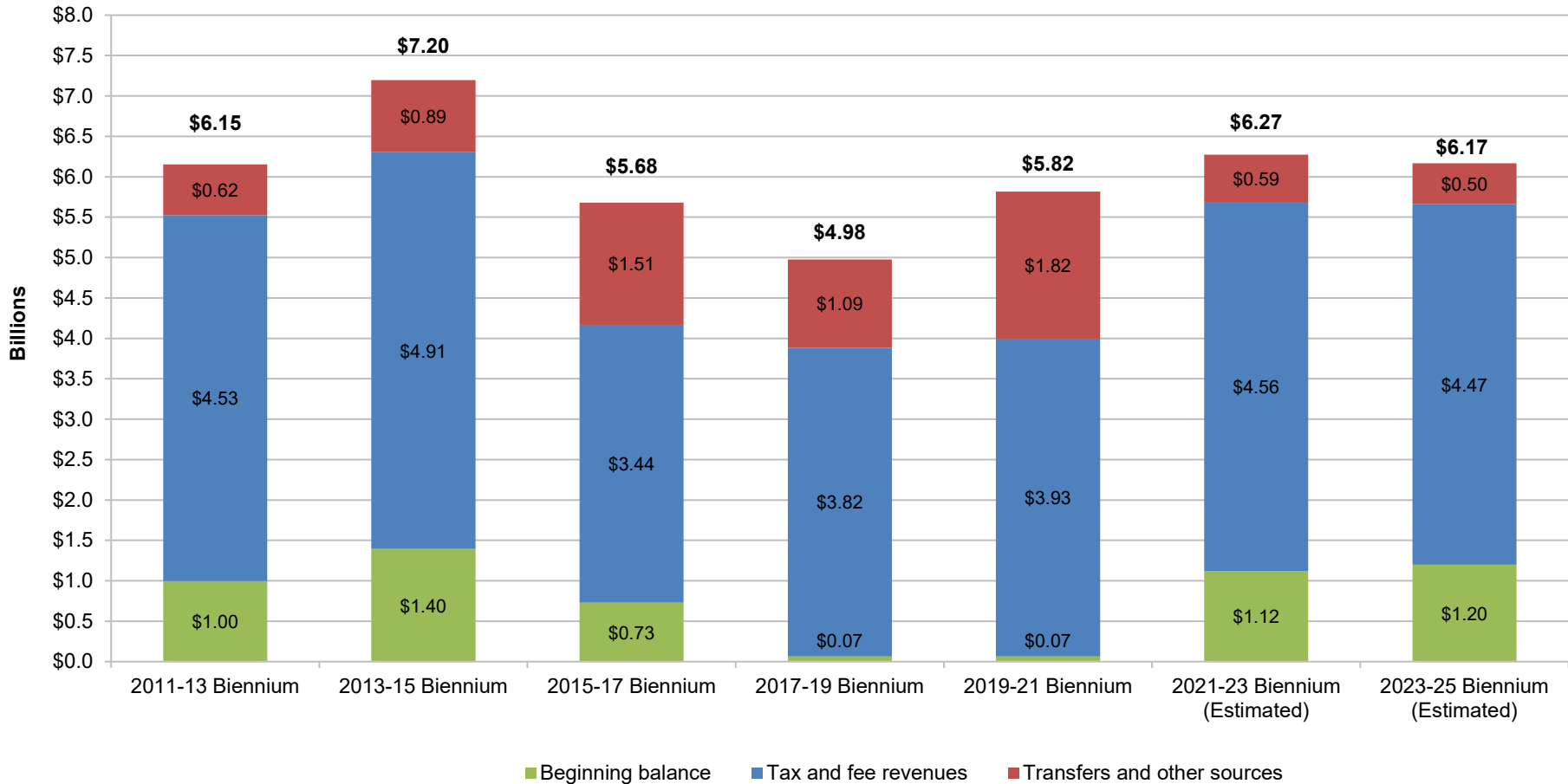
SECTION B - REVENUES

GENERAL FUND REVENUE SUMMARY	B-1
GENERAL FUND REVENUES FROM THE 2017-19 BIENNIUM TO THE 2023-25 BIENNIUM	B-7
PIE GRAPH - 2023-25 ESTIMATED GENERAL FUND REVENUES	B-9
PIE GRAPH - 2021-23 ESTIMATED GENERAL FUND REVENUES	B-10
SUPPLEMENTAL AND DEFICIENCY APPROPRIATIONS FOR THE 2021-23 BIENNIUM	B-11
OTHER FUNDS MAJOR TAX AND FEE CHANGES	B-12
OIL AND GAS TAX REVENUE SUMMARY	B-13
OIL AND GAS TAX ALLOCATIONS FROM THE 2017-19 BIENNIUM TO THE 2023-25 BIENNIUM	B-16
PIE GRAPH - 2023-25 ESTIMATED OIL AND GAS TAX REVENUE ALLOCATIONS	B-19
PIE GRAPH - 2021-23 ESTIMATED OIL AND GAS TAX REVENUE ALLOCATIONS	B-20
2023-25 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART	B-21

GENERAL FUND REVENUE SUMMARY

TOTAL GENERAL FUND REVENUES

Based on the 2023 legislative revenue forecast, total 2023-25 biennium general fund revenues, including the beginning balance, tax and fee revenues, and transfers, are estimated to be \$6,167.7 million, which is \$105.2 million, or 1.7 percent, less than total 2021-23 biennium estimated revenues of \$6,272.9 million. The following is a summary of general fund 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	\$1,198,158,717
Tax and fee revenues	4,530,367,522	4,906,838,449	3,437,604,096	3,818,087,697	3,931,123,045	4,557,690,313	4,466,113,372
Transfers and other sources	625,487,038	894,959,058	1,511,601,317	1,095,360,965	1,820,781,277	592,879,960	503,451,928
Total	\$6,152,687,271	\$7,197,856,693	\$5,678,734,802	\$4,978,448,662	\$5,816,904,322	\$6,272,923,618	\$6,167,724,017

GENERAL FUND BEGINNING BALANCE

Based on final legislative action, **the July 1, 2023, estimated beginning balance is \$1,198.2 million.** Pursuant to North Dakota Century Code Chapter 54-27.2, 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 15 percent limit for the budget stabilization fund is \$914.4 million based on total general fund appropriations for the 2023-25 biennium of \$6,096.2 million. As a result, the estimated transfer from the general fund to the budget stabilization fund is \$194.4 million. However, the transfer from the general fund to the budget stabilization fund may be reduced or may not be required if the interest earnings of the budget stabilization fund bring the balance of the budget stabilization fund to the 15 percent limit.

The schedule below provides information on other legislative action, excluding revenue forecast adjustments, relating to the July 1, 2023, beginning general fund balance and affecting the transfer to the budget stabilization fund.

Bill No.	Description	Amount
HB 1014	Industrial Commission - Provides a deficiency appropriation for 3 FTE carbon capture positions (\$62,460) and a transfer to the fossil restoration fund (\$15,000)	(\$77,460)
HB 1015	Department of Corrections and Rehabilitation - Provides exemptions allowing unspent funding for a community behavioral health program (\$500,000) and deferred maintenance and extraordinary repairs (\$2,158,629) to be continued into the 2023-25 biennium	(2,658,629)
HB 1018	Department of Commerce - Provides exemptions allowing unspent funding for a nonresident nurse employment recruitment program (\$309,720), discretionary fund (\$2,150,000), unmanned aircraft system program (\$2,006,038), beyond visual line of sight unmanned aircraft system program (\$175,091), and homeless shelter grant program (\$761,275) to be continued into the 2023-25 biennium	(5,402,124)
HB 1025	Department of Veterans' Affairs - Provides an exemption allowing unspent funding for a posttraumatic stress disorder service dog program to be continued into the 2023-25 biennium	(50,000)
HB 1289	Allows a court to waive unpaid fees if an individual completes an adult drug court program reducing fee revenue collections for the 2021-23 biennium pursuant to an emergency clause	(20,000)
SB 2003	Transfers 2021-23 biennium lottery revenue to the gaming and excise tax allocation fund for litigation expenses in the 2023-25 biennium	(2,760,000)
SB 2004	State Auditor - Provides a deficiency appropriation for an audit fee refund to a political subdivision	(11,000)
SB 2008	Public Service Commission - Provides a deficiency appropriation for a transfer to the Public Service Commission program fund	(60,000)
SB 2012	Department of Health and Human Services - Provides an exemption allowing unspent funding for a substance use disorder treatment voucher system to continue into the 2023-25 biennium and to be repurposed for expenses of additional human service centers that become certified community behavioral health clinics	(4,150,000)
SB 2013	Department of Public Instruction - Provides an exemption allowing state school aid to continue into the 2023-25 biennium and to be repurposed for program and passthrough grants as follows: <ul style="list-style-type: none"> • \$5.5 million for adult education matching grants; • \$1.38 million for school food services matching grants; • \$1.2 million for the program grant pool, including leveraging the senior year; • \$1.6 million for the Amira reading tool; • \$2.3 million for a teacher retention program; • \$1.5 million for school board training; • \$40,000 for national writing projects; • \$425,000 for a rural art outreach project; • \$2.5 million for a mentoring program; • \$70,000 for a "We the People" program; and • \$34,000 for cultural heritage grants 	(16,549,000)
SB 2015	Legislative Assembly - Provides a deficiency appropriation for International Legislators' Forum dues	(5,000)

SB 2016	Adjutant General - Provides a deficiency appropriation for a transfer to the Veterans' Cemetery trust fund	(26,656)
SB 2016	Adjutant General - Provides exemptions allowing unspent funding for tuition assistance, recruitment, and retention incentives (\$1,770,000) and a computer-aided dispatch system (\$311,647) to be continued into the 2023-25 biennium	(2,081,647)
SB 2019	Parks and Recreation Department - Provides an exemption allowing unspent funding for trail lease renewals and construction (\$56,000) and a Fort Abraham Lincoln viewshed lease (\$50,000) to be continued into the 2023-25 biennium	(106,000)
SB 2025	Provides deficiency appropriations as follows: <ul style="list-style-type: none"> • Office of Management and Budget - \$277,771 for judgment expenses; • Attorney General - \$1,075,000 for prosecution witness fees (\$75,000) and the statewide litigation funding pool (\$1,000,000); • Dakota College at Bottineau - \$99,768 for education program reimbursement; • Department of Health and Human Services - \$25 million for Medicaid expenses to match \$285 million of federal funds; and • Agriculture Commissioner - \$1.7 million for a loan repayment related to an emergency feed transportation program 	(28,152,539)
SB 2183	Adjutant General - Provides a deficiency appropriation for emergency snow removal grants	(20,000,000)
SB 2284	Department of Public Instruction - Provides an exemption to the allowing state school aid to continue into the 2023-25 biennium and to be repurposed for professional learning related to the science of reading and implementing systematic direct literacy instruction (\$1 million), training in identification of dyslexia characteristics (\$279,000), and training in a reading learning platform (\$558,000)	(1,837,000)
Total		(\$83,947,055)

GENERAL FUND TAX AND FEE REVENUES

Based on final legislative action, **2023-25 biennium estimated general fund tax and fee revenues total \$4,466.1 million**, which reflects a decrease of \$430.3 million compared to the January 2023 base revenue forecast and a decrease of \$487.8 million compared to the March 2023 revised revenue forecast. The January 2023 base revenue forecast reflects 2023-25 biennium estimated tax and fee revenues of \$4,896.4 million. The March 2023 revised revenue forecast increased the 2023-25 biennium estimated tax and fee revenues by \$57.5 million, from \$4,896.4 million to \$4,953.9 million.

Based on the March 2023 revised revenue forecast and final legislative action, 2021-23 biennium estimated general fund tax and fee revenues total \$4,557.7 million. Compared to the 2021-23 biennium revised estimated general fund tax and fee revenues, 2023-25 biennium estimated general fund tax and fee revenues of \$4,466.1 million reflect a decrease of \$91.6 million, or 2 percent.

Major areas of 2023-25 biennium **tax and fee revenue change** compared to the 2021-23 biennium revised revenue forecast include:

- Sales and use tax collections are estimated to **increase** by \$127.2 million, or 6.1 percent.
- Motor vehicle excise taxes are estimated to **decrease** by \$129.6 million, or 43.1 percent. (See the **motor vehicle excise tax collections** section below.)
- Individual income tax collections are estimated to **decrease** by \$54.7 million, or 5.9 percent. (See the **individual income tax collections** section below.)
- Corporate income taxes are estimated to **decrease** by \$54.6 million, or 12.4 percent.
- Oil and gas tax collections are estimated to **increase** by \$60 million, or 15 percent. (See the **oil and gas tax collections** section below.)

The 2023 Legislative Assembly approved the following bills, which are estimated to have a major impact on tax and fee revenues:

Motor vehicle excise tax collections

- House Bill No. 1012 allocates 50 percent of the motor vehicle excise tax collections to a newly created flexible transportation fund rather than the general fund resulting in **an estimated decrease of \$171.4 million**.

Individual income tax collections

- House Bill No. 1158 provides income tax relief by exempting income in the first bracket from taxation, consolidating the five income tax brackets into three brackets, and decreasing the income tax rates. As a result, individual income tax collections are **estimated to decrease by \$358.3 million**.
- House Bill No. 1168 provides up to \$3 million of total individual and corporate income tax credits per year for a 21st century manufacturing and animal agricultural workforce incentive resulting in an **estimated decrease of \$2.4 million**.
- Senate Bill No. 2293 expands an individual income tax deduction for military pay to exclude state active duty military pay from taxation. The deduction may **decrease collections by \$4 million**.

Corporate income tax collections

- House Bill No. 1168 provides up to \$3 million of total individual and corporate income tax credits per year for a 21st century manufacturing and animal agricultural workforce incentive resulting in an **estimated decrease of \$3.6 million**.

Oil and gas tax collections

- Senate Bill No. 2367 increases the allocation of oil and gas tax revenues to the general fund resulting in an **increase of \$60 million** to the general fund.

Other bills approved by the 2023 Legislative Assembly with an estimated fiscal impact on general fund tax and fee revenues include the following:

Bill No.	Description	Estimated Impact
HB 1071	Departmental collections - Requires local emergency management organizations participating in the state regional emergency management program to reimburse the state for a portion of each regional coordinator's salaries and benefits	\$193,176
HB 1176	Income tax - Creates an income tax credit for adoption expenses and for contributions to a maternity home, child placing agency, or pregnancy help center	Cannot be determined
HB 1177	Sales and use tax - Provides a sales tax exemption for children's diapers	(\$1,597,750)
HB 1210	Sales and use tax - Expands the sales and use tax exemption for sales to a senior citizen organization	Cannot be determined
HB 1212	Motor vehicle excise tax - Expands the motor vehicle excise tax exemptions to include veterans' surviving spouses	Cannot be determined
HB 1244	Individual income tax - Adjusts the income tax credit for employment of individuals with developmental disabilities	Cannot be determined
HB 1289	Departmental collections - Allows a court to waive unpaid fees if an individual completes an adult drug court program reducing fee revenue collections	(\$200,000)
HB 1359	Sales and use tax and motor vehicle excise tax - Extends the expiration date for the county aid distribution fund decreasing the tax revenue collections deposited in the general fund	(\$1,393,000)
HB 1383	Income taxes - Creates an income tax credit for an employer for qualified compensation paid to an apprentice	Cannot be determined
HB 1430	Sales and use tax - Creates a sales and use tax exemption for materials used for a renewable feedstock refinery	Cannot be determined
HB 1455	Sales and use tax - Creates a sales and use tax exemption for materials used for raw materials, single-use product contact systems, and reagents used for biologic manufacturing	Cannot be determined
HB 1501	Departmental collections - Removes the requirement for the North Dakota Soybean Council to be audited resulting in a decrease in audit fee collections	(\$33,600)
HB 1511	Sales and use tax - Creates a sales and use tax exemption for materials used to construct or expand a coal processing facility that uses coal as a feedstock	Cannot be determined
SB 2010	Departmental collections - Provides funding for new FTE fire marshal positions and distributions to the North Dakota Firefighter's Association from the insurance regulatory trust fund decreasing general fund deposits	(\$1,851,371)
SB 2012	Gaming tax - Allows the Department of Health and Human Services to use funding from the charitable gaming operating fund decreasing general fund deposits	(\$500,000)
SB 2141	Motor vehicle excise tax - Allows auction fees to be excluded from the calculation of the motor vehicle excise tax	Cannot be determined
SB 2147	Individual income tax - Creates an income tax deduction for retirement pay of law enforcement personnel	Cannot be determined
SB 2162	Departmental collections - Removes county mill requirements for the oil and gas gross production tax allowing a county to receive funding that would have been withheld from the county and allocated to the state	(\$1,293,590)

SB 2180	Departmental collections - Decreases audit fee collections by allowing state agencies to be audited within a 4-year period rather than a 2-year period	(\$26,061)
SB 2259	Departmental collections - Limits the amount the State Auditor may charge for agriculture commodity audit services decreasing departmental collections	(\$77,400)
SB 2281	Gaming tax - Increases gaming licensing fees and allocates a portion of gaming tax revenues to a newly created charitable gaming technology fund rather than the general fund	(\$337,000)
SB 2325	Departmental collections - Allows revenue from the Securities Department to be deposited in a newly created restitution assistance fund rather than the general fund	(\$1,000,000)
SB 2334	Sales and use tax - Continues a sales tax exemption for fertilizer plants	Cannot be determined
SB 2377	Wholesale liquor tax - Clarifies the provisions of the tribal tax agreements, resulting in an increase in alcoholic beverage wholesale tax collections	Cannot be determined
SB 2391	Individual income tax - Extends the time period to claim an income tax exemption for the purchase or rehabilitation of residential property in a renaissance zone	Cannot be determined

TRANSFERS AND OTHER SOURCES OF REVENUE TO THE GENERAL FUND

Based on final legislative action, **2023-25 biennium transfers and other sources of revenue to the general fund total \$503.5 million**, which reflects an increase of \$305.9 million compared to the January 2023 base revenue forecast and the March 2023 revised revenue forecast. Both the January 2023 base revenue forecast and the March 2023 revised revenue forecast reflect 2023-25 biennium estimated transfers and other sources of revenues to the general fund totaling \$197.5 million.

Major legislative action affecting the 2023-25 biennium transfers and other sources of revenue to the general fund includes:

- **House Bill No. 1014** transfers \$140 million from Bank of North Dakota profits to the general fund.
- **House Bill No. 1379** provides an allocation from the legacy earnings fund to the general fund for tax relief (\$225 million) and allocates 50 percent of any remaining earnings to the general fund (\$29.4 million).

NOTE: Senate Bill No. 2330 changes the definition of legacy fund earnings to reflect a percent of market value calculation based on 7 percent of the 5-year average value of the legacy fund. Senate Bill No. 2015 increased the percent of market value calculation increasing the definition from 7 to 8 percent; however, the Governor vetoed the increase.

- **Senate Bill No. 2015** transfers \$50 million from the strategic investment and improvements fund to the general fund.
- **Senate Bill No. 2196** transfers \$1.9 million from the resources trust fund to the general fund related to accrued and unpaid interest on a water loan.

COMPARISON OF ONGOING AND ONE-TIME GENERAL FUND REVENUES 2023-25 Biennium

Based on final legislative action, 2023-25 biennium estimated general fund revenues total \$6,167.7 million, including ongoing general fund revenue of \$4,888.2 million and one-time general fund revenue of \$1,279.5 million.

Ongoing general fund revenues for the 2023-25 biennium include general fund tax and fee revenues (\$4,466.1 million) and transfers from Bank of North Dakota profits (\$140 million), 50 percent of the Mill and Elevator Association's profits (\$14.7 million), the lottery (\$12.2 million), the gas tax administration (\$1.8 million), budget stabilization fund interest (\$28.4 million), and legacy earnings fund designated for tax relief initiatives (\$225 million).

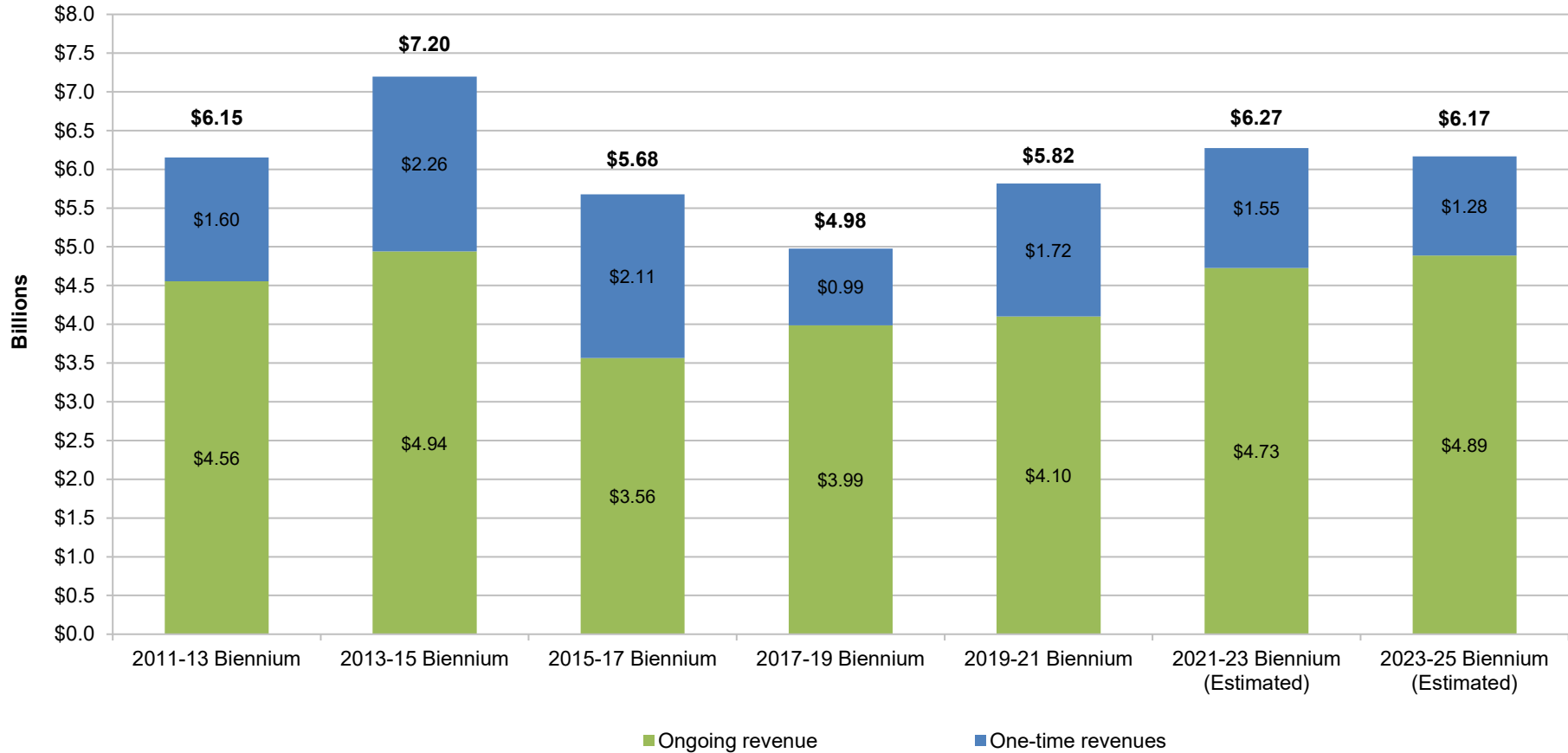
One-time general fund revenues for the 2021-23 biennium include the beginning balance (\$1,198.2 million) and transfers from any remaining amounts in the legacy earnings fund (\$29.4 million), strategic investment and improvements fund (\$50 million), and resources trust fund (\$1.9 million).

2021-23 Biennium

Based on final legislative action, 2021-23 biennium estimated general fund revenues total \$6,272.9 million, including ongoing general fund revenue of \$4,726.7 million and one-time general fund revenue of \$1,546.2 million.

Ongoing general fund revenues for the 2021-23 biennium include general fund tax and fee revenues (\$4,557.7 million) and transfers from Bank of North Dakota profits (\$140 million), 50 percent of the Mill and Elevator Association's profits (\$14.7 million), the lottery (\$12.4 million), and the gas tax administration (\$1.9 million).

One-time general fund revenues for the 2021-23 biennium include the beginning balance (\$1,122.3 million) and transfers from the strategic investment and improvements fund (\$410 million) and other sources (\$13.9 million).



	Actual					Estimated	
	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium
Ongoing revenue	\$4,555,601,444	\$4,939,793,354	\$3,564,466,088	\$3,987,788,798	\$4,101,276,201	\$4,726,686,007	\$4,888,217,924
One-time revenues	1,597,085,827	2,258,063,339	2,114,268,714	990,659,864	1,715,628,121	1,546,237,611	1,279,506,093
Total	\$6,152,687,271	\$7,197,856,693	\$5,678,734,802	\$4,978,448,662	\$5,816,904,322	\$6,272,923,618	\$6,167,724,017

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

General Fund Revenue Source	Actual		Estimated		2023-25 Biennium Increase (Decrease) Compared to the 2021-23 Biennium	
	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium ¹	2023-25 Biennium ²	Amount	Percentage
Beginning balance	\$65,000,000	\$65,000,000	\$1,122,353,345	\$1,198,158,717	\$75,805,372	6.8%
Tax and fee revenues						
Sales and use tax	\$1,786,479,717	\$1,823,991,775	\$2,080,000,000	\$2,207,194,250	\$127,194,250	6.1%
Motor vehicle excise tax	239,039,038	259,690,121	301,000,000	171,407,500	(129,592,500)	(43.1%)
Individual income tax	778,054,899 ³	817,553,868 ³	926,000,000 ³	871,302,796 ³	(54,697,204)	(5.9%)
Corporate income tax	240,106,623 ⁴	238,409,986 ⁴	440,000,000 ⁴	385,400,000 ⁴	(54,600,000)	(12.4%)
Oil and gas taxes	400,000,000 ⁵	400,000,000 ⁵	400,000,000 ⁵	460,000,000 ⁵	60,000,000	15.0%
Coal conversion tax	44,572,709	42,665,908	0	0	0	N/A
Cigarette and tobacco tax	52,381,863	49,907,878	45,681,635	42,575,517	(3,106,118)	(6.8%)
Wholesale liquor tax	17,768,453	18,727,698	19,891,278	19,919,584	28,306	0.1%
Gaming tax	9,156,498	30,860,614	36,801,316	36,463,000	(338,316)	(0.9%)
Insurance premium tax	115,544,049	102,357,095	130,725,520	139,052,009	8,326,489	6.4%
Departmental collections	81,466,893	89,199,565	76,676,665	71,158,844	(5,517,821)	(7.2%)
Interest income	11,319,365	16,595,489	15,292,750	1,639,872	(13,652,878)	(89.3%)
Mineral leasing fees	42,197,590	41,163,048	85,621,149	60,000,000	(25,621,149)	(29.9%)
Total tax and fee revenues	\$3,818,087,697	\$3,931,123,045	\$4,557,690,313	\$4,466,113,372	(\$91,576,941)	(2.0%)
Transfers and other sources						
Transfer - Bank of North Dakota profits	\$140,000,000 ⁶	\$140,000,000 ⁶	\$140,000,000 ⁶	\$140,000,000 ⁶	\$0	0.0%
Transfer - Mill and Elevator Association profits	17,677,472 ⁷	11,817,493 ⁷	14,721,950 ⁷	14,700,000 ⁷	(21,950)	(0.1%)
Transfer - Lottery	15,900,000	10,400,000	12,400,000	12,200,000	(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 earnings fund	0	0	0	254,474,088 ⁸	254,474,088	N/A
Transfer - Legacy fund	455,263,216 ⁸	871,687,384 ⁸	0 ⁸	0 ⁸	0	N/A
Transfer - Strategic investment and improvements fund	248,000,000 ⁹	764,400,000 ⁹	410,000,000 ⁹	50,000,000 ⁹	(360,000,000)	(87.8%)
Transfer - Tax relief fund	183,000,000	8,600,000	0	0	0	N/A
Transfer - Research North Dakota fund	4,000,000 ¹⁰	422,544 ¹⁰	0	0	0	N/A
Transfer - Insurance tax distribution fund	475,000 ¹¹	0	0	0	0	N/A
Transfer - Resources trust fund	0	0	0	1,873,288 ¹²	1,873,288	N/A
Transfer - Other	1,154,157	5,518,193	13,884,266	0	(13,884,266)	(100.0%)
Other - Political subdivision oil tax distributions	2,875,000 ¹³	0	0	0	0	N/A
Other - Western Area Water Supply Authority loan refinance	25,000,000 ¹⁴	0	0	0	0	N/A
Total transfers and other sources	\$1,095,360,965	\$1,820,781,277	\$592,879,960	\$503,451,928	(\$89,428,032)	(15.1%)
Total general fund revenues	\$4,978,448,662	\$5,816,904,322	\$6,272,923,618	\$6,167,724,017	(\$105,199,601)	(1.7%)

¹ These amounts reflect the revised 2021-23 revenue forecast (March 2023).

² These amounts reflect the legislative forecast for the 2023-25 biennium.

³ The amount shown for the 2019-21 biennium includes an estimated reduction of \$7.3 million for an income tax deduction for the taxable portion of Social Security benefits for eligible individuals. The amount shown for the 2023-25 biennium includes an estimated reduction of \$358.3 million of individual income tax relief by exempting income in the first bracket from taxation, consolidating the five income tax brackets into three brackets, and decreasing the income tax rates; an estimated reduction of \$2.4 million related to a tax credit for a 21st century manufacturing and animal agriculture workforce incentive; and an estimated reduction of \$4 million for an expanded individual income tax deduction for military pay. The 2017-19 and 2021-23 bienniums do not include any major reductions to individual income tax collections.

⁴ The amount shown for the 2017-19 biennium includes an estimated reduction of \$50 million relating to the single sales factor income apportionment method as provided in Senate Bill No. 2292 (2015). The amount shown for the 2023-25 biennium includes an estimated reduction of \$3.6 million related to a tax credit for a 21st century manufacturing and animal agriculture workforce incentive. The 2019-21 and 2021-23 bienniums do not include any major reductions to corporate income tax collections.

⁵ The 2011 Legislative Assembly created North Dakota Century Code Section 57-51.1-07.5 to designate the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. For the 2011-13 biennium through the 2015-17 biennium, the designations included allocations totaling \$300 million to the general fund, and for the 2017-19 biennium through the 2021-23 biennium, the designations included allocations totaling \$400 million to the general fund. The 2023 Legislative Assembly amended the section to provide \$460 million of allocations to the general fund for the 2023-25 biennium and subsequent bienniums.

The amounts shown for the oil and gas tax collections for the 2021-23 and 2023-25 bienniums reflect the 2023 legislative revenue forecast. The state's share of oil and gas tax collections are estimated to total \$1,812.3 million for the 2021-23 biennium, including \$400 million of allocations to the general fund. The state's share of oil and gas tax collections are estimated to be \$1,501.5 million for the 2023-25 biennium, including \$460 million of allocations to the general fund. The "2023-25 Biennium Oil and Gas Tax Revenue Allocation Flowchart" section of this report provides more detailed information on the allocation of oil and gas tax revenue.

⁶ The Legislative Assembly provided for transfers of \$140 million for the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums in Senate Bill No. 2014 (2017), House Bill No. 1014 (2019), Senate Bill No. 2014 (2021), and House Bill No. 1014 (2023), respectively.

⁷ 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. Senate Bill No. 2014 (2017) increased the transfer from 50 to 75 percent, but only for the 2017-19 biennium. The amounts shown for the other bienniums reflect a transfer of 50 percent of the profits.

⁸ 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. Section 21-10-12 provided that the investment earnings are the realized earnings of the fund, but Senate Bill No. 2330 (2023) amended the section to define earnings as a percent of market value based on 7 percent of the 5-year average value of the legacy fund. Senate Bill No. 2015 (2023) further amended the section to increase the percent from 7 to 8 percent; however, the Governor vetoed the increase.

House Bill No. 1015 (2017) identified \$200 million of estimated earnings for budget status reporting purposes for the 2017-19 biennium, but the 2019 Legislative Assembly revised the estimate to \$300 million. The amount shown for the 2017-19 biennium reflects the actual transfer to the general fund. The 2019 Legislative Assembly recognized legacy fund earnings of \$100 million for budgeting purposes to be deposited in the general fund at the end of the 2019-21 biennium, but the 2021 Legislative Assembly revised the estimate to \$736 million in House Bill No. 1015 (2021). The amount shown for the 2019-21 biennium reflects the actual transfer to the general fund. In House Bill No. 1380 (2021), the Legislative Assembly provided for the legacy fund earnings to be immediately transferred from the general fund to a legacy earnings fund, and as a result, no legacy fund earnings are reflected for the 2021-23 and 2023-25 bienniums. House Bill No. 1379 (2023) provides for a \$225 million transfer from the legacy earnings fund to the general fund for tax relief and transfers 50 percent of any remaining earnings (\$29,474,088) to the general fund.

⁹ Transfers from the strategic investment and improvements fund to the general fund include \$248 million in House Bill No. 1015 (2017) for the 2017-19 biennium, \$764.4 million in Senate Bill No. 2015 (2019) for the 2019-21 biennium, and \$410 million in House Bill No. 1015 (2021) for the 2021-23 biennium, and \$50 million in Senate Bill No. 2015 (2023) for the 2023-25 biennium.

¹⁰ Senate Bill No. 2018 (2017) transfers \$4 million from the Research North Dakota fund to the general fund for the 2017-19 biennium. Senate Bill No. 2224 (2019) transfers the remaining balance in the Research North Dakota fund to the general fund at the end of the 2019-21 biennium, which was estimated to total \$581,000. The amount shown for the 2019-21 biennium reflects the actual amount transferred.

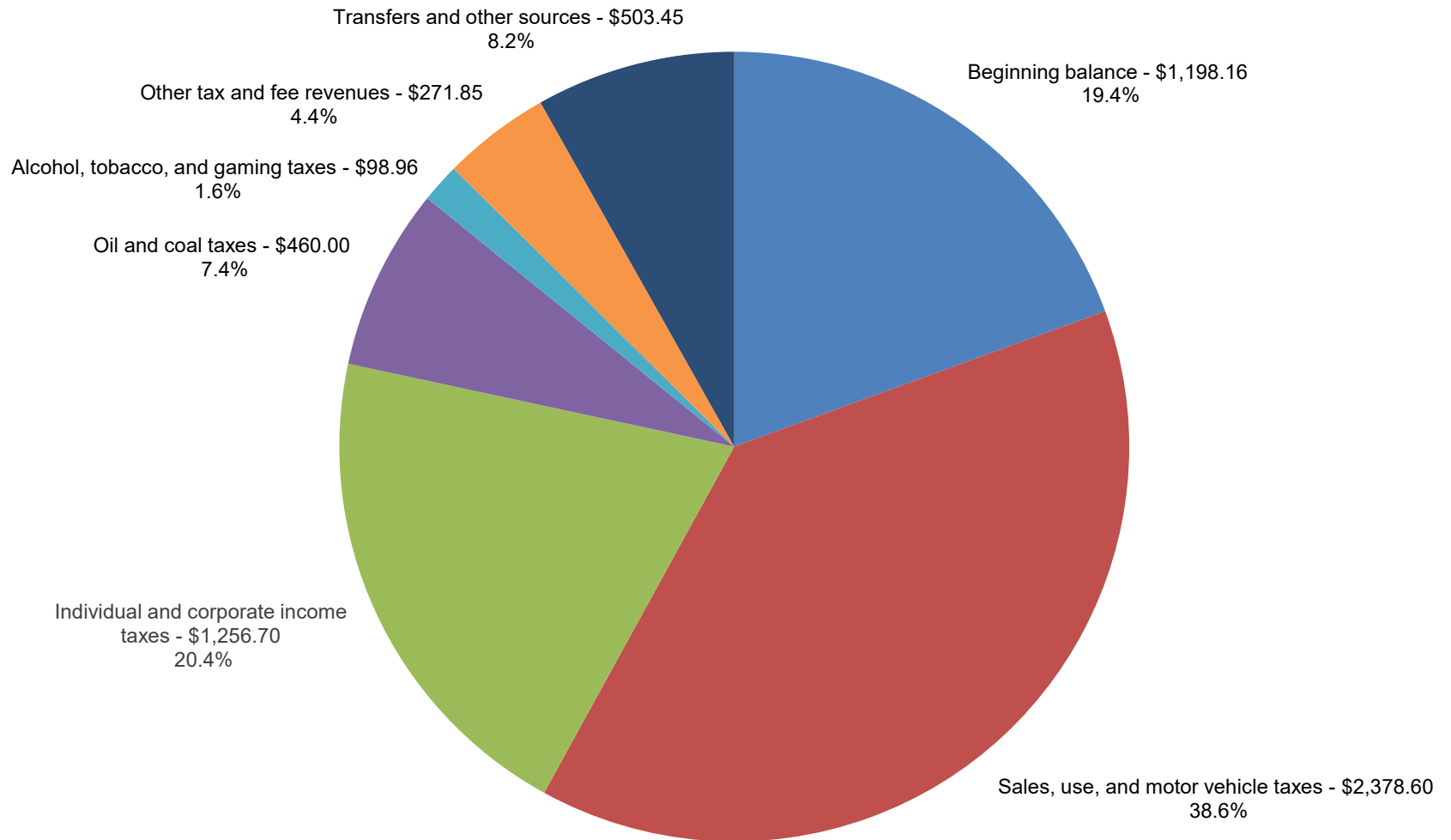
¹¹ House Bill No. 1010 (2017) provides for an estimated transfer of \$475,000 from the insurance tax distribution fund to the general fund for the 2017-19 biennium.

¹² Senate Bill No. 2196 (2023) provides for an estimated transfer of \$1,873,288 from the resources trust fund to the general fund for the 2023-25 biennium related to accrued and unpaid interest on a water loan.

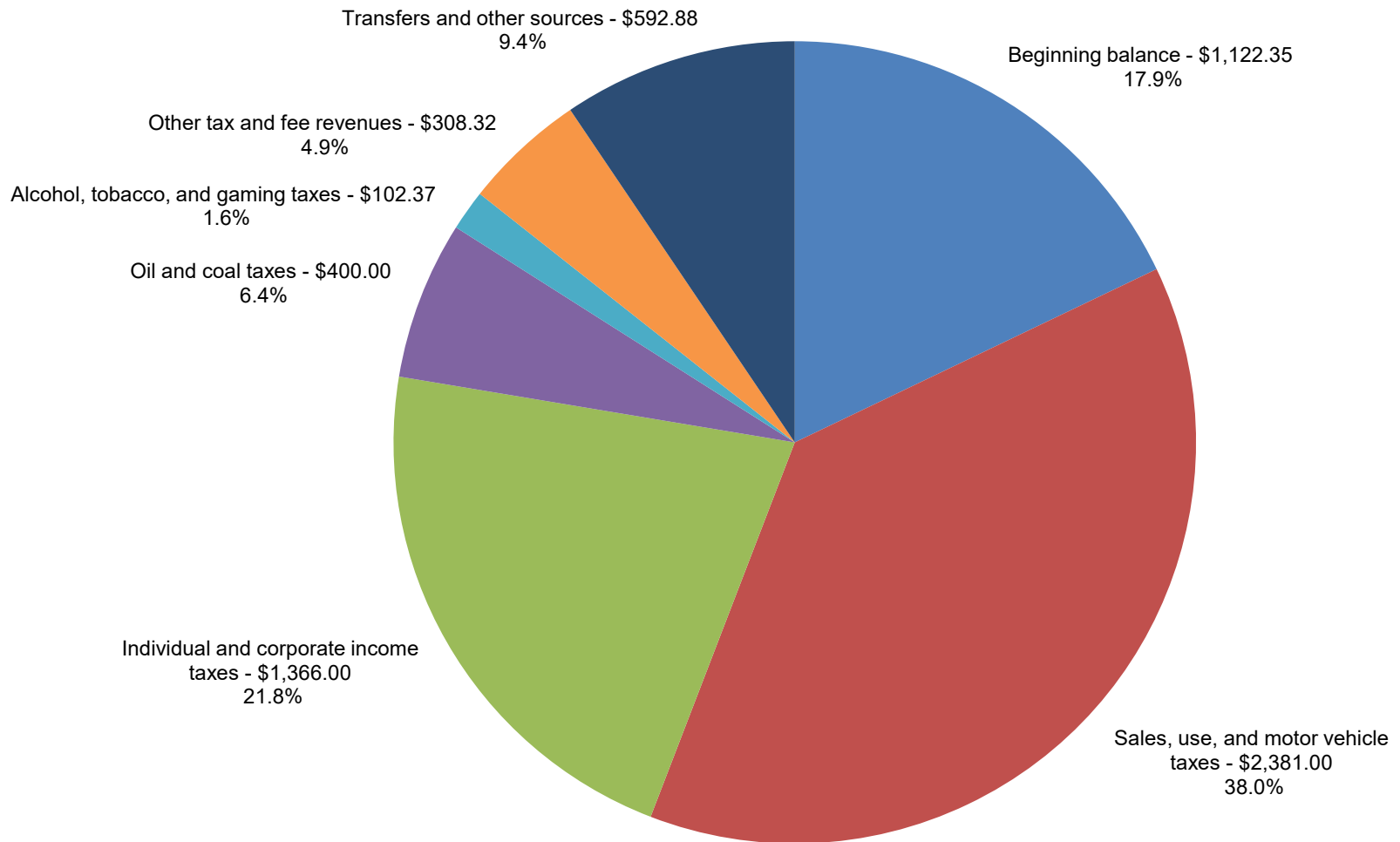
¹³ Senate Bill No. 2003 (2017) requires the State Treasurer to withhold a portion of the oil and gas tax allocations to Dickinson and Stark County and to deposit the withholdings in the general fund.

¹⁴ House Bill No. 1020 (2017) authorizes the refinancing of Western Area Water Supply Authority debt to repay a loan from the general fund.

2023-25 BIENNIUM GENERAL FUND REVENUES
Total 2023-25 Estimated General Fund Revenues - \$6,167,724,017
(Amounts Shown in Millions)



2021-23 BIENNIUM GENERAL FUND REVENUES
Total 2021-23 Estimated General Fund Revenues - \$6,272,923,618
(Amounts Shown in Millions)



SUPPLEMENTAL AND DEFICIENCY APPROPRIATIONS FOR THE 2021-23 BIENNIUM

Bill No.	Description	General Fund	Other Funds	Total
HB 1014	Industrial Commission - 3 FTE carbon capture positions (\$62,460) and a transfer to the fossil restoration fund (\$15,000)	\$77,460		\$77,460
SB 2004	State Auditor - An audit fee refund to a political subdivision	11,000		11,000
SB 2008	Public Service Commission - Transfer to the Public Service Commission program fund	60,000		60,000
SB 2012	Department of Health and Human Services - Repayment, including interest, from the department's operating fund for money not withheld by the state from an obligor's unemployment benefits related to child support		\$4,500	4,500
SB 2015	Deficiency appropriations for state agencies as follows: Governor's office - Salaries and wages funding related to the Free Through Recovery Program		6,500	6,500
	Legislative Assembly - International Legislators' Forum dues	5,000		5,000
	Adjutant General - Additional funding for emergency snow removal grants		5,000,000	5,000,000
SB 2016	Adjutant General - Transfer to the veterans' cemetery trust fund	26,656		26,656
SB 2020	Department of Water Resources - Revenue deposited in the resources trust fund exceeding the March 2023 legislative revenue forecast for water supply grants and rural water supply grants		Unknown	Unknown
SB 2025	Deficiency appropriations for state agencies as follows: Office of Management and Budget - Court-ordered judgements	277,771		277,771
	Attorney General - Prosecution witness fees (\$75,000) and the statewide litigation funding pool (\$1,000,000)	1,075,000		1,075,000
	Dakota College at Bottineau - An education program reimbursement	99,768		99,768
	Department of Health and Human Services - Medicaid expenses, including \$285 million of federal funds	25,000,000	285,000,000	310,000,000
	Adjutant General - Loan repayments for disaster costs (\$4,695,890) and loan interest repayments for law enforcement costs (\$1,026,833) from the state disaster relief fund		5,722,723	5,722,723
	Agriculture Commissioner - Loan repayment related to an emergency feed transportation program	1,700,000		1,700,000
SB 2183	Adjutant General - Emergency snow removal grants	20,000,000		20,000,000
Total supplemental and deficiency appropriations for the 2021-23 biennium		\$48,332,655	\$295,733,723	\$344,066,378

OTHER FUNDS MAJOR TAX AND FEE CHANGES

SUMMARY

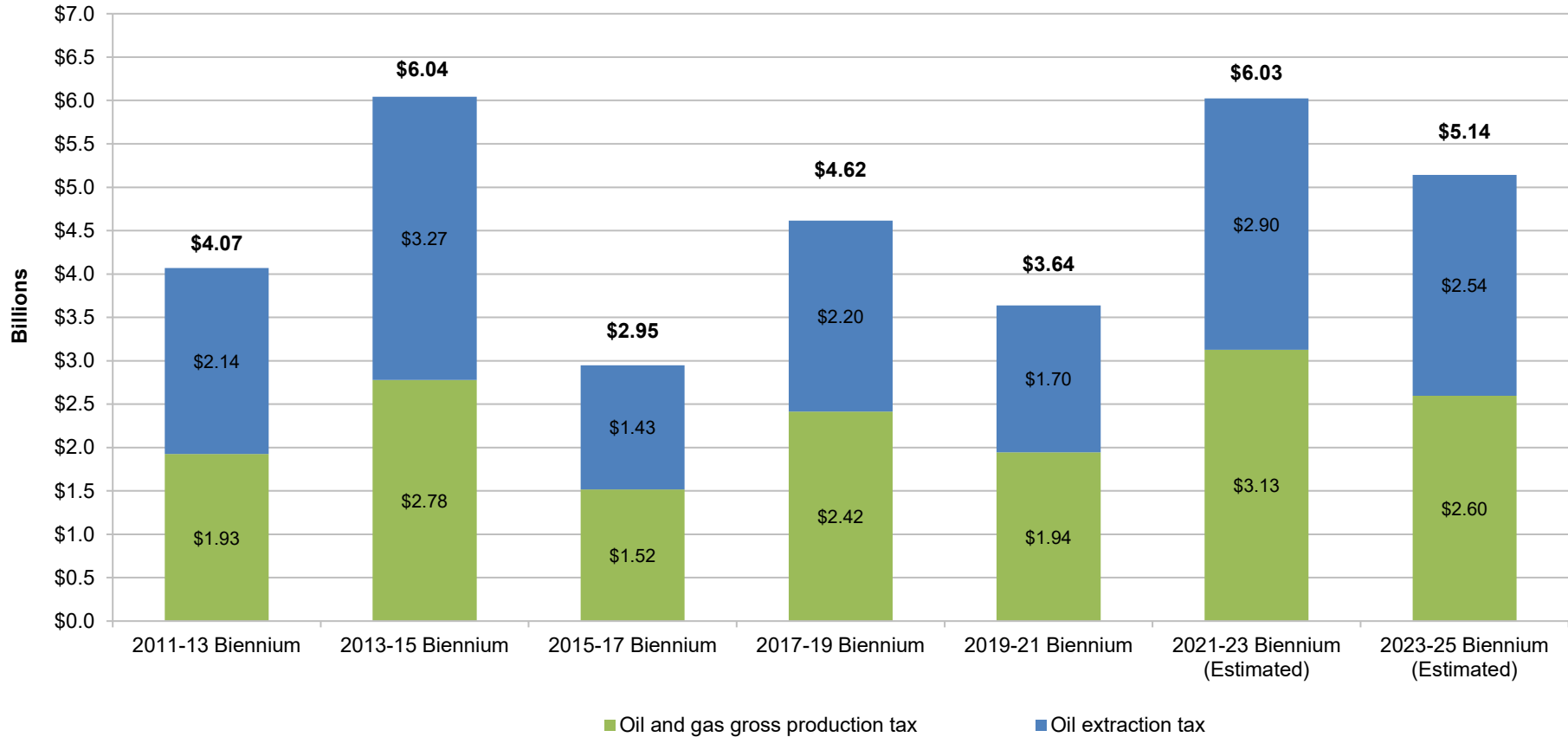
The schedule below summarizes bills approved by the 2023 Legislative Assembly with major tax or fee changes affecting other funds for the 2023-25 biennium.

Bill No.	Description	Estimated Impact - Other Funds
HB 1068	Department of Financial Institutions - Authorizes the department to charge license fees for residential mortgage service providers	\$422,000
HB 1134	Game and Fish Department - Allows current nonresident National Guard members to apply for resident hunting licenses, resulting in an increase in license fee revenue	Cannot be determined
HB 1389	Veterans' Home - Expands eligibility for admission to the Veterans' Home resulting in increased revenue from additional resident fee collections	\$199,975
SB 2030	Department of Health and Human Services - Requires the department to participate in innovative rebate and other pharmaceutical programs which may result in additional revenue for the department	Cannot be determined
SB 2063	Department of Transportation - Authorizes the department to charge private entities for the use of electric vehicle charging infrastructure to match federal grants for electric vehicle charging infrastructure	\$3,245,000
SB 2113	Department of Transportation - Allows the department to collect private funds for deposit in a newly created flexible transportation fund to support road and bridge projects	Cannot be determined
SB 2281	Attorney General - Increases the charitable gaming license fees and deposits the additional revenue into a newly created charitable gaming technology fund	\$98,300

OIL AND GAS TAX REVENUE SUMMARY

TOTAL OIL AND GAS TAX REVENUE COLLECTIONS

Based on the 2023 legislative revenue forecast, total 2023-25 biennium oil and gas tax revenues, including the oil and gas gross production tax and the oil extraction tax, are estimated to be \$5,140.8 million, which is \$884.6 million, or 14.7 percent, less than total 2021-23 biennium estimated revenues of \$6,025.4 million.

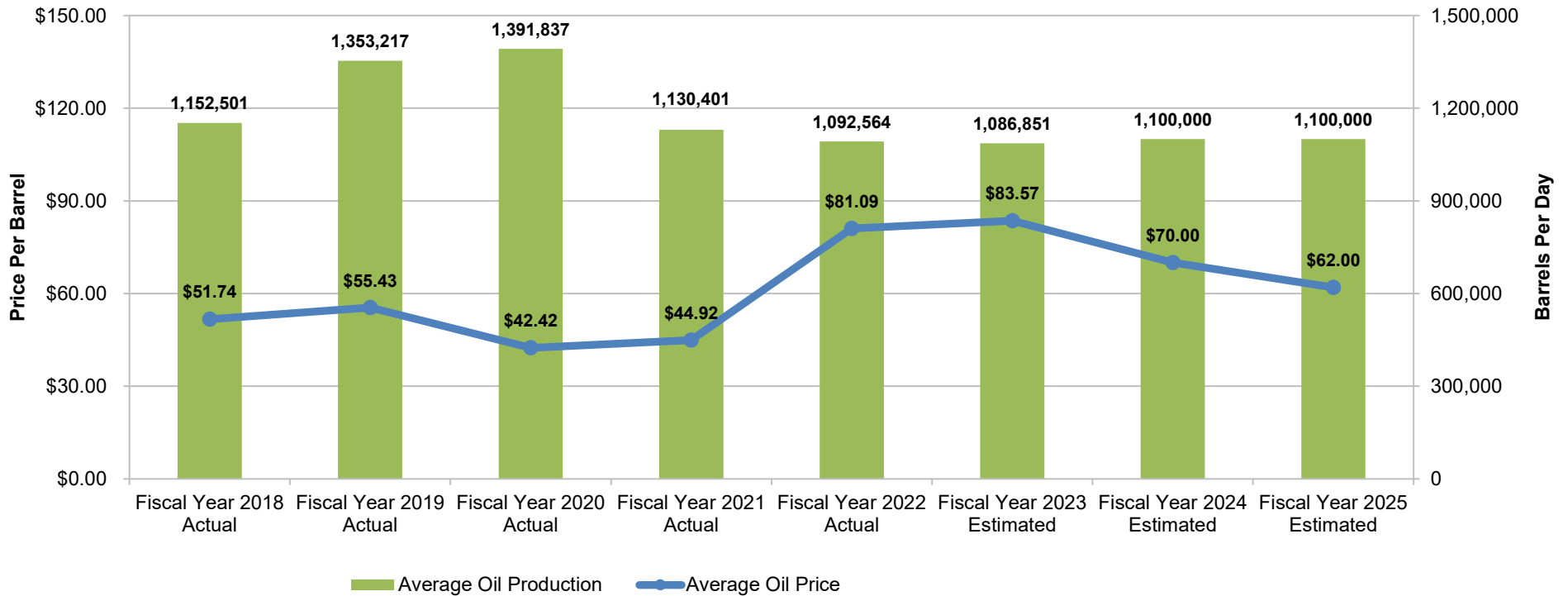


	Actual					Estimated	
	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium
Oil and gas gross production tax	\$1,926,078,873	\$2,778,556,383	\$1,517,963,563	\$2,415,030,017	\$1,943,976,304	\$3,128,130,000	\$2,596,910,000
Oil extraction tax	2,142,515,128	3,265,069,245	1,429,726,986	2,200,713,527	1,695,208,601	2,897,320,000	2,543,900,000
Total	\$4,068,594,001	\$6,043,625,628	\$2,947,690,549	\$4,615,743,544	\$3,639,184,905	\$6,025,450,000	\$5,140,810,000

NOTE: In House Bill No. 1476 (2015), the Legislative Assembly repealed the provisions of the "large trigger" effective with December 2015 oil production and changed the oil extraction tax rate from 6.5 to 5 percent effective with January 2016 oil production. The oil and gas gross production tax rate was not changed and remains at 5 percent.

OIL PRODUCTION AND OIL PRICE Oil Production and Oil Price Trends

Based on the 2023 legislative revenue forecast, oil and gas tax revenue collections for the remainder of the 2021-23 biennium reflect average daily oil production remaining at 1.1 million barrels per day and North Dakota oil prices remaining at \$75 per barrel. Oil and gas tax revenue collections for the 2023-25 biennium reflect average daily oil production remaining at 1.1 million barrels per day for the biennium and reflect oil prices decreasing from \$70 per barrel in the 1st year to \$62 per barrel in the 2nd year of the biennium.



	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	1,086,851	1,100,000	1,100,000
Average daily oil price (per barrel)	\$51.74 ¹	\$55.43 ¹	\$42.42 ¹	\$44.92	\$81.09 ¹	\$83.57	\$70.00	\$62.00

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 oil prices in the 2023 legislative revenue forecast for 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 \$467.4 million.
- For example, if oil production was 1.2 million barrels per day for the entire 2023-25 biennium, rather than 1.1 million as forecasted, the total 2023-25 biennium oil and gas tax revenue collections would increase by \$467.4 million, from \$5,140.8 million to \$5,608.2 million.

Based on the oil production levels in the 2023 legislative revenue forecast 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 \$77.9 million.
- For example, if oil prices were \$71 per barrel in the 1st year and \$63 per barrel in the 2nd year of the 2023-25 biennium, rather than \$70 per barrel in the 1st year and \$62 per barrel in the 2nd year as forecasted, the total 2023-25 biennium oil and gas tax revenue collections would increase by \$77.9 million, from \$5,140.8 million to \$5,218.7 million.

OIL AND GAS TAX CHANGES

Changes to the oil and gas taxes, as approved by the 2023 Legislative Assembly, were included in House Bill Nos. 1286 and 1427.

- **House Bill No. 1286** - Removes the oil extraction tax rate increase that would become effective if the average West Texas Intermediate price of oil exceeded the "trigger" price for three consecutive months. The estimated impact of removing the triggered rate increase cannot be determined.
- **House Bill No. 1427** - Creates an oil extraction tax rate reduction on production from a restimulation well. The estimated impact of the rate reduction on the production from a restimulation well cannot be determined.

OIL AND GAS TAX ALLOCATION CHANGES

Changes to the oil and gas tax allocation formulas, as approved by the 2023 Legislative Assembly, were included in House Bill Nos. 1014 and 1040 and Senate Bill Nos. 2161 and 2367.

- **House Bill No. 1014** - Limits the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year for the 2023-25 biennium and allocates an additional \$7.5 million per biennium to the oil and gas research fund for the 2023-25 biennium.
- **House Bill No. 1040** - Adds a new allocation from the state's share of oil and gas tax revenue ("buckets") to provide an allocation of \$65 million per biennium to the Public Employees Retirement System fund for the main retirement plan.
- **Senate Bill No. 2161** - Increases the allocation limit for the state energy research center fund by \$2.5 million, from \$5 million to \$7.5 million per biennium.
- **Senate Bill No. 2367** - Adjusts the allocations from the state share of oil and gas tax revenue to increase the allocations to the general fund by \$60 million per biennium, from \$400 million to \$460 million, and to increase the allocation to the social services fund, which was previously the tax relief fund, by \$50 million per biennium, from \$200 million to \$250 million.

The flowchart on pages B-21 through B-23 of this report provides more detailed information on the allocation of oil and gas tax revenue.

OIL AND GAS TAX ALLOCATIONS FROM THE 2017-19 BIENNIUM TO THE 2023-25 BIENNIUM

Allocations	Actual		Estimated		2023-25 Biennium Increase (Decrease) Compared to the 2021-23 Biennium	
	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium ¹	2023-25 Biennium ²	Amount	Percentage
Three Affiliated Tribes	\$453,699,550 ³	\$419,460,520 ³	\$760,440,000 ³	\$670,450,000 ³	(\$89,990,000)	(11.8%)
Legacy fund	1,248,613,201 ⁴	965,917,312 ⁴	1,582,530,000 ⁴	1,343,220,000 ⁴	(239,310,000)	(15.1%)
North Dakota outdoor heritage fund	10,799,177 ⁵	15,000,000 ⁵	15,000,000 ⁵	15,000,000 ⁵	0	0.0%
Abandoned well reclamation fund	8,399,588 ⁶	11,504,524 ⁶	15,640,000 ⁶	14,490,000 ⁶	(1,150,000)	(7.4%)
Oil and gas impact grant fund	28,353,446 ⁷	0 ⁷	0 ⁷	0 ⁷	0	N/A
Political subdivisions*	678,731,741 ⁸	542,393,665 ⁸	801,160,000 ⁸	682,390,000 ⁸	(118,770,000)	(14.8%)
Energy impact fund	4,000,000	0 ⁹	0	0	0	N/A
Common schools trust fund	178,752,283 ¹⁰	149,035,303 ¹⁰	251,570,000 ¹⁰	219,440,000 ¹⁰	(32,130,000)	(12.8%)
Foundation aid stabilization fund	178,752,283 ¹⁰	149,035,303 ¹⁰	251,570,000 ¹⁰	219,440,000 ¹⁰	(32,130,000)	(12.8%)
Resources trust fund	357,504,568 ¹¹	305,522,369 ¹¹	515,720,000 ¹¹	449,860,000 ¹¹	(65,860,000)	(12.8%)
Oil and gas research fund	10,000,000 ¹²	16,000,000 ¹²	14,500,000 ¹²	17,500,000 ¹²	3,000,000	20.7%
State energy research center fund	0	5,000,000	5,000,000 ¹³	7,500,000 ¹³	2,500,000	50.0%
General fund	400,000,000	400,000,000	400,000,000	460,000,000 ¹⁴	60,000,000	15.0%
Tax relief fund or social services fund	200,000,000	200,000,000	200,000,000	250,000,000 ¹⁴	50,000,000	25.0%
Budget stabilization fund	75,000,000	48,431,258	9,650,000	0 ¹⁴	(9,650,000)	(100.0%)
Lignite research fund	3,000,000	10,000,000	10,000,000	10,000,000 ¹⁴	0	0.0%
State disaster relief fund	0	0	15,510,000	12,530,000	(2,980,000)	(19.2%)
Strategic investment and improvements fund	780,137,707	372,009,651	927,160,000	453,990,000 ¹⁴	(473,170,000)	(51.0%)
Public Employees Retirement System fund	0	0	0	65,000,000 ¹⁴	65,000,000	N/A
Municipal infrastructure fund	0	29,875,000	115,000,000	115,000,000 ¹⁴	0	0.0%
County and township infrastructure fund	0	0	115,000,000	115,000,000 ¹⁴	0	0.0%
Airport infrastructure fund	0	0	20,000,000	20,000,000 ¹⁴	0	0.0%
Total oil and gas tax allocations	\$4,615,743,544	\$3,639,184,905	\$6,025,450,000	\$5,140,810,000	(\$884,640,000)	(14.7%)

*The amounts shown for the allocations to political subdivisions include the following:

	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium ¹	2023-25 Biennium ²	Amount	Percentage
Hub cities in oil-producing counties	\$94,316,194	\$85,833,356	\$108,020,000	\$98,160,000	(\$9,860,000)	(9.1%)
Hub cities in non-oil-producing counties	437,498	0	0	0	0	N/A
Hub city schools	13,656,250	15,153,739	20,220,000	18,030,000	(2,190,000)	(10.8%)
Counties	362,532,313	284,929,967	439,260,000	368,140,000	(71,120,000)	(16.2%)
Cities	121,608,848	95,470,401	147,810,000	123,500,000	(24,310,000)	(16.4%)
Schools	50,615,676	41,830,063	57,400,000	50,490,000	(6,910,000)	(12.0%)
Townships	35,564,962	19,176,139	28,450,000	24,070,000	(4,380,000)	(15.4%)
Total political subdivisions	\$678,731,741	\$542,393,665	\$801,160,000	\$682,390,000	(\$118,770,000)	(14.8%)

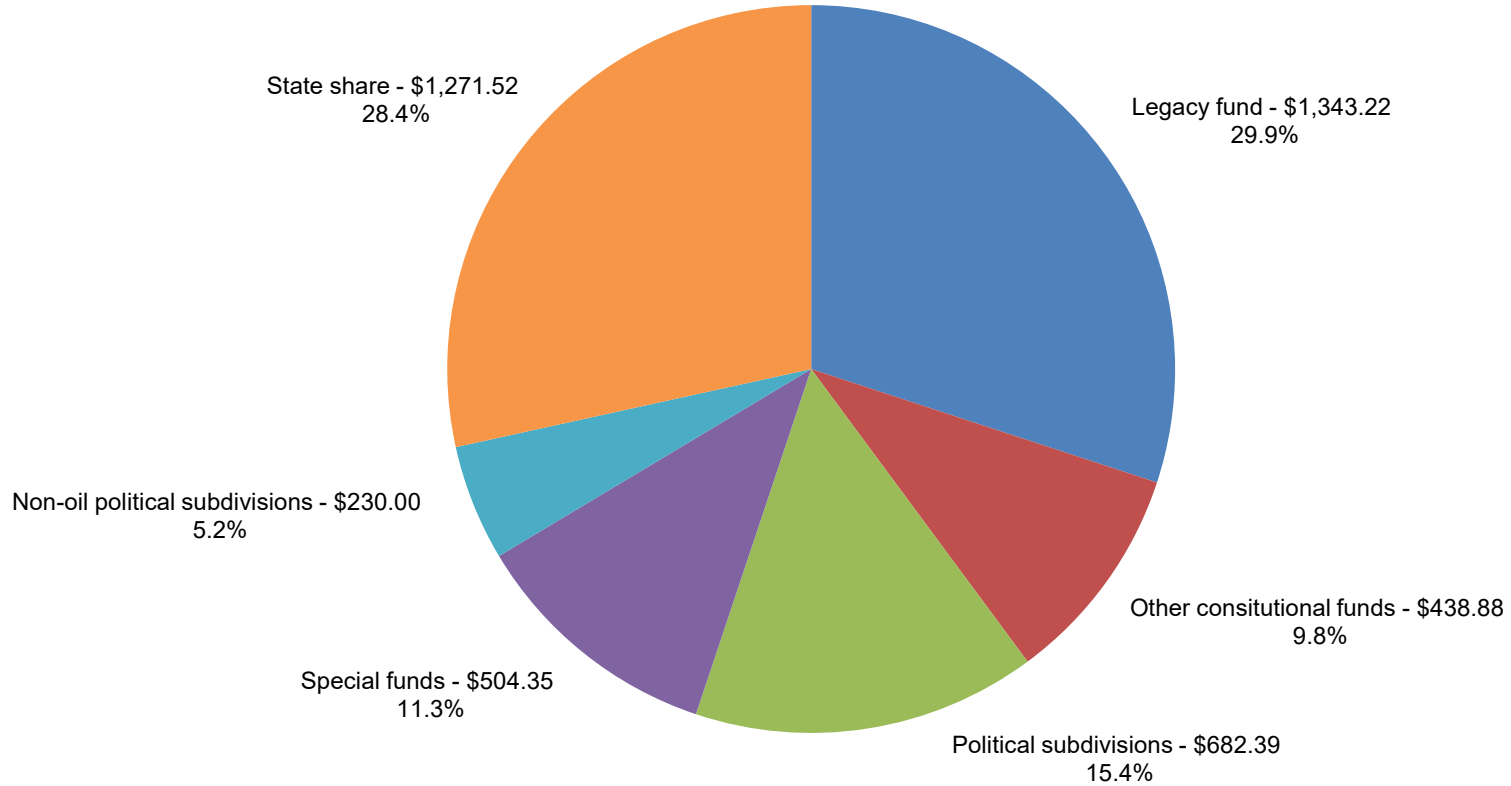
¹ These amounts reflect the revised 2021-23 revenue forecast (March 2023).

² These amounts reflect the legislative forecast for the 2023-25 biennium.

- ³ The Legislative Assembly in House Bill No. 1198 (2013) amended North Dakota Century Code Section 57-51.2-02 to allocate revenue from tribal lands 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation. The bill also eliminated the 5-year oil extraction tax exemption for wells drilled on tribal lands after June 30, 2013. Senate Bill No. 2362 (2019) increased the revenue allocation to the Three Affiliated Tribes providing 80 percent of the trust land revenue and 20 percent of the nontrust land revenue to the tribes with the remaining 20 percent of trust land revenue and 80 percent of nontrust land revenue allocated to the state. Senate Bill No. 2319 (2021) provided an allocation to the Three Affiliated Tribes from wells that cross into a reservation.
- ⁴ The passage of Constitutional Measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. Beginning July 1, 2011, the legacy fund receives an allocation of 30 percent of oil and gas gross production and oil extraction taxes.
- ⁵ The Legislative Assembly in House Bill No. 1278 (2013) amended Section 57-51-15 to provide an allocation of 4 percent of the first 1 percent of oil and gas gross production tax revenue, to a newly created North Dakota outdoor heritage fund with an annual funding limit of \$15 million, or \$30 million per biennium. The Legislative Assembly in House Bill No. 1176 (2015) increased the allocation to 8 percent with an annual funding limit of \$20 million. Senate Bill No. 2013 (2017) limited the allocation to \$10 million per biennium for the 2017-19 biennium. House Bill No. 1014 (2019) limited the allocations to \$7.5 million per fiscal year for the 2019-21 biennium. Senate Bill No. 2014 (2021) limits the allocations to \$7.5 million per fiscal year for the 2021-23 biennium. **House Bill No. 1014 (2023) limits the allocations to \$7.5 million per fiscal year for the 2023-25 biennium.**
- ⁶ House Bill No. 1333 (2013) amended Section 57-51-15 to provide for 4 percent of the first 1 percent of oil and gas gross production tax to be allocated to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding \$5 million per state fiscal year and not in an amount that would bring the balance of the fund to more than \$75 million. In House Bill No. 1032 (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. Senate Bill No. 2013 (2017) limits the allocation to \$4 million per fiscal year only for the 2017-19 biennium. House Bill No. 1014 (2019) decreased the fund balance limit from \$100 million to \$50 million. **Senate Bill No. 2059 (2023) increases the fund balance limit from \$50 million to \$100 million.**
- ⁷ Senate Bill No. 2013 (2017) decreased the allocations to provide up to \$25 million per biennium to the oil and gas impact grant fund for the 2017-19 biennium. House Bill No. 1066 (2019) removed the allocation to the oil and gas impact grant fund.
- ⁸ Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. In House Bill No. 1358 (2013), the Legislative Assembly changed the formula to provide 100 percent of the first \$5 million of revenue and 25 percent of all revenue over \$5 million to the county. In House Bill No. 1176 (2015), the Legislative Assembly increased the county allocation of revenue over \$5 million by 5 percent to provide 30 percent of all revenue over \$5 million to the county. Senate Bill No. 2013 (2017) changed the allocations to hub cities by excluding the first 2 percentage points of mining employment; changed the supplemental school district allocation to provide specific allocations at varying levels; and changed the basis for the distributions to political subdivisions to reflect the most recently completed even-numbered fiscal year. 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 adjusted the allocation percentages for the distributions to townships and hub city school districts.
- ⁹ Senate Bill No. 2013 (2017) created an energy impact fund and, only for the 2017-19 biennium, designated \$2 million per fiscal year of the allocations to counties that received more than \$5 million to the energy impact fund.
- ¹⁰ The Legislative Assembly passed Senate Concurrent Resolution No. 4011 (1993), and the voters approved the constitutional measure in the November 1994 general election. The constitutional measure allocates 10 percent of the oil extraction tax revenues to the common schools trust fund and 10 percent to the foundation aid stabilization fund. 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 and foundation aid stabilization fund.
- ¹¹ Senate Bill No. 2014 (2013) provided an allocation of 5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$3 million, to the renewable energy development fund and an allocation of .5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$1.2 million, to a newly created energy conservation fund. House Bill No. 1020 (2017) decreased the percentage transferred to the renewable energy development fund from 5 to 3 percent and limits the allocations to the energy conservation fund to \$200,000 only for the 2017-19 biennium.
- Section 61-02-78 (Senate Bill No. 2233 (2013)) established an infrastructure revolving loan fund within the resources trust fund, which became effective January 1, 2015. The fund received 10 percent of the oil extraction tax revenue deposited in the resources trust fund, which were available to provide loans for water supply, flood protection, or other water development and water management projects. House Bill No. 1020 (2017) limited the total amount deposited in the infrastructure revolving loan fund to \$26 million. House Bill No. 1431 (2021) repealed the infrastructure revolving loan fund within the resources trust fund and transferred all remaining loans to a water infrastructure revolving loan fund.
- 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 result in an increase in the allocations to the fund.

- ¹² Section 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. The Legislative Assembly in Senate Bill No. 2014 (2013) increased the allocation to \$10 million per biennium. House Bill No. 1014 (2019) increased the allocations to the fund by \$6 million, from \$10 million to \$16 million, for the 2019-21 biennium. Senate Bill No. 2014 (2021) increased the allocations to the fund by \$4.5 million, from \$10 million to \$14.5 million, for the 2021-23 biennium. **House Bill No. 1014 (2023) increases the allocations to the fund by \$7.5 million, from \$10 million to \$17.5 million, for the 2023-25 biennium.**
- ¹³ Senate Bill No. 2249 (2019) created a state energy research center fund and provided an allocation of 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 distribute to the State Energy Center for research projects. **Senate Bill No. 2161 (2023) increases the allocation to provide up to \$7.5 million per biennium through the 2027-29 biennium.**
- ¹⁴ The 2011 Legislative Assembly created a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1. In House Bill No. 1377 (2015), the Legislative Assembly amended the section to change the allocations. House Bill No. 1152 (2017) changed the allocations for the 2017-19 biennium to increase the allocation to the general fund from \$300 million to \$400 million (only for the 2017-19 biennium); to provide an allocation of \$75 million to the budget stabilization fund; to provide an allocation of up to \$3 million to the lignite research fund; and to decrease the allocation to the state disaster relief fund from up to \$22 million to up to \$20 million. House Bill No. 1066 (2019) continued the \$400 million allocation to the general fund; increased the allocation to the lignite research fund by \$7 million, from \$3 million to \$10 million; and allocated up to \$115 million to a newly created municipal infrastructure fund, up to \$115 million to a newly created county and township infrastructure fund, and \$20 million to a newly created airport infrastructure fund. Senate Bill No. 2016 (2019) decreased the allocation to the state disaster relief fund from up to \$20 million to up to \$15 million. House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) increased the allocation limit for the state disaster relief fund by \$5 million, from \$15 million to \$20 million. 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. **House Bill No. 1040 (2023) adds a new allocation of \$65 million to the Public Employees Retirement System fund for the main retirement plan. Senate Bill No. 2367 (2023) adjusts the allocations to increase the allocation to the general fund from \$400 million to \$460 million and to increase the allocation to the social services fund, which was previously the tax relief fund, from \$200 million to \$250 million.**

2023-25 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATIONS
Total 2023-25 Estimated Oil and Gas Tax Revenues Excluding Tribal Allocations - \$4,470,360,000
(Amounts Shown in Millions)



NOTES:

Oil and gas tax revenue collections - 2023-25 biennium oil and gas tax revenue collections total \$5,140,810,000, including \$670,450,000 of allocations to the Three Affiliated Tribes of the Fort Berthold Reservation and \$4,470,360,000 of remaining collections.

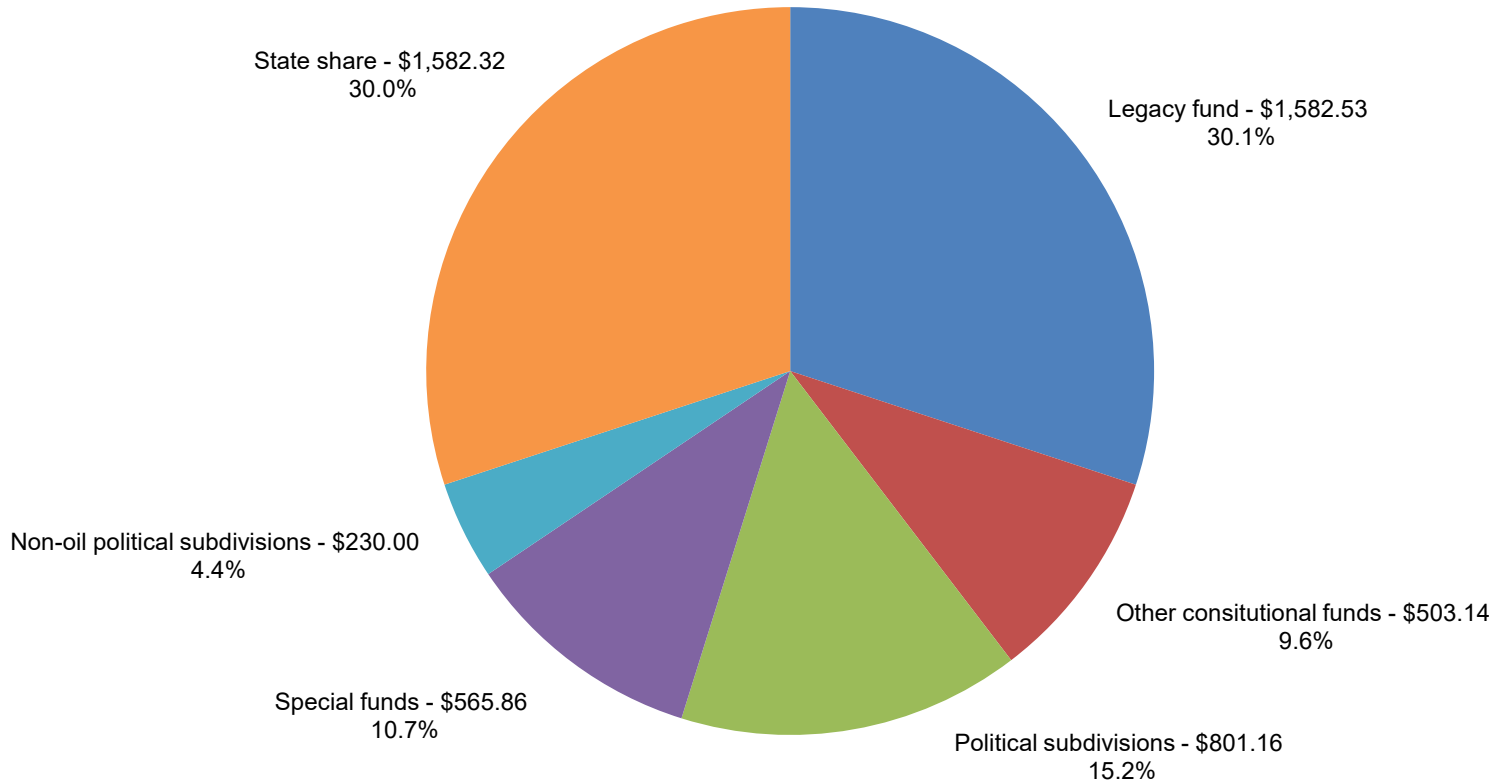
Other constitutional funds - Includes the common schools trust fund and foundation aid stabilization fund.

Special funds - Includes the North Dakota outdoor heritage fund, abandoned oil and gas well plugging and site reclamation fund, resources trust fund, oil and gas research fund, state energy research center fund, and airport infrastructure fund.

Non-oil political subdivisions - Includes the municipal infrastructure fund and county and township infrastructure fund.

State share - Includes the general fund, social services fund, budget stabilization fund, lignite research fund, state disaster relief fund, Public Employees Retirement System fund, and strategic investment and improvements fund.

2021-23 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATIONS
Total 2021-23 Estimated Oil and Gas Tax Revenues Excluding Tribal Allocations - \$5,265,010,000
(Amounts Shown in Millions)



NOTES:

Oil and gas tax revenue collections - 2021-23 biennium oil and gas tax revenue collections total \$6,025,450,000, including \$760,440,000 of allocations to the Three Affiliated Tribes of the Fort Berthold Reservation and \$5,265,010,000 of remaining collections.

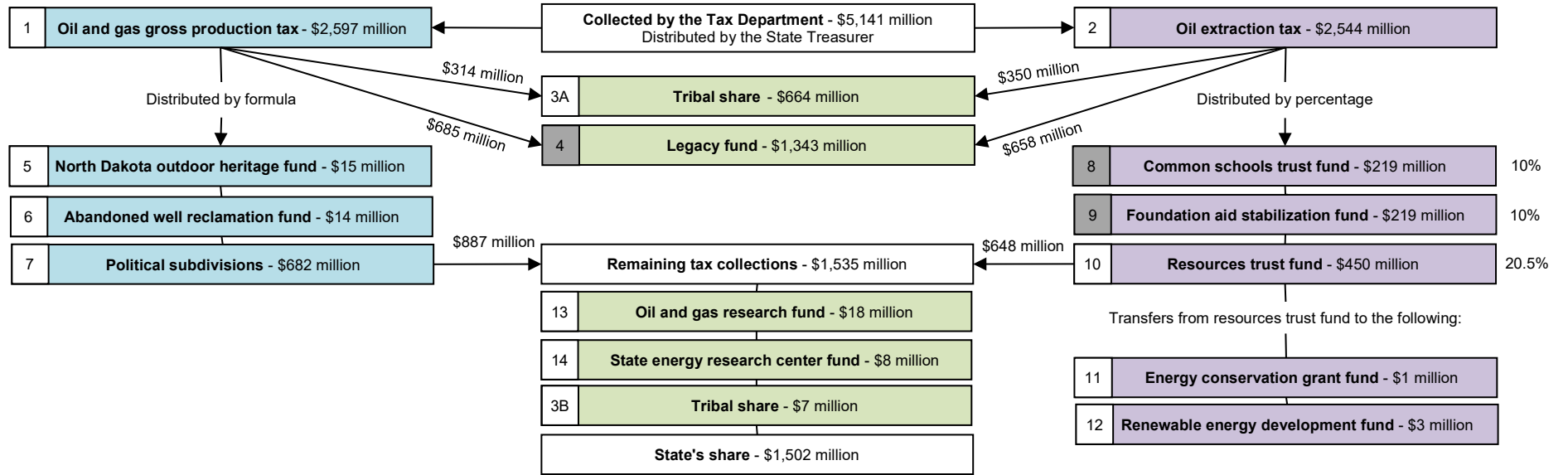
Other constitutional funds - Includes the common schools trust fund and foundation aid stabilization fund.

Special funds - Includes the North Dakota outdoor heritage fund, abandoned oil and gas well plugging and site reclamation fund, resources trust fund, oil and gas research fund, state energy research center fund, and airport infrastructure fund.

Non-oil political subdivisions - Includes the municipal infrastructure fund and county and township infrastructure fund.

State share - Includes the general fund, tax relief fund, budget stabilization fund, lignite research fund, state disaster relief fund, and strategic investment and improvements fund.

2023-25 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART BASED ON THE 2023 LEGISLATIVE REVENUE FORECAST



Summary of Estimated 2023-25 Biennium Allocations		
		Total
3	Tribal share	\$670,450,000
4	Legacy fund	1,343,220,000
5	North Dakota outdoor heritage fund	15,000,000
6	Abandoned well reclamation fund	14,490,000
7	Political subdivisions	682,390,000
8	Common schools trust fund	219,440,000
9	Foundation aid stabilization fund	219,440,000
10	Resources trust fund (net deposits)	445,660,000
11	Energy conservation grant fund	1,200,000
12	Renewable energy development fund	3,000,000
13	Oil and gas research fund	17,500,000
14	State energy research center fund	7,500,000
15	General fund	460,000,000
16	Social services fund	250,000,000
17	Budget stabilization fund	0
18	Lignite research fund	10,000,000
19	State disaster relief fund	12,530,000
20	Strategic investment and improvements fund	453,990,000
21	Public Employees Retirement System fund	65,000,000
22	Municipal infrastructure fund	115,000,000
23	County and township infrastructure fund	115,000,000
24	Airport infrastructure fund	20,000,000
	Total	\$5,140,810,000

15A	General fund - First \$230 million - \$230 million
16	Social services fund - Next \$250 million - \$250 million
17	Budget stabilization fund - Next \$75 million if the fund balance does not exceed the limit - \$0
15B	General fund - Next \$230 million - \$230 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 - \$13 million
20A	Strategic investment and improvements fund - Next \$400 million - \$400 million
21	Public Employees Retirement System fund - Next \$65 million - \$65 million
22	Non-oil-producing political subdivision infrastructure funds 50 percent - Municipal infrastructure fund - \$115 million 50 percent - County and township infrastructure fund - \$115 million
23	
24	Airport infrastructure fund - Next \$20 million - \$20 million
20B	Strategic investment and improvements fund - Any remaining revenues - \$54 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 a 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. Senate Bill No. 2328 (2021) provides an oil extraction tax credit for the use of an onsite flare mitigation system. House Bill No. 1286 (2023) removes the oil extraction tax rate increase that would become effective if the average West Texas Intermediate price of oil exceeded the "trigger" price for 3 consecutive months. House Bill No. 1427 (2023) creates an oil extraction tax rate reduction on production from a restimulation well.
3A, 3B	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. 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. House Bill No. 1014 (2023) limits 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. House Bill No. 1014 (2019) decreased the maximum fund balance by \$50 million, from \$100 million to \$50 million. Senate Bill No. 2059 (2023) increases the fund balance limit from \$50 million to \$100 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 districts for supplemental payments, 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 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 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 result in an increase in the allocations to the fund.
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.
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)) established 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 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. House Bill No. 1014 (2023) increases the allocations by \$7.5 million, from \$10 million to \$17.5 million, for the 2023-25 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 revenues, 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. Senate Bill No. 2161 (2023) increases the allocation to provide up to \$7.5 million per biennium through the 2027-29 biennium.
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. Senate Bill No. 2367 (2023) increases the allocation from \$400 million to \$460 million.
16	Social services 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. Senate Bill No. 2367 (2023) renames the tax relief fund the social services fund and increases the allocation from \$200 million to \$250 million.
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.
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), provided 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) decreased the allocation to provide up to \$15 million of allocations, but not in an amount that would bring the balance of the fund to more than \$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	Public Employees Retirement System fund	House Bill No. 1040 (2023) adds an allocation of \$65 million per biennium to the Public Employees Retirement System fund for the main retirement plan.
22	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.
23	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.
24	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

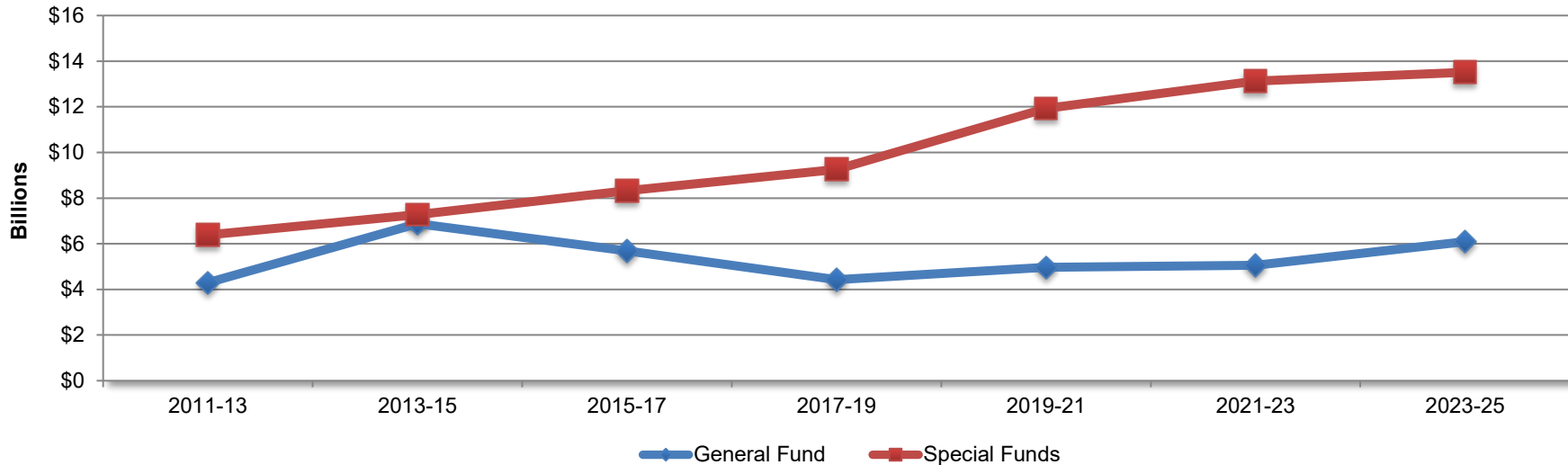
APPROPRIATIONS SUMMARY	C-1
COMPARISON OF 2021-23 AND 2023-25 LEGISLATIVE APPROPRIATIONS	C-2
COMPARISON OF 2021-23 AND 2023-25 BIENNIUM ONGOING GENERAL FUND APPROPRIATIONS	C-5
ONE-TIME FUNDING ITEMS FOR THE 2023-25 BIENNIUM	C-7
PIE GRAPH - 2023-25 BIENNIUM GENERAL FUND APPROPRIATIONS	C-12
BAR CHART - COMPARISON OF 2021-23 AND 2023-25 GENERAL FUND APPROPRIATIONS	C-13
PIE GRAPH - 2023-25 BIENNIUM ALL FUNDS APPROPRIATIONS	C-14
BAR CHART - COMPARISON OF 2021-23 AND 2023-25 ALL FUNDS APPROPRIATIONS	C-15
FEDERAL FUNDING	C-16

APPROPRIATIONS SUMMARY

The Legislative Assembly in 2023 provided general fund appropriations of \$6,096,193,537, \$1,037,403,552, or 20.5 percent, more than the 2021-23 legislative general fund appropriations. Of the \$6,096,193,537 of general fund appropriations, \$5,842,733,814 is considered ongoing general fund appropriations and \$253,459,723 is considered one-time general fund appropriations. Ongoing general fund spending increased by 19.8 percent compared to 2021-23 appropriations. Additional information regarding one-time general fund appropriations is provided in the one-time funding schedule included in this section.

The 2023 Legislative Assembly provided special fund appropriations of \$13,513,408,110, \$381,436,220, or 2.9 percent, more than the 2021-23 legislative special fund appropriations.

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



Biennium	General Fund Appropriations	Special Fund Appropriations	Total Appropriations
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336
2015-17 ¹	\$5,687,291,911	\$8,319,007,773	\$14,006,299,684
2017-19 ²	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704
2019-21 ³	\$4,965,103,166	\$11,931,090,242	\$16,896,193,408
2021-23	\$5,058,789,985	\$13,131,971,890	\$18,190,761,875
2023-25	\$6,096,193,537	\$13,513,408,110	\$19,609,601,647

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

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

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

³The special funds appropriations amount for the 2019-21 biennium reflects \$2.1 billion from federal funds related to the COVID-19 pandemic appropriated as a deficiency appropriation by the 2021 Legislative Assembly.

COMPARISON OF 2021-23 and 2023-25 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 2021-23		Legislative Appropriation 2023-25		Increase (Decrease) From 2021-23 to 2023-25	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government							
101	Governor's office	\$4,587,944	\$4,587,944	\$5,324,075	\$5,324,075	\$736,131	\$736,131
108	Secretary of State	5,521,552	13,827,126	7,042,124	24,874,199	1,520,572	11,047,073
110	Office of Management and Budget	34,026,399	67,549,812	137,320,538	283,324,562	103,294,139	215,774,750
112	Information Technology Department	28,975,953	320,547,058	43,360,845	556,298,224	14,384,892	235,751,166
117	State Auditor	9,119,110	14,945,262	10,033,672	16,377,824	914,562	1,432,562
120	State Treasurer	1,705,918	74,880,893	1,986,869	1,986,869	280,951	(72,894,024)
125	Attorney General	42,646,718	93,693,143	55,406,910	103,003,017	12,760,192	9,309,874
127	Tax Commissioner	64,241,316	64,366,316	228,189,404	228,314,404	163,948,088	163,948,088
140	Office of Administrative Hearings		2,901,529		3,000,409		98,880
150	Legislative Assembly	19,692,464	19,692,464	23,716,396	23,716,396	4,023,932	4,023,932
160	Legislative Council	16,370,410	16,440,410	19,655,209	19,743,209	3,284,799	3,302,799
180	Judicial branch	112,312,790	115,749,853	129,410,704	131,239,132	17,097,914	15,489,279
188	Commission on Legal Counsel for Indigents	19,294,363	21,289,213	20,608,898	22,620,120	1,314,535	1,330,907
190	Retirement and Investment Office		8,209,367		11,979,984		3,770,617
192	Public Employees Retirement System		10,217,396		10,903,218		685,822
195	Ethics Commission	623,984	623,984	1,138,242	1,138,242	514,258	514,258
	Total General Government	\$359,118,921	\$849,521,770	\$683,193,886	\$1,443,843,884	\$324,074,965	\$594,322,114
Education							
Elementary, Secondary, and Other Education							
201	Department of Public Instruction	\$1,658,396,873	\$2,946,430,623	\$1,728,240,444	\$2,855,659,940	\$69,843,571	(\$90,770,683)
204	Center for Distance Education			6,797,980	11,347,980	6,797,980	11,347,980
226	Department of Trust Lands		10,402,999		14,342,415		3,939,416
250	State Library	5,831,721	10,362,864	6,822,098	9,294,141	990,377	(1,068,723)
252	School for the Deaf	7,406,556	10,916,084	8,099,844	11,765,535	693,288	849,451
253	North Dakota Vision Services - School for the Blind	4,761,879	6,238,557	5,059,580	6,720,291	297,701	481,734
270	Department of Career and Technical Education	41,735,063	145,031,108	53,200,708	163,945,556	11,465,645	18,914,448
	Total Elementary, Secondary, and Other Education	\$1,718,132,092	\$3,129,382,235	\$1,808,220,654	\$3,073,075,858	\$90,088,562	(\$56,306,377)
Higher Education							
215	North Dakota University System office	\$128,198,476	\$154,430,511	\$154,018,605	\$180,262,713	\$25,820,129	\$25,832,202
227	Bismarck State College	32,084,055	140,493,948	46,314,055	154,093,636	14,230,000	13,599,688
228	Lake Region State College	14,242,152	39,876,580	15,248,322	42,777,089	1,006,170	2,900,509
229	Williston State College	11,286,737	35,306,272	13,118,332	82,149,259	1,831,595	46,842,987
230	University of North Dakota (UND)	156,024,079	976,681,850	193,209,139	1,105,670,747	37,185,060	128,988,897
232	UND School of Medicine and Health Sciences	67,026,005	229,936,375	80,865,916	252,280,027	13,839,911	22,343,652
235	North Dakota State University (NDSU)	138,556,325	815,573,425	164,198,618	924,722,269	25,642,293	109,148,844
238	North Dakota State College of Science	35,714,792	96,559,844	39,767,271	123,226,890	4,052,479	26,667,046
239	Dickinson State University	20,242,730	55,235,138	25,401,610	77,079,580	5,158,880	21,844,442
240	Mayville State University	20,279,828	52,562,268	23,448,810	75,110,916	3,168,982	22,548,648
241	Minot State University	41,206,630	130,254,397	49,277,097	123,913,516	8,070,467	(6,340,881)
242	Valley City State University	24,161,377	50,848,223	27,612,092	91,174,513	3,450,715	40,326,290
243	Dakota College at Bottineau	9,537,862	27,754,062	11,130,278	31,281,225	1,592,416	3,527,163
244	Forest Service	4,792,478	15,461,793	5,638,621	24,779,893	846,143	9,318,100
	Total Higher Education	\$703,353,526	\$2,820,974,686	\$849,248,766	\$3,288,522,273	\$145,895,240	\$467,547,587
	Total Education	\$2,421,485,618	\$5,950,356,921	\$2,657,469,420	\$6,361,598,131	\$235,983,802	\$411,241,210

Budget No.	Budget	Legislative Appropriation 2021-23		Legislative Appropriation 2023-25		Increase (Decrease) From 2021-23 to 2023-25	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
Health and Welfare							
301	State Department of Health	\$44,103,431	\$283,722,205			(\$44,103,431)	(\$283,722,205)
303	Department of Environmental Quality	13,661,075	60,631,005	\$15,822,024	\$117,758,910	2,160,949	57,127,905
313	Veterans' Home	5,805,643	26,829,683	6,009,999	28,982,973	204,356	2,153,290
316	Indian Affairs Commission	1,095,715	1,095,715	1,200,967	1,200,967	105,252	105,252
321	Department of Veterans' Affairs	1,570,624	4,021,274	1,842,420	4,173,867	271,796	152,593
325	Department of Health and Human Services	1,579,020,870	4,926,346,122	2,043,404,916	5,748,016,969	464,384,046	821,670,847
360	Protection and Advocacy Project	3,139,350	7,402,940	3,323,370	7,589,911	184,020	186,971
380	Job Service North Dakota	410,229	65,405,492	6,578,847	120,172,899	6,168,618	54,767,407
Total Health and Welfare		\$1,648,806,937	\$5,375,454,436	\$2,078,182,543	\$6,027,896,496	\$429,375,606	\$652,442,060
Regulatory							
401	Insurance Commissioner		\$31,474,180		\$15,853,379		(\$15,620,801)
405	Industrial Commission	\$51,595,873	249,165,058	\$4,424,856	135,811,569	(\$47,171,017)	(113,353,489)
406	Department of Labor and Human Rights	2,394,186	2,911,054	2,654,148	3,157,546	259,962	246,492
408	Public Service Commission	6,431,087	19,892,782	7,537,710	21,261,831	1,106,623	1,369,049
412	Aeronautics Commission	475,000	36,216,987	475,000	38,644,667		2,427,680
413	Department of Financial Institutions		9,106,507		10,081,379		974,872
414	Securities Department		2,808,984		3,258,732		449,748
471	Bank of North Dakota	27,500,000	797,316,548		77,077,067	(27,500,000)	(720,239,481)
473	Housing Finance Agency	9,500,000	68,425,532	16,250,000	84,692,198	6,750,000	16,266,666
474	Department of Mineral Resources			32,444,371	35,012,371	32,444,371	35,012,371
475	Mill and Elevator Association		88,377,209		97,242,033		8,864,824
485	Workforce Safety and Insurance		73,186,928		72,023,722		(1,163,206)
Total Regulatory		\$97,896,146	\$1,378,881,769	\$63,786,085	\$594,116,494	(\$34,110,061)	(\$784,765,275)
Public Safety							
504	Highway Patrol	\$36,327,762	\$69,423,414	\$49,438,826	\$71,189,188	\$13,111,064	\$1,765,774
530	Department of Corrections and Rehabilitation	218,165,809	301,666,008	255,467,963	445,785,087	37,302,154	144,119,079
540	Adjutant General	24,862,232	199,218,463	26,285,648	370,789,721	1,423,416	171,571,258
Total Public Safety		\$279,355,803	\$570,307,885	\$331,192,437	\$887,763,996	\$51,836,634	\$317,456,111
Agriculture and Economic Development							
601	Department of Commerce	\$34,667,572	\$223,621,015	\$67,157,530	\$328,714,962	\$32,489,958	\$105,093,947
602	Agriculture Commissioner	23,959,712	58,470,487	47,519,573	79,974,191	23,559,861	21,503,704
627	Upper Great Plains Transportation Institute	4,485,607	25,752,957	5,096,416	25,098,193	610,809	(654,764)
628	Branch research centers	18,569,483	39,292,301	19,165,340	40,116,205	595,857	823,904
630	NDSU Extension Service	29,437,823	57,741,744	30,908,214	59,894,357	1,470,391	2,152,613
638	Northern Crops Institute	1,987,142	3,909,760	2,110,256	9,550,701	123,114	5,640,941
640	NDSU Main Research Center	55,088,232	122,278,188	60,018,189	219,394,503	4,929,957	97,116,315
649	Agronomy Seed Farm		1,579,655		1,629,764		50,109
665	State Fair Association	542,833	542,833	642,833	642,833	100,000	100,000
670	Racing Commission	407,894	574,495	475,006	647,104	67,112	72,609
Total Agriculture and Economic Development		\$169,146,298	\$533,763,435	\$233,093,357	\$765,662,813	\$63,947,059	\$231,899,378
Natural Resources							
701	State Historical Society	\$19,411,350	\$27,791,302	\$22,038,910	\$49,378,093	\$2,627,560	\$21,586,791
709	Council on the Arts	1,662,766	4,210,748	2,597,019	4,547,019	934,253	336,271
720	Game and Fish Department		92,368,134		134,761,466		42,393,332
750	Parks and Recreation Department	13,573,491	63,705,884	14,264,880	139,581,595	691,389	75,875,711
770	State Water Commission		615,799,129		894,357,267		278,558,138
Total Natural Resources		\$34,647,607	\$803,875,197	\$38,900,809	\$1,222,625,440	\$4,253,202	\$418,750,243

Budget No.	Budget	Legislative Appropriation 2021-23		Legislative Appropriation 2023-25		Increase (Decrease) From 2021-23 to 2023-25	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
	Transportation						
801	Department of Transportation		\$2,384,534,084	\$10,375,000	\$2,306,094,393	\$10,375,000	(\$78,439,691)
	Total Transportation	\$0	\$2,384,534,084	\$10,375,000	\$2,306,094,393	\$10,375,000	(\$78,439,691)
	TOTAL APPROPRIATIONS	\$5,010,457,330	\$17,846,695,497	\$6,096,193,537	\$19,609,601,647	\$1,085,736,207	\$1,762,906,150
	APPROPRIATIONS SUMMARY						
	General Government	\$359,118,921	\$849,521,770	\$683,193,886	\$1,443,843,884	\$324,074,965	\$594,322,114
	Education	2,421,485,618	5,950,356,921	2,657,469,420	6,361,598,131	235,983,802	411,241,210
	Health and Welfare	1,648,806,937	5,375,454,436	2,078,182,543	6,027,896,496	429,375,606	652,442,060
	Regulatory	97,896,146	1,378,881,769	63,786,085	594,116,494	(34,110,061)	(784,765,275)
	Public Safety	279,355,803	570,307,885	331,192,437	887,763,996	51,836,634	317,456,111
	Agriculture and Economic Development	169,146,298	533,763,435	233,093,357	765,662,813	63,947,059	231,899,378
	Natural Resources	34,647,607	803,875,197	38,900,809	1,222,625,440	4,253,202	418,750,243
	Transportation	0	2,384,534,084	10,375,000	2,306,094,393	10,375,000	(78,439,691)
	TOTAL APPROPRIATIONS	<u>\$5,010,457,330</u> *	<u>\$17,846,695,497</u> *	<u>\$6,096,193,537</u>	<u>\$19,609,601,647</u>	<u>\$1,085,736,207</u>	<u>\$1,762,906,150</u>
	* 2021-23 appropriations made by the 67th Legislative Assembly	\$5,010,457,330	\$17,846,695,497				
	2021-23 supplemental and deficiency appropriations made by the 68th Legislative Assembly (See deficiency appropriations schedule in Section B)	48,332,655	344,066,378				
	Total 2021-23 appropriations	<u>\$5,058,789,985</u>	<u>\$18,190,761,875</u>				

COMPARISON OF 2021-23 and 2023-25 BIENNIUM ONGOING GENERAL FUND APPROPRIATIONS

Budget No.	Budget	Ongoing Appropriations 2021-23	Ongoing Appropriations 2023-25	2023-25 Increase (Decrease) From 2021-23	
		General Fund	General Fund	General Fund	Percentage
General Government					
101	Governor's office	\$4,587,944	\$5,129,075	\$541,131	11.8%
108	Secretary of State	5,521,552	7,042,124	1,520,572	27.5%
110	Office of Management and Budget	33,926,399	130,803,719	96,877,320	285.6%
112	Information Technology Department	28,975,953	38,548,325	9,572,372	33.0%
117	State Auditor	9,119,110	9,932,122	813,012	8.9%
120	State Treasurer	1,705,918	1,959,044	253,126	14.8%
125	Attorney General	42,646,718	47,020,564	4,373,846	10.3%
127	Tax Commissioner	64,241,316	226,189,404	161,948,088	252.1%
150	Legislative Assembly	17,926,180	18,011,846	85,666	0.5%
160	Legislative Council	15,672,410	18,879,709	3,207,299	20.5%
180	Judicial branch	110,312,790	128,256,984	17,944,194	16.3%
188	Commission on Legal Counsel for Indigents	19,294,363	20,608,898	1,314,535	6.8%
195	Ethics Commission	623,984	1,039,417	415,433	66.6%
Total General Government		\$354,554,637	\$653,421,231	\$298,866,594	84.3%
Education					
Elementary, Secondary, and Other Education					
201	Department of Public Instruction	\$1,658,196,873	\$1,728,170,444	\$69,973,571	4.2%
204	Center for Distance Education	0	6,797,980	6,797,980	N/A
250	State Library	5,831,721	6,489,098	657,377	11.3%
252	School for the Deaf	7,406,556	8,009,759	603,203	8.1%
253	North Dakota Vision Services - School for the Blind	4,761,879	5,059,580	297,701	6.3%
270	Department of Career and Technical Education	41,735,063	51,200,708	9,465,645	22.7%
Total Elementary, Secondary, and Other Education		\$1,717,932,092	\$1,805,727,569	\$87,795,477	5.1%
Higher Education					
215	North Dakota University System office	\$116,898,476	\$131,899,251	\$15,000,775	12.8%
227	Bismarck State College	32,084,055	36,354,055	4,270,000	13.3%
228	Lake Region State College	14,242,152	15,248,322	1,006,170	7.1%
229	Williston State College	11,286,737	13,118,332	1,831,595	16.2%
230	University of North Dakota (UND)	152,024,079	179,204,139	27,180,060	17.9%
232	UND School of Medicine and Health Sciences	67,026,005	80,865,916	13,839,911	20.6%
235	North Dakota State University (NDSU)	138,431,325	159,398,618	20,967,293	15.1%
238	North Dakota State College of Science	35,714,792	38,761,924	3,047,132	8.5%
239	Dickinson State University	20,242,730	23,801,610	3,558,880	17.6%
240	Mayville State University	18,679,828	21,698,810	3,018,982	16.2%
241	Minot State University	41,206,630	47,677,097	6,470,467	15.7%
242	Valley City State University	24,161,377	27,612,092	3,450,715	14.3%
243	Dakota College at Bottineau	9,537,862	11,130,278	1,592,416	16.7%
244	Forest Service	4,792,478	5,638,621	846,143	17.7%
Total Higher Education		\$686,328,526	\$792,409,065	\$106,080,539	15.5%
Total Education		\$2,404,260,618	\$2,598,136,634	\$193,876,016	8.1%
Health and Welfare					
301	State Department of Health	\$38,575,155	\$0	(\$38,575,155)	(100.0%)
303	Department of Environmental Quality	12,661,075	15,634,224	2,973,149	23.5%
313	Veterans' Home	5,780,643	6,009,999	229,356	4.0%

Budget No.	Budget	Ongoing Appropriations	Ongoing Appropriations	2023-25 Increase (Decrease)	
		2021-23	2023-25	From 2021-23	Percentage
		General Fund	General Fund	General Fund	
316	Indian Affairs Commission	1,095,715	1,200,967	105,252	9.6%
321	Department of Veterans' Affairs	1,570,624	1,823,354	252,730	16.1%
325	Department of Health and Human Services	1,554,787,654	2,003,422,744	448,635,090	28.9%
360	Protection and Advocacy Project	3,139,350	3,323,370	184,020	5.9%
380	Job Service North Dakota	410,229	6,578,847	6,168,618	1,503.7%
Total Health and Welfare		\$1,618,020,445	\$2,037,993,505	\$419,973,060	26.0%
Regulatory					
405	Industrial Commission	\$26,489,613	\$0	(\$26,489,613)	(100.0%)
406	Department of Labor and Human Rights	2,246,469	2,604,148	357,679	15.9%
408	Public Service Commission	6,425,687	7,354,210	928,523	14.5%
412	Aeronautics Commission	475,000	475,000	0	0.0%
473	Housing Finance Agency	0	2,500,000	2,500,000	N/A
474	Department of Mineral Resources	0	27,975,520	27,975,520	N/A
Total Regulatory		\$35,636,769	\$40,908,878	\$5,272,109	14.8%
Public Safety					
504	Highway Patrol	\$36,327,762	\$46,606,242	\$10,278,480	28.3%
530	Department of Corrections and Rehabilitation	217,859,809	241,755,509	23,895,700	11.0%
540	Adjutant General	22,882,232	24,661,648	1,779,416	7.8%
Total Public Safety		\$277,069,803	\$313,023,399	\$35,953,596	13.0%
Agriculture and Economic Development					
601	Department of Commerce	\$31,502,140	\$33,307,530	\$1,805,390	5.7%
602	Agriculture Commissioner	13,459,712	14,519,573	1,059,861	7.9%
627	Upper Great Plains Transportation Institute	4,485,607	5,096,416	610,809	13.6%
628	Branch research centers	18,569,483	19,165,340	595,857	3.2%
630	NDSU Extension Service	29,437,823	30,908,214	1,470,391	5.0%
638	Northern Crops Institute	1,987,142	2,110,256	123,114	6.2%
640	NDSU Main Research Center	54,588,232	56,309,959	1,721,727	3.2%
665	State Fair Association	542,833	642,833	100,000	18.4%
670	Racing Commission	387,894	455,006	67,112	17.3%
Total Agriculture and Economic Development		\$154,960,866	\$162,515,127	\$7,554,261	4.9%
Natural Resources					
701	State Historical Society	\$19,386,350	\$20,132,071	\$745,721	3.8%
709	Council on the Arts	1,662,766	2,338,089	675,323	40.6%
750	Parks and Recreation Department	13,323,491	14,264,880	941,389	7.1%
Total Natural Resources		\$34,372,607	\$36,735,040	\$2,362,433	6.9%
TOTAL ONGOING GENERAL FUND APPROPRIATIONS		\$4,878,875,745	\$5,842,733,814	\$963,858,069	19.8%
APPROPRIATION SUMMARY					
	General Government	\$354,554,637	\$653,421,231	\$298,866,594	84.3%
	Education	2,404,260,618	2,598,136,634	193,876,016	8.1%
	Health and Welfare	1,618,020,445	2,037,993,505	419,973,060	26.0%
	Regulatory	35,636,769	40,908,878	5,272,109	14.8%
	Public Safety	277,069,803	313,023,399	35,953,596	13.0%
	Agriculture and Economic Development	154,960,866	162,515,127	7,554,261	4.9%
	Natural Resources	34,372,607	36,735,040	2,362,433	6.9%
TOTAL ONGOING GENERAL FUND APPROPRIATIONS		\$4,878,875,745	\$5,842,733,814	\$963,858,069	19.8%

ONE-TIME GENERAL FUND APPROPRIATIONS FOR THE 2023-25 BIENNIUM

Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
101	Governor's office		
	Constituent software	SB 2001	\$130,000
	Transition costs	SB 2001	65,000
110	Office of Management and Budget		
	Americans with Disabilities Act compliance study	SB 2015	50,000
	Accrued leave payouts	SB 2015	74,369
	Capitol space utilization improvements	SB 2015	2,500,000
	Cash management study	SB 2015	450,000
	Central services software and equipment	SB 2015	215,000
	Leave management system	SB 2015	335,000
	Prairie Public Broadcasting grants	SB 2015	1,792,450
	Procurement software	SB 2015	400,000
	State student internship	SB 2015	500,000
	Infrastructure grant	SB 2015	200,000
112	Information Technology Department		
	Governance, risk, and compliance costs	HB 1021	600,000
	Inflationary increases	HB 1021	2,350,000
	State and local cybersecurity grant	HB 1021	487,520
	Statewide longitudinal data system	HB 1021	1,075,000
	Online property tax portal	HB 1225	300,000
117	State Auditor		
	Audit software upgrades	SB 2004	45,550
	Equipment replacement	SB 2004	25,000
	Local government audit operating expense	SB 2004	9,000
	Inflationary increases	SB 2004	22,000
120	State Treasurer		
	Information technology programming costs	SB 2005	27,825
125	Attorney General		
	Back the blue grants	HB 1307	3,500,000
	Local law enforcement grant	HB 1415	29,000
	Gaming, licensing, and deposit software	SB 2003	177,000
	Inflationary increases	SB 2003	156,463
	Law enforcement resiliency grants	SB 2003	400,000
	New staff operating and equipment costs	SB 2003	740,135
	State Crime Laboratory capital assets	SB 2003	886,000
	State Crime Laboratory improvements	SB 2003	250,000
	Statewide litigation funding pool	SB 2003	1,797,748
	Undercover vehicle replacements	SB 2003	200,000
	Forensic medical examination grants	SB 2202	250,000
127	State Tax Commissioner		
	Primary residence credit implementation	HB 1158	1,500,000
	GenTax enhancements	SB 2006	500,000

Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
150	Legislative Assembly		
	Propylon core upgrade	HB 1001	4,816,600
	Audio and video storage	HB 1001	110,000
	Computer and iPad replacement	HB 1001	557,950
	Chamber upgrades	HB 1001	220,000
160	Legislative Council		
	Computer and iPad replacement	HB 1001	155,500
	Secondary and backup servers	HB 1001	120,000
	Performance audit	SB 2015	500,000
180	Judicial branch		
	Supreme Court equipment, including microfiche machine and copy machines	HB 1002	28,500
	District courts equipment, including copy machines, courtroom video systems, and server equipment	HB 1002	1,125,220
195	Ethics Commission		
	Attorney fees	SB 2024	72,000
	Office relocation	SB 2024	25,000
	Education and training	SB 2024	1,825
201	Department of Public Instruction		
	Regional education association merger incentive	SB 2013	70,000
215	North Dakota University System office		
	Challenge grants	HB 1003	20,000,000
	Dakota Digital Academy	HB 1003	450,000
	Financial aid system	HB 1003	1,669,354
227	Bismarck State College		
	Polytechnic building project inflation	HB 1003	9,960,000
230	University of North Dakota		
	National security initiative	HB 1003	9,000,000
	Merrifield Hall and Twamley Hall renovation project inflation	HB 1003	5,000,000
	School transportation study	SB 2284	5,000
235	North Dakota State University		
	Adjusted minimum amount payable	HB 1003	4,800,000
238	North Dakota State College of Science		
	Adjusted minimum amount payable	HB 1003	1,005,347
239	Dickinson State University		
	Generator and other projects inflation	HB 1003	1,600,000
240	Mayville State University		
	Discretionary funds	HB 1003	1,750,000
241	Minot State University		
	Hartnett Hall renovation project inflation	HB 1003	1,600,000
250	State Library		
	Information technology equipment	SB 2013	43,000
	Maintenance of effort requirements	SB 2013	100,000
	Accrued leave payouts	SB 2013	40,000
	State Library building renovations	SB 2013	150,000

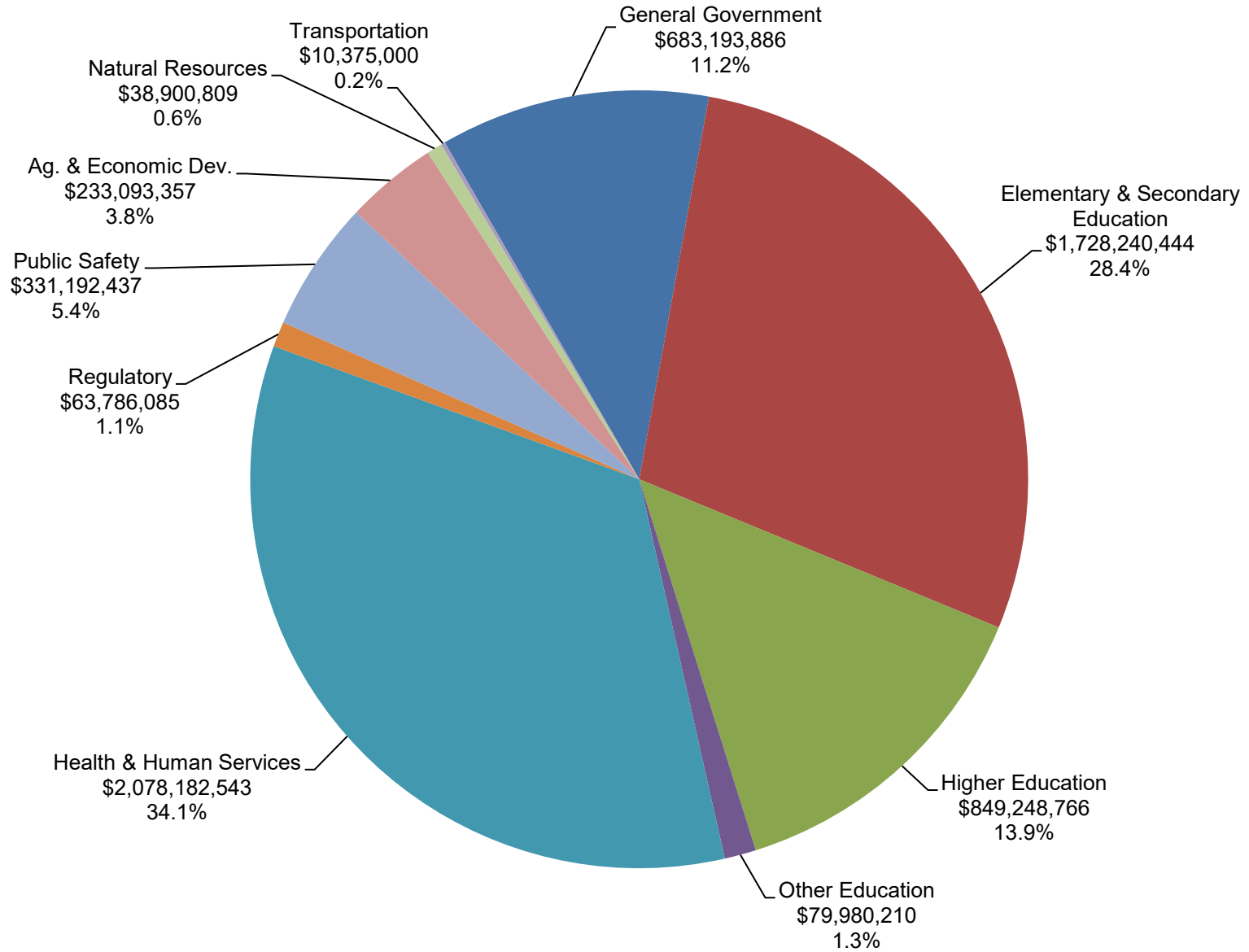
Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
252	School for the Deaf Inflation increases	SB 2013	90,085
270	Department of Career and Technical Education Career center initiative grants	HB 1199	2,000,000
303	Department of Environmental Quality Chemistry laboratory inflation	HB 1024	116,800
	Environmental data system	HB 1024	71,000
321	Department of Veterans' Affairs Accrued leave payouts	HB 1025	19,066
325	Department of Health and Human Services Child care and workforce initiative	HB 1540	19,000,000
	Inflationary increases	SB 2012	10,282,172
	Behavioral health facility grant	SB 2012	1,950,000
	Medicaid program integrity audits	SB 2012	2,250,000
	State Hospital building demolition	SB 2026	4,000,000
	Family caregiver service pilot project	SB 2276	2,500,000
405	Industrial Commission Electric grid resilience grant	HB 1014	1,124,856
	Lignite litigation expenses	HB 1014	3,000,000
	Transmission Authority consulting	HB 1014	300,000
406	Department of Labor and Human Rights Occupational and professional board analyses	SB 2015	50,000
408	Public Service Commission Copier replacement	SB 2008	10,000
	Drone	SB 2008	1,800
	Indirect cost recovery shortfall	SB 2008	101,700
	Weights and measures equipment	SB 2008	70,000
470	Department of Mineral Resources Computer server transition	HB 1014	80,000
	Core and mineral analyses	HB 1014	100,000
	Drones and computers	HB 1014	83,648
	Fossil restoration fund	HB 1014	250,000
	Inflationary increases	HB 1014	886,868
	New FTE costs	HB 1014	68,335
	Oil and gas litigation	HB 1014	3,000,000
473	Housing Finance Authority Housing incentive fund	HB 1014	13,750,000
504	Highway Patrol Inflationary increases	HB 1011	2,154,000
	Motor carrier enhancements	HB 1011	23,000
	Narcotics tester	HB 1011	52,000
	New trooper equipment	HB 1011	514,584
	Unmanned aerial vehicle enhancements	HB 1011	89,000

Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
530	Department of Corrections and Rehabilitation		
	Inflationary increases	HB 1015	3,478,998
	Dakota Women's Correctional and Rehabilitation Center contract increase	HB 1015	2,450,000
	Staff and resident development and training	HB 1015	100,000
	Dickinson Adult Detention Center contract	HB 1015	1,003,434
	Equipment	HB 1015	1,145,800
	Cameras	HB 1015	275,000
	Maintenance and extraordinary repairs	HB 1015	2,000,000
	Offender management system review	HB 1015	500,000
	Transitional facility contract inflation	HB 1015	2,759,222
540	Adjutant General		
	Deferred maintenance	SB 2016	1,000,000
	Minot hangar purchase	SB 2016	60,000
	Accrued leave payouts	SB 2016	100,000
	Cybersecurity grants	SB 2016	314,000
	State Radio consoles replacement	SB 2016	150,000
601	Department of Commerce		
	New Americans workforce training grants	HB 1018	2,000,000
	Technical skills training grants	HB 1018	2,000,000
	Creamery assistance grant	HB 1018	250,000
	Film and theater production grant	HB 1018	600,000
	Workforce investment program grants	HB 1018	12,500,000
	Workforce talent attraction initiative	HB 1018	12,000,000
	Tribal college grants	SB 2015	500,000
	Office of Legal Immigration	SB 2015	2,000,000
	Base retention grants	SB 2240	1,000,000
	Rural grocery grants	SB 2273	1,000,000
602	Department of Agriculture		
	Agriculture diversification	HB 1276	25,000,000
	Bioscience innovation grants	SB 2009	6,500,000
	Food distribution grants	SB 2009	1,000,000
	North Dakota Trade Office	SB 2009	500,000
640	NDSU Main Research Center		
	Branch research center project inflation	HB 1020	2,008,230
	Nesson Valley irrigation research site project	HB 1020	1,700,000
670	Racing Commission		
	Internships	HB 1023	20,000
701	State Historical Society		
	America's 250 th celebration	SB 2018	250,000
	Digital interactive initiative	SB 2018	425,000
	Geographic information system upgrade	SB 2018	225,000
	Inflationary increases	SB 2018	120,795
	Medora site planning	SB 2018	150,000

Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
	Newspaper preservation	SB 2018	236,044
	Opera house restoration	SB 2018	250,000
	Whitestone Hill native memorial	SB 2018	250,000
709	Council on the Arts		
	Accrued leave payouts	HB 1010	106,430
	Arts across the prairie initiative	HB 1010	100,000
	Information technology equipment	HB 1010	10,000
	New FTE costs	HB 1010	2,500
	Strategic planning consultant	HB 1010	40,000
801	Department of Transportation		
	Rural transit grants	HB 1012	1,250,000
	Technology projects	HB 1012	9,125,000
	Total		\$253,459,723

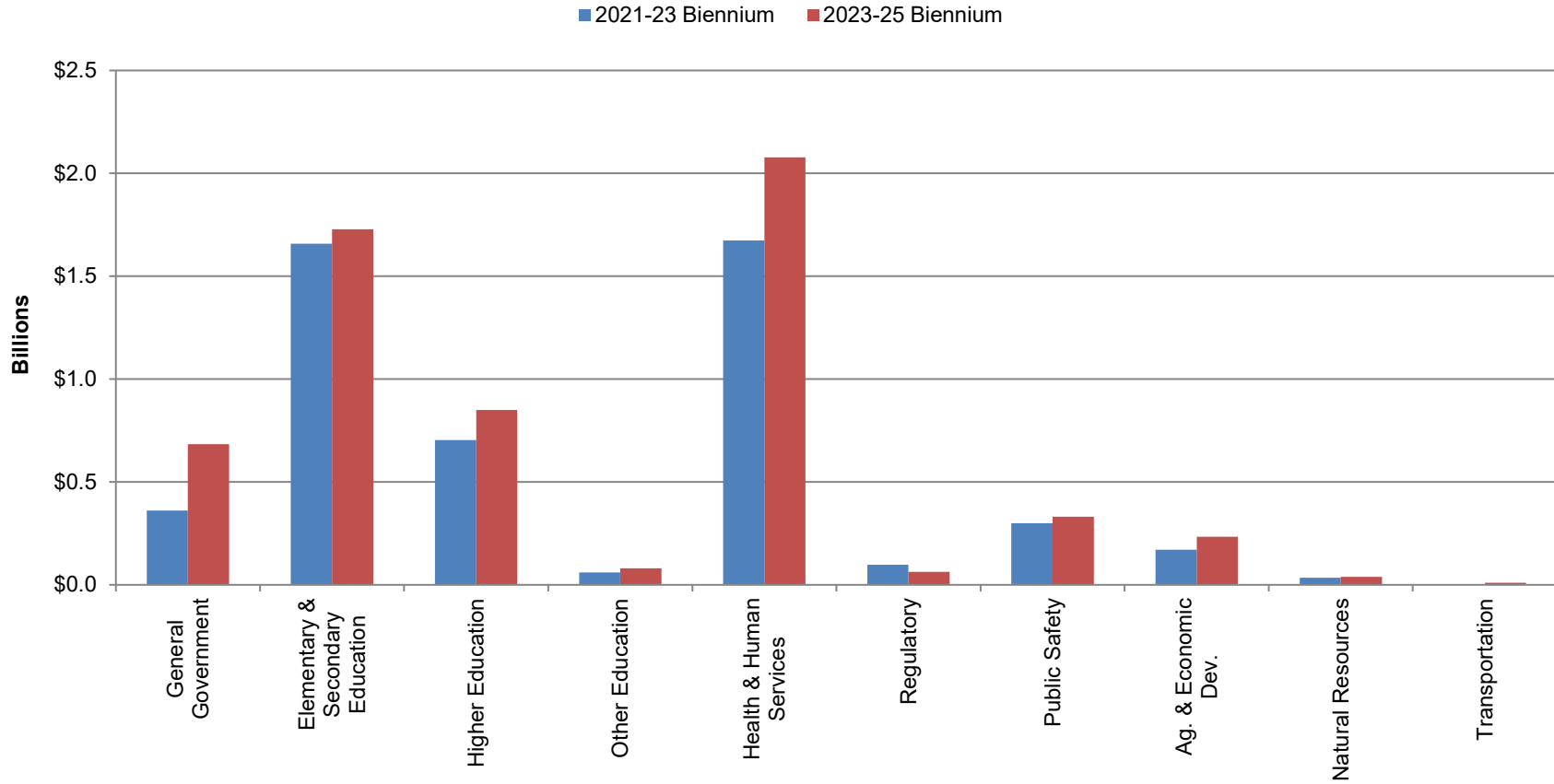
2023-25 BIENNIUM GENERAL FUND APPROPRIATIONS

Total 2023-25 General Fund Appropriations - \$6,096,193,537



COMPARISON OF 2021-23 AND 2023-25 GENERAL FUND APPROPRIATIONS

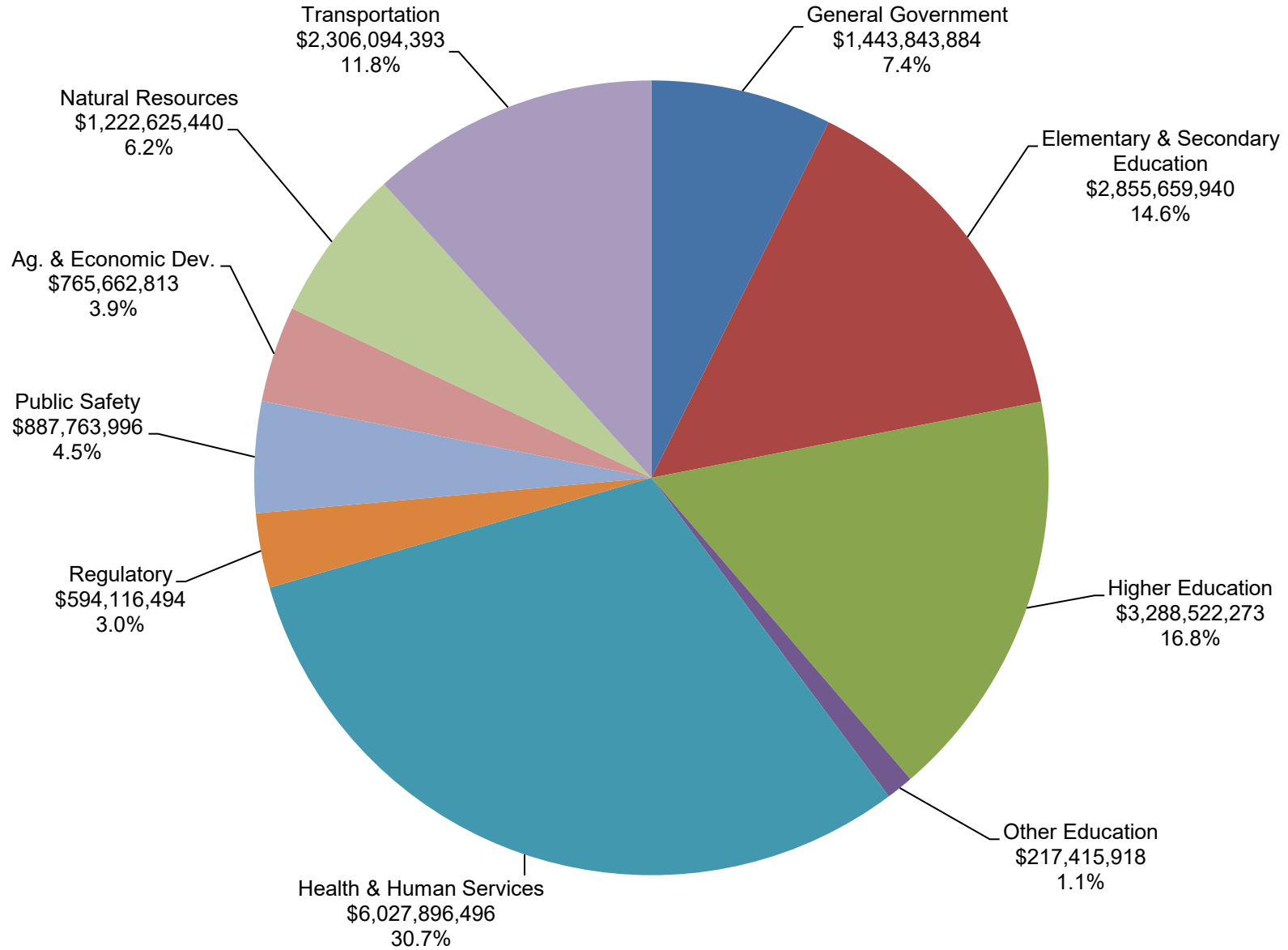
(Amounts Shown in Billions)



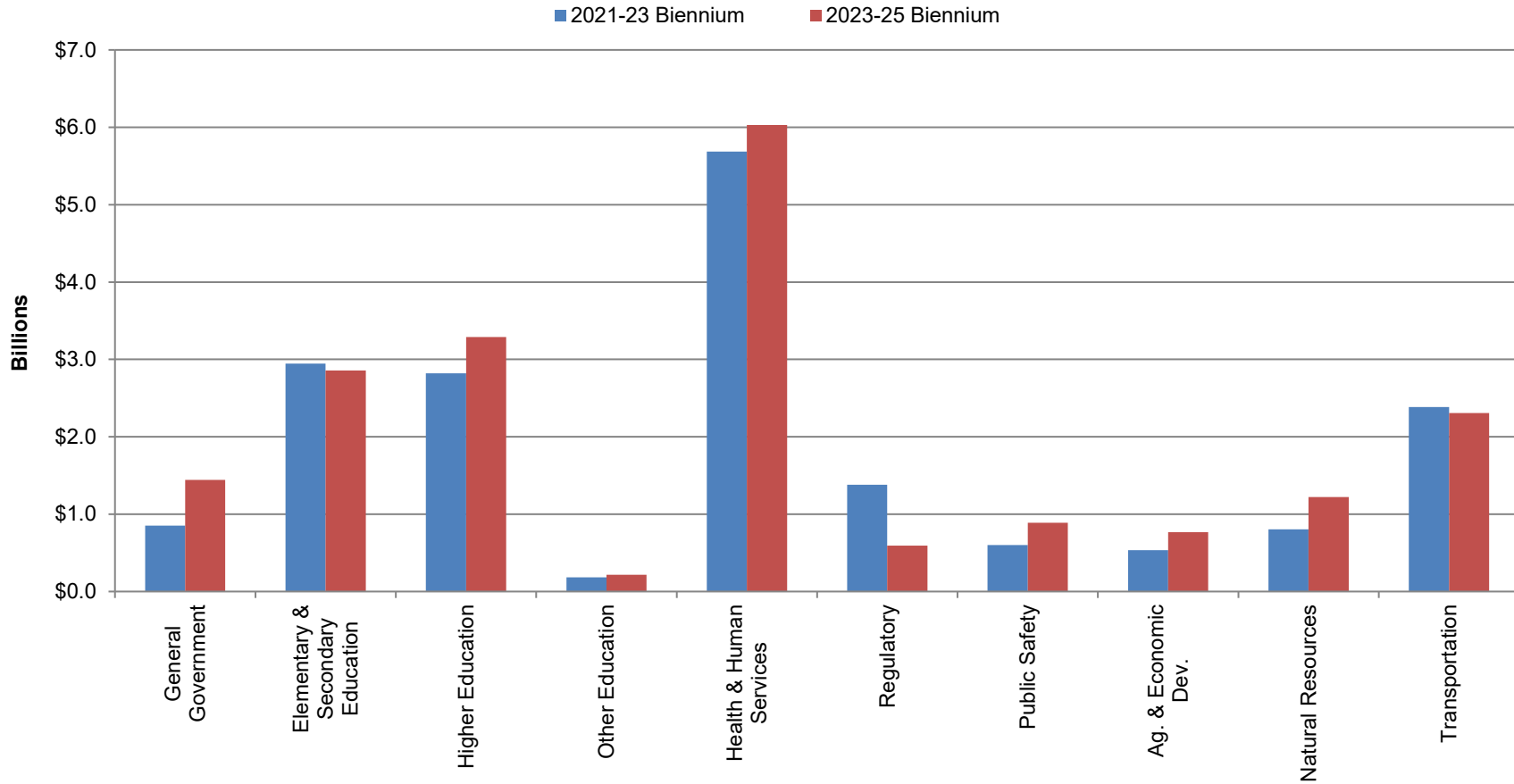
	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$360,487,692	\$683,193,886	\$322,706,194	89.5%
Elementary & Secondary Education	1,658,396,873	1,728,240,444	69,843,571	4.2%
Higher Education	703,453,294	849,248,766	145,795,472	20.7%
Other Education	59,735,219	79,980,210	20,244,991	33.9%
Health & Human Services	1,673,806,937	2,078,182,543	404,375,606	24.2%
Regulatory	98,033,606	63,786,085	(34,247,521)	(34.9%)
Public Safety	299,382,459	331,192,437	31,809,978	10.6%
Ag. & Economic Dev.	170,846,298	233,093,357	62,247,059	36.4%
Natural Resources	34,647,607	38,900,809	4,253,202	12.3%
Transportation	0	10,375,000	10,375,000	N/A
Total	\$5,058,789,985	\$6,096,193,537	\$1,037,403,552	20.5%

2023-25 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2023-25 Biennium All Funds Appropriations - \$19,609,601,647



COMPARISON OF 2021-23 AND 2023-25 ALL FUNDS APPROPRIATIONS (Amounts Shown in Billions)



	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$850,897,041	\$1,443,843,884	\$592,946,843	69.7%
Elementary & Secondary Education	2,946,430,623	2,855,659,940	(90,770,683)	(3.1%)
Higher Education	2,821,074,454	3,288,522,273	467,447,819	16.6%
Other Education	182,951,612	217,415,918	34,464,306	18.8%
Health & Human Services	5,685,458,936	6,027,896,496	342,437,560	6.0%
Regulatory	1,379,019,229	594,116,494	(784,902,735)	(56.9%)
Public Safety	601,057,264	887,763,996	286,706,732	47.7%
Ag. & Economic Dev.	535,463,435	765,662,813	230,199,378	43.0%
Natural Resources	803,875,197	1,222,625,440	418,750,243	52.1%
Transportation	2,384,534,084	2,306,094,393	(78,439,691)	(3.3%)
Total	\$18,190,761,875	\$19,609,601,647	\$1,418,839,772	7.8%

ESTIMATED 2023-25 BIENNIUM FEDERAL FUNDS APPROPRIATIONS

Budget No.	Budget	State Fiscal Recovery Fund	Other Federal Funds	Total Federal Funds
108	Secretary of State	\$6,000,000	\$5,428,732	\$11,428,732
110	Office of Management and Budget		8,659,555	8,659,555
112	Information Technology Department	83,499,467	149,340,659	232,840,126
117	State Auditor		1,431,452	1,431,452
125	Attorney General		16,216,849	16,216,849
127	Tax Commissioner		125,000	125,000
180	Judicial branch		1,292,839	1,292,839
201	Department of Public Instruction		418,756,310	418,756,310
250	State Library		2,405,223	2,405,223
252	School for the Deaf		100,643	100,643
270	Career and Technical Education	975,000	14,326,146	15,301,146
301	Department of Health and Human Services - Public Health Division	55,120,000	213,656,921	268,776,921
303	Department of Environmental Quality		79,102,863	79,102,863
313	Veterans' Home	478,930		478,930
321	Department of Veterans' Affairs	600,836	1,704,111	2,304,947
325	Department of Health and Human Services - Human Services Divisions	3,235,000	2,978,883,700	2,982,118,700
360	Protection and Advocacy Project		4,266,541	4,266,541
380	Job Service North Dakota	45,000,000	67,984,981	112,984,981
401	Insurance Commissioner		607,916	607,916
405	Industrial Commission		7,499,037	7,499,037
406	Department of Labor and Human Rights		503,398	503,398
408	Public Service Commission		11,424,803	11,424,803
412	Aeronautics Commission		3,940,000	3,940,000
473	Housing Finance Agency		47,990,225	47,990,225
474	Department of Mineral Resources		2,568,000	2,568,000
504	Highway Patrol		8,660,335	8,660,335
530	Department of Corrections and Rehabilitation	0 ¹	20,130,837	20,130,837
540	Adjutant General	20,600,000	295,914,040	316,514,040
601	Department of Commerce		184,050,129	184,050,129
602	Agriculture Commissioner	275,000	14,412,907	14,687,907
627	Upper Great Plains Transportation Institute		12,571,495	12,571,495
630	NDSU Extension Service		8,824,965	8,824,965
640	NDSU Main Research Station	1,038,000	7,880,293	8,918,293
701	Historical Society		3,570,427	3,570,427
709	Council on the Arts		1,870,000	1,870,000
720	Game and Fish Department		51,546,402	51,546,402

750	Parks and Recreation		9,508,601	9,508,601
770	Water Commission		89,040,384	89,040,384
801	Department of Transportation		1,217,534,154	1,217,534,154
	TOTAL FEDERAL FUNDS APPROPRIATIONS	<u>\$216,822,233</u> ¹	<u>\$5,963,730,873</u>	<u>\$6,180,553,106</u>

¹ The Legislative Assembly, in Section 10 of Senate Bill No. 2015 (2023), provided that on December 1, 2024, the Office of Management and Budget transfer any uncommitted federal State Fiscal Recovery Fund accumulated interest or appropriation authority from the state agency that received the appropriation authority to the Department of Corrections and Rehabilitation to defray the expenses of salaries and wages and other operating costs.

SECTION D - ELECTED OFFICIALS

AGRICULTURE COMMISSIONER	D-31
ATTORNEY GENERAL	D-11
GOVERNOR'S OFFICE	D-1
INSURANCE COMMISSIONER	D-25
PUBLIC SERVICE COMMISSION	D-28
SECRETARY OF STATE	D-3
STATE AUDITOR	D-6
STATE TREASURER	D-9
SUPERINTENDENT OF PUBLIC INSTRUCTION - SEE SECTION E - ELEMENTARY AND SECONDARY EDUCATION	
TAX COMMISSIONER	D-22

**Governor
Budget No. 101
Senate Bill No. 2001**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	19.00	\$5,324,075	\$0	\$5,324,075
2023-25 base budget	17.00	4,587,944	0	4,587,944
Legislative increase (decrease) to base budget	2.00	\$736,131	\$0	\$736,131

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$5,129,075	\$195,000	\$5,324,075
2021-23 legislative appropriations	4,587,944	0	4,587,944
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$541,131	\$195,000	\$736,131
Percentage increase (decrease) to 2021-23 appropriations	11.8%	N/A	16.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$54,627		\$54,627
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		360,782		360,782
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		84,420		84,420
Added salary equity funding for the Lieutenant Governor		28,479		28,479
Added 1 FTE communications position and 1 FTE policy advisor position	2.00	501,808		501,808
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(648,839)		(648,839)
Added funding for a Capitol space rent model		159,854		159,854

Added one-time funding for a constituent services software project		130,000		130,000
Added one-time funding for Governor transition costs		65,000		65,000
Total	2.00	\$736,131	\$0	\$736,131

FTE Changes

The Legislative Assembly approved 19 FTE positions for the Governor's office for the 2023-25 biennium, 2 FTE positions more than the 2021-23 biennium. The Legislative Assembly added 1 FTE communications position and 1 FTE policy advisor position.

One-Time Funding

The following is a summary of one-time funding items for the Governor's office for the 2023-25 biennium:

	General Fund	Other Funds	Total
Constituent services software project	\$130,000	\$0	\$130,000
Governor transition costs	65,000	0	65,000
Total	\$195,000	\$0	\$195,000

Other Sections in Senate Bill No. 2001

Additional income - Section 3 appropriates any additional other funds, excluding federal funds, which may become available to the office during the 2023-25 biennium. The section allows the Governor to accept federal funds but may spend the funds only pursuant to appropriation by the Legislative Assembly or approval by the Emergency Commission and Budget Section. The Governor's office is to report to the Budget Section regarding any additional other funds received by the agency.

Salary of the Governor and Lieutenant Governor - Sections 5 and 6 provide for statutory changes to increase the salaries of the Governor and Lieutenant Governor consistent with 2023-25 biennium state employee salary increases with additional equity funding for the Lieutenant Governor as follows:

	Current Level	July 1, 2023	July 1, 2024
Governor	\$143,646	\$152,265	\$158,356
Lieutenant Governor	\$111,727	\$130,000	\$135,200

Governor's salary - The Legislative Assembly appropriated funding for the Governor's salary for the 2023-25 biennium in a separate line item. Section 4 of the bill provides the Governor may decline a salary during the 2023-25 biennium and may transfer appropriation authority from the Governor's salary line item to other line items in the agency's budget.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$26,154 from the general fund in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Secretary of State
Budget No. 108
Senate Bill No. 2002**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	35.00	\$7,042,124	\$17,832,075	\$24,874,199
2023-25 base budget	33.00	5,521,552	8,305,574	13,827,126
Legislative increase (decrease) to base budget	2.00	\$1,520,572	\$9,526,501	\$11,047,073

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$7,042,124	\$0	\$7,042,124
2021-23 legislative appropriations	5,521,552	0	5,521,552
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,520,572	\$0	\$1,520,572
Percentage increase (decrease) to 2021-23 appropriations	27.5%	N/A	27.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$51,305	\$208,745	\$260,050
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		315,342	52,592	367,934
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		123,456	20,576	144,032
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(316,569)	(213,726)	(530,295)
Added funding for elected official salary equity		21,148		21,148
Adjusted salaries and wages funding from special funds to the general fund		479,143	(479,143)	0
Added 1 new FTE election specialist position and related operating expenses	1.00		200,950	200,950

Added 1 new FTE technology support position	1.00	180,000		180,000
Added funding for changes in employee responsibilities and duties		100,000		100,000
Added funding to match federal Help America Vote Act funds		200,000		200,000
Added funding to implement the new Capitol space rent model		201,331		201,331
Added funding for text messaging software and ongoing maintenance		165,000	165,000	330,000
Adjusted funding for other operating expenses, including an increase in information technology expenses and a decrease in postage		(12,988)	1,157,564	1,144,576
Reduced funding for election reform			(86,057)	(86,057)
Increased funding for public printing		13,404		13,404
Added one-time funding from the strategic investment and improvements fund (SIIF) for a new campaign finance system and contracted services for a website redesign			1,000,000	1,000,000
Added one-time funding from SIIF for information technology system enhancements			500,000	500,000
Added one-time funding from Help America Vote Act funds for election reform			1,000,000	1,000,000
Added one-time funding from the federal State Fiscal Recovery Fund for an election management system			5,000,000	5,000,000
Added one-time funding from the State Fiscal Recovery Fund to upgrade the FirstStop system			1,000,000	1,000,000
Total	2.00	\$1,520,572	\$9,526,501	\$11,047,073

FTE Changes

The Legislative Assembly approved 35 FTE positions for the Secretary of State for the 2023-25 biennium, an increase of 2 FTE positions from the 2021-23 biennium. The Legislative Assembly added 1 FTE election specialist position and 1 FTE technology support position.

One-Time Funding

The following is a summary of one-time funding items for the Secretary of State for the 2023-25 biennium:

	Total Other Funds
Campaign finance system and contracted services for a website redesign (SIIF)	\$1,000,000
Information technology system enhancements (SIIF)	500,000
Election reform (Help America Vote Act funds)	1,000,000
Election management system (State Fiscal Recovery Fund)	5,000,000
FirstStop system upgrade (State Fiscal Recovery Fund)	1,000,000
Total	\$8,500,000

Other Sections in Senate Bill No. 2002

State Fiscal Recovery Fund - Section 3 provides that \$6 million appropriated from other funds in Section 1 is from the State Fiscal Recovery Fund for an election management system and to upgrade FirstStop.

Strategic investment and improvements fund - Section 4 provides that \$1.5 million appropriated from other funds in Section 1 is from SIIF for a new campaign system, contracted website redesign, and information technology system enhancements.

Salary of the Secretary of State - Section 5 provides the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary will increase from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024, to reflect salary and equity adjustments approved by the Legislative Assembly.

Related Legislation

House Bill No. 1324 (2023) - Sufficiency of petitions - Authorizes the Secretary of State to reject a ballot measure due to an insufficient petition.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$28,345, of which \$24,295 is from the general fund and \$4,050 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**State Auditor
Budget No. 117
Senate Bill No. 2004**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	65.00	\$10,033,672	\$6,344,152	\$16,377,824
2023-25 base budget	61.00	9,119,110	5,826,152	14,945,262
Legislative increase (decrease) to base budget	4.00	\$914,562	\$518,000	\$1,432,562

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$9,932,122	\$101,550	\$10,033,672
2021-23 legislative appropriations ¹	9,119,110	11,000	9,130,110
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$813,012	\$90,550	\$903,562
Percentage increase (decrease) to 2021-23 appropriations	8.9%	823.2%	9.9%

¹The 2021-23 general fund appropriation has been increased by \$11,000 for a deficiency appropriation to refund audit fees to a political subdivision included in Senate Bill No. 2004.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$63,033	\$23,627	\$86,660
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		578,161	377,117	955,278
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		177,018	82,304	259,322
Added funding for a salary equity increase for the State Auditor to increase the annual salary from the current level of \$114,486 to \$130,000 effective July 1, 2023		26,748		26,748
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(594,249)	(1,016,169)	(1,610,418)
Added funding from special funds in the agency's operating fund for 1 FTE local government audit manager position	1.00		308,364	308,364

Added funding from special funds in the agency's operating fund for 1 FTE local government auditor II position	1.00		207,740	207,740
Added funding from special funds in the agency's operating fund for 1 FTE local government auditor I position	1.00		175,985	175,985
Added funding for 1 FTE education coordinator position	1.00	218,672		218,672
Added funding, including funding from special funds in the agency's operating fund, for temporary salaries for internships		100,000	200,000	300,000
Added funding from special funds in the agency's operating fund, for operating costs related to additional local government auditors			54,200	54,200
Increased funding, including funding from federal and special funds, for operating costs related to audit software upgrades		54,298	61,266	115,564
Added funding, including funding from special funds in the agency's operating fund, for operating expenses related to Information Technology Department rate increases		11,103	6,566	17,669
Added funding for operating expenses related to a new Capitol space rent model		178,228		178,228
Added one-time funding for operating expenses related to local government auditor positions		9,000		9,000
Added one-time funding , including funding from federal and special funds, for operating expenses related to travel and professional development inflationary increases		22,000	37,000	59,000
Added one-time funding for costs related to audit software upgrades		45,550		45,550
Added one-time funding for capital costs related to the replacement of equipment over \$5,000		25,000		25,000
Total	4.00	\$914,562	\$518,000	\$1,432,562

FTE Changes

The Legislative Assembly approved 65 FTE positions for the State Auditor for the 2023-25 biennium, an increase of 4 FTE positions from the 2021-23 biennium authorized level of 61 FTE positions. The Legislative Assembly added 3 FTE Local Government Division audit positions and 1 FTE education coordinator position.

One-Time Funding

The following is a summary of one-time funding items for the State Auditor for the 2023-25 biennium:

	General Fund	Other Funds	Total
Local government audit office furniture	\$9,000		\$9,000
Inflationary increases for travel and professional development	22,000	\$37,000	59,000
Audit software setup and migration	45,550		45,550
Capital equipment replacement	25,000		25,000
Total	\$101,550	\$37,000	\$138,550

Other Sections in Senate Bill No. 2004

Audit refund - Section 3 provides a deficiency appropriation of \$11,000 from the general fund to the State Auditor to provide a refund to a political subdivision which, pursuant to the retroactive application of Senate Bill No. 2180 (2023), would not have had to contract for an audit.

Political subdivision audits - Section 4 amends the powers and duties of the State Auditor to allow the Department of Financial Institutions to contract with a certified public accountant for an audit; require the State Auditor to provide reports to the Legislative Audit and Fiscal Review Committee regarding instances where the State Auditor did not distribute a final audit report to a client prior to public release; and exempt the institutions under the control of the State Board of Higher Education from certain audit fees.

Salary of the State Auditor - Section 5 provides the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary is increased from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024, to reflect salary equity increases for elected officials and salary adjustments consistent with 2023-25 biennium state employee salary increases.

Department of Financial Institutions audit - Section 6 requires the State Banking Board to provide for an audit of the Department of Financial Institutions once every 2 years. The State Banking Board may request the State Auditor to conduct the audit. If the State Auditor agrees to conduct the audit, the State Auditor must deposit any fees assessed for completion of the audit to the State Auditor operating account.

Legislative Management - Local government audit services study - Section 7 provides for a Legislative Management study of local government audit services.

Emergency - Audit refund - Section 8 declares the deficiency appropriation to provide a political subdivision refund in Section 3 of the bill to be an emergency measure.

Related Legislation

House Bill No. 1235 (2023) - Terms of elected officials - Provides for certain elected officials, including the State Auditor, to begin their term of office on December 1st succeeding their election.

House Bill No. 1245 (2023) - County auditor financial reports - Requires each county to provide a financial report to the State Auditor by March 1st of each year showing the ending balances of the county general fund and county road and bridge fund for the preceding calendar year.

House Bill No. 1501 (2023) - Soybean Council audit - Identifies the Soybean Council as a nongovernmental entity, removing the requirement for an audit conducted by the State Auditor, and requires the council to prepare and submit a report summarizing the activities of the council to the State Auditor.

House Bill No. 1508 (2023) - Legislative Audit and Fiscal Review Committee report - Requires the State Auditor to report quarterly to the Legislative Audit and Fiscal Review Committee regarding communication with clients, billing, audits performed, and the audit schedule.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$77,302, of which \$44,533 is from the general fund and \$32,769 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2180 (2023) - Powers and duties of the State Auditor - Changes the requirement of state agencies to be audited from every 2 years to once every 2 to 4 years; changes the threshold of funding for political subdivisions that require an audit from \$750,000 to \$2 million; increases the rate the State Auditor may charge political subdivisions for the review of audit reports submitted by independent firms from \$86 per hour to \$90 per hour; and removes the requirement that the State Auditor audit political subdivisions when ordered by the Governor or upon petition and provides the State Auditor may perform these audits.

Senate Bill No. 2259 (2023) - Agricultural commodity group audit fees - Limits charges for audits of agricultural commodity groups to \$6,000 for an annual financial statement audit or \$4,000 for a 2-year single-page financial statement audit performed during the biennium ending June 30, 2025, and limits increases to 5 percent on July 1st of each odd-numbered year thereafter.

**State Treasurer
Budget No. 120
Senate Bill No. 2005**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	7.00	\$1,986,869	\$0	\$1,986,869
2023-25 base budget	7.00	1,705,918	0	1,705,918
Legislative increase (decrease) to base budget	0.00	\$280,951	\$0	\$280,951

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$1,959,044	\$27,825	\$1,986,869
2021-23 legislative appropriations	1,705,918	0	1,705,918
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$253,126	\$27,825	\$280,951
Percentage increase (decrease) to 2021-23 appropriations	14.8%	N/A	16.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$11,768		\$11,768
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		97,394		97,394
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		36,008		36,008
Added funding for a salary equity increase for the State Treasurer to increase the annual salary from the current level of \$114,486 to \$130,000 effective July 1, 2023		21,148		21,148
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(21,090)		(21,090)
Transferred \$25 of general appropriation authority from the salaries and wages line item to the operating expenses line item related to increased operating expenses		0		0

Added funding for operating expenses, including \$10,802 for Information Technology Department rate increases, \$12,000 for travel to professional development events, \$82,936 for a new Capitol space rent model, and \$2,160 for an electronic form subscription related to political subdivision reports submitted to the agency	107,898	107,898
Added one-time funding for information technology programming costs	27,825	27,825
Total	<u>0.00</u>	<u>\$280,951</u>
	<u>\$0</u>	<u>\$280,951</u>

FTE Changes

The Legislative Assembly approved 7 FTE positions for the State Treasurer for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The Legislative Assembly provided \$27,825 of one-time funding from the general fund for information technology programming costs.

Other Sections in Senate Bill No. 2005

Salary of State Treasurer - Section 3 provides the statutory changes necessary to increase the State Treasurer's salary to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

Related Legislation

House Bill No. 1359 (2023) - County aid distribution fund - Continues a county aid distribution fund to allocate revenues from sales taxes and motor vehicle taxes to the county with the lowest ratio of property values per capita and a population of more than 10,000.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$7,502 from the general fund in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2334 (2023) - Large facility development fund - Creates a large facility development fund to allocate revenues from sales taxes to a county or city in which a new fertilizer or chemical processing plant is constructed.

**Attorney General
Budget No. 125
Senate Bill Nos. 2003 and 2202; House Bill Nos. 1307 and 1415**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	266.00	\$55,406,910	\$47,596,107	\$103,003,017
2023-25 base budget	253.00	42,646,718	42,509,719	85,156,437
Legislative increase (decrease) to base budget	13.00	\$12,760,192	\$5,086,388	\$17,846,580

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$47,020,564	\$8,386,346	\$55,406,910
2021-23 legislative appropriations ¹	42,646,718	1,075,000	43,721,718
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$4,373,846	\$7,311,346	\$11,685,192
Percentage increase (decrease) to 2021-23 appropriations	10.3%	680.1%	26.7%

¹The 2021-23 biennium general fund appropriation for the Attorney General includes a \$1,075,000 one-time deficiency appropriation provided by the 2023 Legislative Assembly in Senate Bill No. 2025, of which \$75,000 is for prosecution witness fees and \$1,000,000 is for the statewide litigation funding pool.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$392,026	\$151,470	\$543,496
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		2,242,589	1,449,551	3,692,140
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		712,869	453,892	1,166,761
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)		(6,701,991)	(2,157,983)	(8,859,974)
Added funding for salary equity increases, of which \$223,000 is from the general fund and \$22,368 is from special funds, and \$35,668 to reclassify staff positions, of which \$21,181 is from the general fund and \$14,487 is from the Attorney General refund fund		244,181	36,855	281,036

Adjusted funding for prior biennium State Crime Laboratory staff salary equity increases from the Attorney General refund fund to the general fund. The funding was transferred from a special line item to the salaries and wages line item.		537,297	(537,297)	0
Added funding for 21 FTE positions, including 4 FTE attorney positions (\$1,189,850), 3 FTE Bureau of Criminal Investigation (BCI) cybercrime positions (\$839,976), 3 FTE BCI criminal investigator positions (\$840,029), 6 FTE State Crime Laboratory positions (\$1,695,822), 2 FTE information technology programmers and analysts (\$504,543), and 3 FTE Medicaid Fraud Control Unit (MFCU) positions (\$242,017 from the general fund and \$613,627 from federal funds). Of the total, \$4,602,851 relates to salaries and wages and \$1,323,013 relates to operating expenses of the FTE positions.	21.00	5,312,237	613,627	5,925,864
Transferred the State Fire Marshal's office to the Insurance Commissioner. Of the \$1,275,214 of other funds removed from the Attorney General's budget, \$382,129 is from the Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund and \$893,085 is from the Attorney General operating fund.	(8.00)	(887,685)	(1,275,214)	(2,162,899)
Adjusted funding for MFCU salaries and wages and operating expenses by reducing federal funds and increasing funding from the general fund to reflect a change in the federal-state cost-sharing of the program. Previously, the federal government provided funding for 90 percent of the costs of the MFCU program. The new federal funding rate is 75 percent.		341,747	(341,747)	0
Added funding for State Crime Laboratory building and equipment maintenance contract costs		222,000		222,000
Adjusted funding from the Attorney General refund fund for operating expenses, primarily as a result of settlement proceeds from the JUUL Labs, Inc., lawsuit no longer being available to the Attorney General		809,381	(831,749)	(22,368)
Added funding for information technology rate increases		54,245	7,301	61,546
Added funding for various software projects and costs, including software maintenance and subscription costs (\$453,297 from the general fund), sexual assault kit tracking system software maintenance (\$180,000 from federal funds), the automated biometric identification system and data extraction software (\$384,000 from the general fund and \$144,000 from federal funds), legal case search "Discovery" software (\$100,000 from the general fund), and gaming, licensing, and deposit project operating expenses (\$37,000 from the general fund and \$37,000 from charitable gaming operating fund)		974,297	361,000	1,335,297

Added funding for a new Capitol space rent model	259,708		259,708
Reduced funding for bond payments for the State Crime Laboratory project to provide a total of \$330,000	(318,055)		(318,055)
Added funding to replace Attorney General information technology servers	54,000		54,000
Added funding from the insurance regulatory trust fund for children's forensic medical examinations in a new line item for children's forensic interviews related to North Dakota Century Code Section 12.1-34-07. This amount is in addition to \$660,000 of base level funding from the insurance regulatory trust fund for medical examinations.		304,560	304,560
Added funding for BCI, State Crime Laboratory, and Gaming Division inflationary increases, of which \$145,000 is ongoing funding, including \$125,000 from the general fund and \$20,000 from the charitable gaming operating fund, and \$156,463 is one-time funding from the general fund	281,463	20,000	301,463
Added one-time funding for staff operating and equipment costs, including \$51,955 from federal funds. Of the total, \$12,520 is for FTE attorney position operating expenses, \$313,017 is for FTE BCI cybercrime position operating expenses and capital assets, \$210,942 is for FTE BCI criminal investigator position operating expenses and capital assets, \$186,338 is for FTE State Crime Laboratory position operating expenses, and \$69,273, including \$17,318 from the general fund, is for MFCU operating expenses and capital assets.	740,135	51,955	792,090
Added one-time funding for State Crime Laboratory capital improvements	250,000		250,000
Added one-time funding for State Crime Laboratory capital assets, including \$754,677 from federal funds, for firearms and fingerprint testing equipment, intoxilyzers, and software upgrades	886,000	754,677	1,640,677
Added one-time funding for Gaming Division and Consumer Protection and Antitrust Division vehicles and radios, of which \$51,100 is from the charitable gaming operating fund and \$51,100 is from the Attorney General refund fund		102,200	102,200
Added one-time funding to replace 10 undercover BCI vehicles	200,000		200,000
Added one-time funding for gaming, licensing, and deposit software	177,000	699,000	876,000
Added one-time funding for the statewide litigation funding pool, including \$3,202,252 from the gaming and excise tax allocation fund, of which \$2,760,000 is transferred from the lottery operating fund to the gaming and excise tax allocation fund by June 30,	1,797,748	3,202,252	5,000,000

2023, pursuant to Section 4 of Senate Bill No. 2003, resulting in a \$2,760,000 reduction in 2021-23 biennium general fund revenues

Added one-time funding from federal funds for the United States Department of Justice Community Oriented Policing Services (COPS) anti-methamphetamine program, of which \$570,988 is for operating expenses and \$1,201,050 is for capital assets. In December 2022, the Emergency Commission and Budget Section approved \$2,000,000 for the program for the 2021-23 biennium, of which approximately \$227,962 will be spent by the end of the 2021-23 biennium.		1,772,038	1,772,038
Added one-time funding for a law enforcement resiliency grant program	400,000		400,000
Added one-time funding for additional income from federal or other funds		250,000	250,000
Added one-time funding for a domestic violence forensic medical examination grant program for community-based or hospital-based domestic violence examiner programs and related administrative costs (Senate Bill No. 2202)	250,000		250,000
Added one-time funding for a back the blue grant program for providing grants to assist local law enforcement agencies with workforce recruitment and retention (House Bill No. 1307)	3,500,000		3,500,000
Added one-time funding for a law enforcement staffing grant program for grants to any local police department located in a community that has recently experienced a significant increase in the number of registered sex offenders living in that community in order to hire additional law enforcement staff (House Bill No. 1415)	29,000		29,000
Total	<u>13.00</u>	<u>\$12,760,192</u>	<u>\$5,086,388</u>

FTE Changes

The Legislative Assembly authorized 266 FTE positions for the Attorney General for the 2023-25 biennium, an increase of 13 FTE positions from the 2021-23 biennium authorization of 253 FTE positions, as follows:

FTE Position Description	FTE Position Authorization
Attorney positions	4.00
BCI cybercrime positions	3.00
BCI criminal investigator positions	3.00
State Crime Laboratory positions	6.00
MFCU positions	2.00
Information technology programmers and analyst positions	3.00
Transfer of State Fire Marshal office to the Insurance Commissioner	(8.00)
Total	13.00

One-Time Funding

The Legislative Assembly appropriated \$15.2 million of one-time funding to the Attorney General for the 2023-25 biennium as follows:

	General Fund	Other Funds	Total Funds
BCI, State Crime Laboratory, and Gaming Division inflationary increases	\$156,463	\$0	\$156,463
Staff operating and equipment costs ¹	740,135	51,955	792,090
State Crime Laboratory capital improvements	250,000	0	250,000
State Crime Laboratory capital assets, including funding for firearms and fingerprint testing equipment, intoxylzers, and software upgrades ¹	886,000	754,677	1,640,677
Gaming Division and Consumer Protection and Antitrust Division vehicles and radios ²	0	102,200	102,200
Replacement of 10 undercover BCI vehicles	200,000	0	200,000
Gaming, licensing, and deposit software ³	177,000	699,000	876,000
Statewide litigation funding pool ⁴	1,797,748	3,202,252	5,000,000
COPS anti-methamphetamine program ¹	0	1,772,038	1,772,038
Law enforcement resiliency grant program	400,000	0	400,000
Additional income from federal or other funds ¹	0	250,000	250,000
Domestic violence forensic medical examination grant program	250,000	0	250,000
Back the blue grant program	3,500,000	0	3,500,000
Law enforcement staffing grant program	29,000	0	29,000
	\$8,386,346	\$6,832,122	\$15,218,468

¹Other funds for these programs are derived from federal funds.

²Of the \$102,200 appropriated for Gaming Division and Consumer Protection and Antitrust Division vehicles and radios, \$51,100 is from the charitable gaming operating fund and \$51,100 is from the Attorney General refund fund.

³Other funds for the gaming, licensing, and deposit software are from the charitable gaming operating fund.

⁴Other funds for the statewide litigation funding pool is from the gaming and excise tax allocation fund, of which \$2.76 million is transferred from the lottery operating fund to the gaming and excise tax allocation fund by June 30, 2023, pursuant to Section 4 of Senate Bill No. 2003. After expenditure of these funds, the gaming and excise tax allocation fund balance at the end of the 2023-25 biennium will be \$0.

Deficiency Appropriations - 2021-23 Biennium

Senate Bill No. 2025 - Prosecution witness fees - Statewide litigation funding pool - Section 1 of this bill provides a \$1,075,000 deficiency appropriation from the general fund to the Attorney General, of which \$75,000 is for prosecution witness fees and \$1,000,000 is for the statewide litigation funding pool.

Total funding for the statewide litigation funding pool for the 2021-23 biennium is \$5.65 million, of which \$1 million is from the general fund, \$3 million is from the strategic investment and improvements fund (SIIF), and \$1.65 million is from the gaming and excise tax allocation fund.

Salary Equity Increases

In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated \$425,000 from lawsuit settlement proceeds, of which \$25,000 relates to anticipated interest and earnings of the settlement amount, to the Attorney General for the 2019-21 biennium. Section 14 of the bill included legislative intent that the Attorney General use up to \$425,000 of the appropriation for providing salary equity increases to attorney positions in the Attorney General's office for the 2019-21 biennium. Further intent was provided that the remaining settlement proceeds and investment earnings on the remaining proceeds be retained in the Attorney General refund fund and be used for the cost to continue the salary equity increases provided in the 2019-21 biennium during the 2021-23 and 2023-25 bienniums, subject to legislative appropriations.

In House Bill No. 1003 (2021), the Legislative Assembly appropriated \$1,374,989 from lawsuit settlement proceeds for providing salary equity increases to Attorney General staff during the 2021-23 biennium, of which \$1,249,083 was from proceeds deposited in the Attorney General refund fund for 55 FTE BCI and 2 FTE MFCU positions and \$125,906 was from funding available in the Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund for 8 FTE Fire Marshal office positions. Legislative intent was provided the lawsuit settlement funding receiving by the Attorney General and any investment earnings on the funding be retained in the Attorney General refund fund and Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund for the purpose of providing salary equity increases for the 2021-23 biennium and for the cost to continue the salary equity increases during the 2023-25 biennium, subject to legislative appropriations.

In House Bill No. 1506 (2021), the Legislative Assembly, during the November 2021 special legislative session, appropriated \$537,297 from the Attorney General refund fund to the Attorney General for providing salary equity increases to State Crime Laboratory staff during the 2021-23 biennium.

In Senate Bill No. 2003 (2023), the Legislative Assembly adjusted the \$537,297 for the prior biennium salary equity increases for State Crime Laboratory staff from the Attorney General refund fund to the general fund. The Legislative Assembly authorized \$245,368 for new salary equity increases for Attorney General staff for the 2023-25 biennium, of which \$223,000 is from the general fund and \$22,368 is from special funds. This amount is in addition to funding appropriated in Senate Bill No. 2015 (2023) to OMB for a targeted market equity pool to provide salary equity increases to executive branch employees.

Statewide Litigation Funding Pool

In Senate Bill No. 2003 (2023), the Legislative Assembly appropriated \$5 million for a statewide litigation funding pool. A recent history of funding for the statewide litigation funding pool is as follows:

Biennium	Agency	General Fund	Other Funds	Total Funds
2019-21 ¹	OMB	\$0	\$3,500,000	\$3,500,000
2021-23 ²	Attorney General	1,000,000	4,650,000	5,650,000
2023-25 ³	Attorney General	1,797,748	3,202,252	5,000,000
Total		\$2,797,748	\$11,352,252	\$14,150,000

¹Other funds for the 2019-21 biennium was from SIIF. In House Bill No. 1025 (2021), the Legislative Assembly required OMB to use \$875,632 of the \$3.5 million appropriated to OMB in the statewide litigation funding pool for the 2019-21 biennium for the payment of court ordered judgements.

²Funding for the 2021-23 biennium was from SIIF (\$3 million), the gaming and excise tax allocation fund (\$1.65 million), and a general fund deficiency appropriation provided by the 2023 Legislative Assembly in Senate Bill No. 2025 (\$1 million).

³Other funds for the 2023-25 biennium are from the gaming and excise tax allocation fund, of which \$2.76 million is to be transferred from the lottery operating fund to the gaming and excise tax allocation fund by June 30, 2023, pursuant to Section 4 of Senate Bill No. 2003.

Transfer - Lottery operating fund to gaming and excise tax allocation fund - Section 4 of Senate Bill No. 2003 transfers \$2.76 million from the lottery operating fund to the gaming and excise tax allocation fund during the 2021-23 biennium for the statewide litigation funding pool, which is appropriated in Section 1 for the 2023-25 biennium, resulting in a decrease in general fund revenue. Section 24 declares Section 4 to be an emergency measure.

Transfer - Statewide litigation funding pool to state agencies - Section 5 of Senate Bill No. 2003 requires the Attorney General to transfer funds appropriated in the statewide litigation funding pool line item to eligible state agencies for litigation expenses during the 2023-25 biennium and identifies \$3,202,252 appropriated in the estimated income line item for the statewide litigation funding pool is one-time funding from the gaming and excise tax allocation fund.

Medicaid Fraud Control Unit

In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated \$1,528,620 for the MFCU for the 2019-21 biennium, of which \$152,863, or 10 percent, is from the general fund and \$1,375,757, or 90 percent, is from federal funds. The funding includes salaries and wages funding of \$1,119,015 for 6 FTE positions, including 1 attorney, 2 auditors, 2 criminal investigators, and 1 administrative assistant. The remaining \$409,605 is for operating expenses and capital assets of the MFCU for the 2019-21 biennium.

In House Bill No. 1003 (2021), the Legislative Assembly continued funding for 6 FTE positions and reduced funding for operating expenses and capital assets by \$12,865 from the general fund to provide total MFCU operating expenses and capital assets of \$396,739, of which \$28,095 is from the general fund and \$368,644 is from federal funds.

In Senate Bill No. 2003 (2023), the Legislative Assembly appropriated \$855,644 for an additional 3 FTE MFCU positions, of which \$242,017 is from the general fund and \$613,627 is from federal funds. The Legislative Assembly also adjusted \$341,747 of funding for MFCU salaries and wages and operating expenses by reducing federal funds and increasing funding from the general fund to reflect a change in the federal-state cost sharing of the program. Previously, the federal government provided funding for 90 percent of the costs of the MFCU program. The new federal funding rate is 75 percent. In addition, the Legislative Assembly provided a one-time appropriation of \$69,273 for MFCU operating expenses and capital assets, including \$17,318 from the general fund and \$51,955 from federal funds.

Prosecution Witness Fees

Section 4 of Senate Bill No. 2003 (2019) amended Section 31-01-16 to limit the amount of prosecution witness fees a county may be reimbursed by the Attorney General to \$25,000 per county per biennium. The Attorney General has budgeted \$95,056 in the operating expenses line item for prosecution witness fees for the 2023-25 biennium. A recent history of funding for prosecution witness fees in the Attorney General's office is as follows:

Biennium	General Fund			Emergency Commission State Contingency Funds	Total
	Budgeted by the Attorney General	Deficiency Appropriation	Emergency Commission Line Item Transfers		
2013-15	\$100,000	\$50,000		\$120,000	\$270,000
2015-17	100,000		\$121,714		221,714
2017-19	95,056	50,000		50,000	195,056
2019-21	95,056				95,056
2021-23	95,056	75,000			170,056
2023-25	95,056				95,056
Total	\$580,224	\$175,000	\$121,714	\$170,000	\$1,046,938

Charitable Gaming Technology System

The 2019 Legislative Assembly provided a one-time appropriation of \$400,000 from the Attorney General operating fund to the Attorney General to purchase equipment and software for Phases 1 and 2 of a charitable gaming technology system to address charitable gaming needs in the state during the 2019-21 biennium. Section 12 of Senate Bill No. 2003 provides an exemption from Section 53-06.1-12(3) to allow the Attorney General to retain \$400,000 of gaming tax revenues and deposit the revenue in the Attorney General operating fund during fiscal year 2020. This change reduced 2019-21 estimated general fund revenues from gaming tax collections by \$400,000.

In Section 8 of House Bill No. 1003 (2021), the Legislative Assembly identified a one-time appropriation provided in Section 1 of \$400,000 from the charitable gaming operating fund to the Attorney General for Phases 3 and 4 of the charitable gaming technology system project for additional system enhancements during the 2021-23 biennium.

Charitable gaming technology system - In Section 6 of Senate Bill No. 2003 (2023), the Legislative Assembly identified \$736,000 of funding from the charitable gaming operating fund for defraying the expenses related to the continued development and implementation of the charitable gaming technology system, of which \$37,000 is ongoing funding and \$699,000 is one-time funding.

Human Trafficking Victims Grant Program

The 2015 Legislative Assembly in Senate Bill No. 2107 created Chapter 12.1-41 relating to the Uniform Act on Prevention of and Remedies for Human Trafficking, which provided a penalty for human trafficking, and authorized the Attorney General to grant or contract with service providers to develop or expand service programs for victims of human trafficking. A recent history of funding for the human trafficking victims grant program in the Attorney General's office is as follows:

Biennium	Bill No.	General Fund
2015-17 ¹	SB 2199	\$500,000
2017-19 ²	SB 2203	125,000
2019-21	SB 2003	1,400,000
2021-23 ³	HB 1003	1,101,879
2023-25 ⁴	SB 2003	1,105,404
Total		\$4,232,283

¹In addition to the appropriation provided to the Attorney General for prevention and treatment services related to human trafficking victims in non-oil-producing counties for the 2015-17 biennium, the Legislative Assembly, in Section 2 of Senate Bill No. 2199 (2015), directed the Board of University and School Lands, from funds designated from the oil and gas impact grant fund in House Bill No. 1176 (2015) for grants to law enforcement agencies impacted by oil and gas development, to make available \$750,000 for grants to organizations involved in providing prevention and treatment services related to human trafficking victims in hub cities located in oil-producing counties for the 2015-17 biennium. The Board of University and School Lands was required to award the grants as directed by the Attorney General.

²In addition to the appropriation provided to the Attorney General for the 2017-19 biennium, the Legislative Assembly, in Section 2 of Senate Bill No. 2203 (2017), directed the Board of University and School Lands to award, based on recommendations from the Attorney General, up to \$700,000 in grants to organizations involved in providing prevention and treatment services related to human trafficking victims, from funds designated from the oil and gas impact grant fund for grants to law enforcement agencies impacted by oil and gas development in subsection 3 of Section 5 of Chapter 463 of the 2015 Session Laws.

³Of the \$1,101,879 appropriated in Section 1 and identified in Section 9 of House Bill No. 1003 (2021) for the 2021-23 biennium, \$921,077 is for grants and \$180,802 is for administration of the program.

⁴Of the \$1,105,404 appropriated in Section 1 and identified in Section 7 of Senate Bill No. 2003 (2023) for the 2023-25 biennium, \$992,431 is for grants and \$112,973 is for administration of the program.

Human trafficking victims grant program - Section 7 of Senate Bill No. 2003 (2023) identifies \$1,105,404 appropriated from the general fund for providing grants to organizations involved in providing prevention and treatment services related to human trafficking victims for the 2023-25 biennium. The Attorney General may provide grants for the development and implementation of direct care emergency or long-term crisis services, residential care, training for law enforcement, support of advocacy services, and programs promoting positive outcomes for victims. Any organization that receives a grant under this section is required to report to the Attorney General and the Appropriations Committees of the 69th Legislative Assembly on the use of the funds received and the outcomes of its program.

Forensic Nurse Examiners Grant Program

In Senate Bill No. 2191 (2017), the Legislative Assembly appropriated one-time funding of \$150,000 from SIIF to the Attorney General for the purpose of providing grants for a domestic violence and rape crisis program, also known as the sexual assault forensic nurse examiners grant program for community- or hospital-based sexual assault examiner programs for the 2017-19 biennium. The Legislative Assembly has appropriated ongoing funding from the general fund for the program since the 2017-19 biennium. A recent history of funding for the forensic nurse examiners grant program in the Attorney General's office is as follows:

Biennium	Bill No.	General Fund	SIIF	Total
2017-19	SB 2191	\$0	\$150,000	\$150,000
2019-21	SB 2003	250,000	0	250,000
2021-23 ¹	HB 1003	250,691	0	250,691
2023-25 ²	SB 2003	251,482	0	251,482
Total		\$752,173	\$150,000	\$902,173

¹Of the \$250,691 appropriated in Section 1 and identified in Section 10 of House Bill No. 1003 (2021) for the 2021-23 biennium, \$183,689 is for grants and \$67,002 is for administration of the program.

²Of the \$251,482 appropriated in Section 1 and identified in Section 8 of Senate Bill No. 2003 (2023) for the 2023-25 biennium, \$225,627 is for grants and \$25,855 is for administration of the program.

Forensic nurse examiners grant program - Section 8 of Senate Bill No. 2003 (2023) identifies \$251,482 appropriated from the general fund is for the purpose of providing forensic nurse examiner program grants for community-based or hospital-based sexual assault examiner programs, for the 2023-25 biennium. Any organization that receives a grant under this section is required to report to the Attorney General and the Appropriations Committees of the 69th Legislative Assembly on the use of the funds received and the outcomes of its programs.

Other Sections in Senate Bill No. 2003

Additional income - Section 3 appropriates \$250,000 from federal or other funds to the Attorney General, for the purpose of defraying the expenses of the Attorney General for the 2023-25 biennium. The Attorney General is required to report to OMB and the Legislative Council on the availability of this funding.

Law enforcement resiliency grant program - Section 9 identifies \$400,000 appropriated from the general fund in the grants line item is for a law enforcement resiliency grant program to be provided to defray the administrative, therapeutic, training, and outreach-related costs of providing mental health and wellness support services to current and retired correctional and law enforcement personnel.

Lottery fund transfers - Section 10 amends Section 53-12.1-09 to increase transfers from the lottery operating fund to the multijurisdictional drug task force grant fund by \$50,000, from \$200,000 to \$250,000 each quarter.

Salary of the Attorney General - Section 11 includes the statutory changes necessary to provide for the Attorney General's annual salary to increase from \$169,162 to \$179,312 effective July 1, 2023, and to \$186,484 effective July 1, 2024, to reflect the 6 percent and 4 percent approved salary increases.

Criminal history record checks - Section 12 requires any person or entity requesting a criminal record check from BCI to pay a reasonable fee as determined by the Attorney General. The funding must be deposited in the general fund during the 2023-25 biennium.

Exemption - Contingent fee arrangement - Section 13 provides, notwithstanding Section 54-12-08.1, the Attorney General may contract for legal services that are compensated by a contingent fee arrangement, relating to ongoing multistate technology litigation, during the 2023-25 biennium.

Exemption - Gaming tax revenues - Section 14 provides, notwithstanding Section 53-06.1-12, the Attorney General may distribute quarters seven and eight 2021-23 biennium gaming tax revenues to cities and counties through October 31, 2023. Section 24 declares Section 14 to be an emergency measure.

Exemption - Attorney General refund fund - Section 15 provides the Attorney General an exemption to retain the 2021-23 biennium ending balance of the Attorney General refund fund for the 2023-25 biennium rather than transferring the balance to the general fund on June 30, 2023. Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the Attorney General refund fund.

Exemption - Concealed weapon rewrite project - Section 16 allows the Attorney General to continue any remaining funding appropriated from the general fund during the 2015-17 biennium and continued into the 2017-19, 2019-21, and 2021-23 bienniums for a concealed weapon rewrite project into the 2023-25 biennium.

Exemption - Legal case management system - Section 17 allows the Attorney General to continue any remaining funding from the 2017-19 biennium that was continued into the 2019-21 biennium for the statewide automated victim information and notification program and was carried into the 2021-23 biennium for the legal case management system to be continued into the 2023-25 biennium for the legal case management system. The Attorney General anticipates \$117,000 will be continued into the 2023-25 biennium.

Exemption - Criminal history improvement project - Section 18 allows the Attorney General to continue any remaining funding of the \$400,000 appropriated from the Attorney General refund fund during the 2021-23 biennium for the criminal history improvement project into the 2023-25 biennium.

Exemption - Automated biometric identification system - Section 19 allows the Attorney General to continue any remaining funding of the \$300,000 appropriated from the federal funds during the 2021-23 biennium for the automated biometric identification system, formerly known as the automated fingerprint identification system, into the 2023-25 biennium.

Exemption - COVID-19 funds - Section 20 allows the Attorney General to continue any remaining funding of the \$2,082,871 appropriated from federal COVID-19 funds during the 2019-21 biennium and continued into the 2021-23 biennium for justice assistance grants into the 2023-25 biennium.

Exemption - Federal State Fiscal Recovery Fund - Section 21 allows the Attorney General to continue any remaining funding of the \$1 million appropriated from the State Fiscal Recovery Fund during the 2021-23 biennium for the replacement of the prosecuting case management system into the 2023-25 biennium.

Legislative Management study - State Crime Laboratory - Section 22 provides for a Legislative Management study of the services and needs of the State Crime Laboratory.

Attorney cost-savings - Section 23 requires the Attorney General to provide a report to the 69th Legislative Assembly regarding cost-savings realized by hiring FTE attorney positions instead of contracting for third party legal counsel during the 2023-25 biennium.

Emergency - Section 24 declares \$250,000 appropriated in Section 1 for State Crime Laboratory capital improvements and Sections 4 and 14 to be an emergency measure.

Related Legislation

House Bill No. 1183 (2023) - Peace officer retirement - Expands the definition of peace officer to individuals employed by the state, allowing peace officers to transfer from the Public Employees Retirement System main system defined benefit retirement plan to the public safety defined benefit retirement plan. This bill does not include peace officers employed by the Highway Patrol who are enrolled in the Highway Patrol defined benefit retirement plan.

House Bill No. 1307 - Back the blue grants - Provides a one-time appropriation of \$3.5 million from the general fund to the Attorney General for a back the blue grant program to assist local law enforcement agencies with workforce recruitment and retention. The funding may be used for providing hiring and retention bonuses to new and current law enforcement and correctional officers and providing tuition and fee payments on behalf of law enforcement trainees. Of the total, at least \$750,000 must be granted to local law enforcement agencies employing 10 or fewer employees working in a law enforcement capacity.

House Bill No. 1309 (2023) - Peace officer retirement - Adjusts retirement vesting and multiplier provisions for peace officers of the public safety defined benefit plan.

House Bill No. 1415 - Law enforcement staffing grant - Provides a one-time appropriation of \$29,000 from the general fund to the Attorney General for the purpose of establishing a law enforcement staffing grant program for awarding grants to a local police department located in a community that has recently experienced a significant increase in the number of registered sex offenders living in that community in order to hire additional law enforcement staff. Eligible expenditures under the program include costs related to salaries and overtime, training, and purchases of equipment for existing and newly hired law enforcement staff. A Legislative Management study is provided in Section 2 regarding the feasibility and desirability of creating a multijurisdictional sexual predator task force.

House Bill No. 1447 (2023) - Opioid settlement fund - Creates an opioid settlement fund and an opioid settlement advisory committee, requires the Attorney General to transfer any funding received from opioid-related lawsuit settlement proceeds deposited in the Attorney General refund fund during the 2019-21 and 2021-23 bienniums into the opioid settlement fund, and allows political subdivisions to remit opioid-related funds to the state for deposit in the fund. An appropriation of \$8 million is provided to the Department of Health and Human Services for the purpose of opioid remediation and abatement efforts. Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the Attorney General refund fund and the community health trust fund.

House Bill No. 1528 (2023) - Final disposition of records - Relates to the final disposition of records, mandatory records retention policies for state agencies, and the administration of employee accounts upon employee departure from an agency. The bill allows noncompliance with the records management program to be reported to the Attorney General for possible prosecution or referral to OMB's Human Resource Management Services Division for disciplinary action.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$2,111,975, including \$1,268,037 from the general fund and \$843,938 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and retirement contribution increases provided for in House Bill Nos. 1183 and 1309;
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2202 - Domestic violence forensic medical examination grants - Appropriates one-time funding of \$250,000 from the general fund to the Attorney General to provide domestic violence forensic medical examination program grants to community-based or hospital-based domestic violence examiner programs and related administrative costs.

Senate Bill No. 2211 (2023) - State Fire Marshal transfer - Transfers statutory supervision authority for the State Fire Marshal from the Attorney General to the Insurance Commissioner.

Senate Bill No. 2281 (2023) - Charitable gaming technology fund - Creates a charitable gaming technology fund, requires the Attorney General to deposit a portion of gaming licensing fees into the new fund, provides the Attorney General a continuing appropriation from the fund for contracting for and purchasing equipment and software for a charitable gaming technology system, training employees to operate the system, and maintaining and updating the system, and transfers \$400,000 from the charitable gaming operating fund to the charitable gaming technology fund.

Senate Bill No. 2299 (2023) - Scrap metal dealers - Requires the Attorney General to provide a certificate of registration for all scrap metal dealers.

**Tax Commissioner
Budget No. 127
Senate Bill No. 2006 and House Bill No. 1158**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	117.00	\$228,189,404	\$125,000	\$228,314,404
2023-25 base budget	118.00	64,241,316	125,000	64,366,316
Legislative increase (decrease) to base budget	(1.00)	\$163,948,088	\$0	\$163,948,088

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$226,189,404	\$2,000,000	\$228,189,404
2021-23 legislative appropriations	64,241,316	0	64,241,316
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$161,948,088	\$2,000,000	\$163,948,088
Percentage increase (decrease) to 2021-23 appropriations	252.1%	N/A	255.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$159,434		\$159,434
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		1,484,574		1,484,574
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		540,120		540,120
Removed 1 undesignated vacant FTE position	(1.00)	(167,444)		(167,444)
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(1,285,846)		(1,285,846)
Increased funding for GenTax software support to provide total funding of \$4.4 million		400,000		400,000
Increased funding for operating expenses, including \$36,596 for Information Technology Department rate increases, \$96,000 for information technology data processing, and \$614,654 for a new Capitol space rent model		747,250		747,250

Increased funding for the homestead credit program to provide total funding of \$18.9 million	900,000	900,000
Increased funding for the disabled veterans' credit program to provide total funding of \$18,745,000	2,445,000	2,445,000
Added funding for an expansion of the homestead credit program (House Bill No. 1158)	53,500,000	53,500,000
Added funding for a newly created primary residence credit (House Bill No. 1158)	103,225,000	103,225,000
Added one-time funding for GenTax support enhancements	500,000	500,000
Added one-time funding for operating expenses related to information technology and advertising costs for the primary residence credit (House Bill No. 1158)	1,500,000	1,500,000
Total	<u>(1.00)</u>	<u>\$163,948,088</u>
		<u>\$0</u>
		<u>\$163,948,088</u>

FTE Changes

The Legislative Assembly approved 117 FTE positions for the Tax Commissioner for the 2023-25 biennium, a decrease of 1 FTE position from the 2021-23 biennium authorized level of 118 FTE positions. The Legislative Assembly removed 1 undesignated vacant FTE position.

One-Time Funding

One-time funding for the 2023-25 biennium for the Tax Commissioner totals \$2 million from the general fund for the following:

- \$500,000 for GenTax support enhancements; and
- \$1.5 million for operating expenses related to information technology and advertising costs for the primary residence credit.

Other Sections in Senate Bill No. 2006

Line item transfers - Section 3 allows the Tax Commissioner to transfer funding between the homestead tax credit and the disabled veterans' tax credit line items during the 2023-25 biennium.

Motor vehicle fuel taxes - Section 4 provides for a transfer of \$1,844,424 from motor vehicle fuel tax collections to the general fund for the 2023-25 biennium related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

Salary of the Tax Commissioner - Section 5 includes the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$124,250 to \$131,705 (6 percent) on July 1, 2023, and to \$136,973 (4 percent) on July 1, 2024.

Property assessment increase notices - Section 6 amends Section 57-02-53 to allow property assessment increase notices to include an estimate of a tax increase.

Sales and use tax exemption for sustainable aviation fuel - Sections 7 and 8 create a sales and use tax exemption for materials to construct, expand, or upgrade a facility that refines renewable feedstock into sustainable aviation fuel and provide effective and expiration dates related to the exemption. The sales and use tax exemption may decrease the collections deposited in the general fund and state aid distribution fund but the amount cannot be determined. Section 9 provides an effective date and expiration date for the sales and use tax exemption.

Related Legislation

House Bill No. 1158 - Income and property tax relief - Provides individual income tax relief and property tax relief, as follows:

- Provides individual income tax relief by exempting taxable income in the first bracket, consolidating the income tax brackets from five to three brackets, and reducing the income tax rates;
- Creates a new primary residence credit program to provide \$500 of property tax relief per year for each primary residence; and
- Expands the homestead credit program by replacing the current six thresholds of varying income levels up to a maximum of \$42,000 with two thresholds, one for incomes up to \$40,000 and another for incomes between \$40,000 and \$70,000 and by increasing the taxable value exemption from the current limit of \$5,625 to \$9,000.

House Bill No. 1359 (2023) - County aid distribution fund - Continues a county aid distribution fund to allocate revenues from sales and use taxes and motor vehicle excise taxes to the county with the lowest ratio of property values per capita and a population of more than 10,000.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$114,348 from the general fund in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2334 (2023) - Large facility development fund - Creates a large facility development fund to allocate revenues from sales taxes to a county or city in which a new fertilizer or chemical processing plant is constructed.

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments
Budget No. 401
Senate Bill No. 2010**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	47.00	\$0	\$15,853,379	\$15,853,379
2023-25 base budget	38.00	0	30,312,180	30,312,180
Legislative increase (decrease) to base budget	9.00	\$0	(\$14,458,801)	(\$14,458,801)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$62,195	\$62,195
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			661,201	661,201
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			216,040	216,040
Removed an FTE position for information technology unification	(1.00)		(78,492)	(78,492)
Transferred the State Fire Marshal from the Attorney General's office; \$1,797,805 is for salaries and wages and \$365,094 is for related operating expenses	8.00		2,162,899	2,162,899
Added FTE positions for the State Fire Marshal; \$407,380 is for salaries and wages and \$184,061 is for related operating expenses	2.00		591,441	591,441
Added funding for employer retirement contribution increase for peace officers provided for in House Bill No. 1183 (2023)			13,256	13,256
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(644,746)	(644,746)
Added funding for a salary equity increase for the Insurance Commissioner to increase the annual salary from \$114,468 to \$130,000 effective July 1, 2023			21,148	21,148
Added funding for operating expenses			618,957	618,957

Removed funding for payments to fire departments since the payments will be provided as a continuing appropriation pursuant to the provisions of Senate Bill No. 2211 (2023)			(19,588,470)	(19,588,470)
Increased funding for North Dakota Firefighter's Association to provide a total of \$2.4 million			1,259,930	1,259,930
Added one-time funding for accrued leave payouts due to retirements			98,300	98,300
Added one-time funding for an office remodel			75,000	75,000
Added one-time funding for State Fire Marshal equipment			72,540	72,540
Total	<u>9.00</u>	<u>\$0</u>	<u>(\$14,458,801)</u>	<u>(\$14,458,801)</u>

FTE Changes

The Legislative Assembly approved 47 FTE positions for the Insurance Commissioner for the 2023-25 biennium, an increase of 9 FTE positions from the 2021-23 biennium authorized level of 38 FTE positions. The Legislative Assembly removed 1 FTE position for information technology unification and added the following FTE positions:

- 8 FTE State Fire Marshal positions transferred from the Attorney General; and
- 2 FTE state deputy fire marshal positions.

One-Time Funding

The following is a summary of one-time funding items for the Insurance Commissioner for the 2023-25 biennium:

	Other Funds
Accrued leave payouts	\$98,300
Office remodel	75,000
State Fire Marshal equipment	72,540
Total one-time funding	\$245,840

Insurance Tax Payments to Fire Departments

The Legislative Assembly, in Senate Bill No. 2211, provided a continuing appropriation for payments to fire departments and districts from the insurance tax distribution fund, in accordance with provisions of North Dakota Century Code Section 18-04-05. Previously, the funding was specifically appropriated to the Insurance Commissioner each biennium. The following is a summary of the amounts appropriated by the Legislative Assembly in prior bienniums and an estimate of the 2023-25 biennium payments to fire departments and districts:

Biennium	Total Payments
2015-17 biennium	\$15,681,207
2017-19 biennium	\$14,235,561
2019-21 biennium	\$17,989,505
2021-23 biennium	\$19,588,470
2023-25 biennium (estimated)	\$20,688,040

State Fire Marshal

The Legislative Assembly, in Senate Bill No. 2211, transferred the State Fire Marshal from the Attorney General's office to the Insurance Commissioner. The transfer included 8 FTE positions and an appropriation of \$2,162,899; of which \$1,797,805 was for salaries and wages and \$365,094 was for operating expenses. Funding for the State Fire Marshal in the Attorney General's office was provided from the general fund, the Attorney General operating fund, and the Reduced Cigarette Ignition Propensity and Firefighter Protection Act Enforcement fund. In the Insurance Commissioner's office funding for the State Fire Marshal is being provided from the Insurance Regulatory Trust Fund and the Reduced Cigarette Ignition Propensity and Firefighter Protection Act Enforcement fund. The 2023 Legislative Assembly authorized 2 additional FTE deputy state fire marshal positions and appropriated \$591,441 from special funds; of which \$407,380 is for salaries and wages and \$184,061 is for related operating expenses, to the State Fire Marshal.

Other Sections in Senate Bill No. 2010

Appropriation - Additional federal funds - Section 3 appropriates any additional income from federal funds that may become available to the Insurance Commissioner for the 2023-25 biennium.

Insurance Commissioner's salary - Section 4 provides the statutory changes necessary to increase the Insurance Commissioner's salary by 14 percent the 1st year and 4 percent the 2nd year as follows:

Annual salary authorized by the Legislative Assembly in 2021:

July 1, 2021	\$112,241
July 1, 2022	\$114,486

Annual salary authorized by the Legislative Assembly in 2023:

July 1, 2023	\$130,000
July 1, 2024	\$135,200

Government self-insurance pools - Section 5 amends Sections 26.1-23.1-02 and 26.1-23.1-06 with exceptions added for Sections 26.1-26-06, 26.1-26-07, and 26.1-26-13.1 relating to government self-insurance pools.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$51,040 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - State fire and tornado and state bonding funds - Provides for a Legislative Management study to determine the feasibility and desirability of changing administration of the state fire and tornado fund and state bonding fund from the Insurance Commissioner to the Director of the Office of Management and Budget.

Senate Bill No. 2211 - Insurance tax distribution fund - Continuing appropriation - Transfers the State Fire Marshal from the Attorney General's office to the Insurance Commissioner and provides for a continuing appropriation for payments to fire departments and districts from the insurance tax distribution fund.

Senate Bill No. 2295 (2023) - Unsatisfied judgment fund - Repeals provisions relating to the unsatisfied judgment fund.

**Public Service Commission
Budget No. 408
Senate Bill No. 2008**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	45.00	\$7,537,710	\$13,724,121	\$21,261,831
2023-25 base budget	43.00	6,425,687	13,347,095	19,772,782
Legislative increase (decrease) to base budget	2.00	\$1,112,023	\$377,026	\$1,489,049

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$7,354,210	\$183,500	\$7,537,710
2021-23 legislative appropriations ¹	6,425,687	65,400	6,491,087
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$928,523	\$118,100	\$1,046,623
Percentage increase (decrease) to 2021-23 appropriations	14.5%	180.6%	16.1%

¹The 2021-2023 general fund appropriation has been increased by \$60,000 for a deficiency appropriation for the public service program fund.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$53,472	\$27,589	\$81,061
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		419,766	290,719	710,485
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		126,276	89,756	216,032
Adjusted funding for base line item changes			76,664	76,664
Added funding for temporary salaries		38,000		38,000
Added 1 FTE environmental scientist position and 1 FTE engineering analyst position; of which \$503,632 is for salaries and wages and \$9,250 is for related operating expenses	2.00	374,280	138,602	512,882
Added salary equity funding for elected officials		38,838		38,838

Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget	(546,818)	(264,504)	(811,322)
Added funding for Information Technology Department rate increase	42		42
Added funding for operating expenses	83,600		83,600
Added funding for new Capitol space rent model	221,067		221,067
Added funding for a Federal Energy Regulatory Commission contractor	120,000		120,000
Added one-time funding from the general fund due to a reduction in federal indirect cost recovery funding	101,700		101,700
Added one-time funding to purchase a drone	1,800	18,200	20,000
Added one-time funding for weights and measures equipment	70,000		70,000
Added one-time funding for a copier	10,000		10,000
Total	<u>2.00</u>	<u>\$1,112,023</u>	<u>\$1,489,049</u>

FTE Changes

The Legislative Assembly approved 45 FTE positions for the Public Service Commission for the 2023-25 biennium, an increase of 2 FTE positions from the 2021-23 biennium authorized level of 43 FTE positions. The Legislative Assembly added 1 FTE environmental scientist position and 1 FTE engineering analyst position.

One-Time Funding

The following is a summary of one-time funding items for the Public Service Commission for the 2023-25 biennium:

	General Fund	Other Funds	Total
Shortfall in federal indirect cost recovery funds	\$101,700	\$0	\$101,700
Drone	1,800	18,200	20,000
Weights and measures equipment	70,000	0	70,000
Copier	10,000	0	10,000
Total	\$183,500	\$18,200	\$201,700

Other Sections in Senate Bill No. 2008

2021-23 Appropriation - Public Service Commission program fund - Section 3 transfers \$60,000 from the general fund to the Public Service Commission program fund during the 2021-23 biennium.

Bank of North Dakota - Line of credit - Section 4 provides for a line of credit at the Bank of North Dakota of \$900,000 to pay costs associated with a rail rate complaint case. The section authorizing a \$900,000 transfer from the beginning farmer revolving loan fund included in prior bienniums is removed.

Salary of commissioners - Section 5 provides the statutory changes increasing the Public Service Commissioners' salary. Each Public Service Commissioner's salary is increased from the current level of \$117,610 to \$130,000 (10.5 percent), effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

Administrative fees - Sections 6 and 7 amend North Dakota Century Code Sections 49-22.1-21 and 49-22-22 to increase the administrative fee from \$100 to \$200 for each \$1 million of original investment and changes the maximum fee from \$25,000 to \$50,000.

Railroad safety program - Section 8 amends Section 57-43.2-19 to increase the deposit from \$297,362 to \$332,327 per year from special fuels taxes into the rail safety fund through June 30, 2027.

Emergency - Section 9 declares Sections 3, 6, and 7 to be an emergency.

Related Legislation

House Bill No. 1063 (2023) - Tariff rate filing fee requirement - Removes the \$50 tariff rate filing fee requirement.

House Bill No. 1096 (2023) - Permit fees for registered service companies - Relates to permit fees for registered service companies and registered service persons.

House Bill No. 1191 (2023) - Registration and licensing of auctioneers - Transfers the responsibility of licensing and registering auctioneers and clerks from the Public Service Commission to the Secretary of State.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$48,291, of which \$26,468 is from the general fund and \$21,823 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Agriculture Commissioner
Budget No. 602
Senate Bill No. 2009; House Bill Nos. 1276, 1437, and 1519**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	80.00	\$47,519,573	\$32,454,618	\$79,974,191
2023-25 base budget	79.00	13,459,712	24,110,775	37,570,487
Legislative increase (decrease) to base budget	1.00	\$34,059,861	\$8,343,843	\$42,403,704

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$14,519,573	\$33,000,000	\$47,519,573
2021-23 legislative appropriations ¹	13,459,712	12,200,000	25,659,712
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,059,861	\$20,800,000	\$21,859,861
Percentage increase (decrease) to 2021-23 appropriations	7.9%	170.5%	85.2%

¹The 2021-23 biennium general fund appropriation for the Agriculture Commissioner includes a \$1.7 million one-time deficiency appropriation provided by the 2023 Legislative Assembly in Senate Bill No. 2025 for the purpose of repaying a loan authorized in a special meeting of the Emergency Commission in August 2021 for the emergency feed transportation program during the 2021-23 biennium.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$65,314	\$49,755	\$115,069
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		595,220	412,980	1,008,200
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		228,779	183,910	412,689
Added an FTE marketing specialist position, of which \$214,930 is for salaries and wages and \$101,300 is for operating expenses	1.00	316,230		316,230
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(608,727)	(268,273)	(877,000)

Added funding for information technology rate increases, including \$6,599 from federal funds and \$5,969 from special funds	17,565	12,568	30,133
Added funding for information technology data processing, communications, and services, including \$4,442 from federal funds and \$210,617 from special funds	10,078	215,059	225,137
Adjusted funding for travel, operating fees and services, and other operating expenses, including a reduction of \$563,265 from federal funds and \$96,586 from special funds	47,266	(659,851)	(612,585)
Added funding for a new Capitol space rent model	198,136		198,136
Added funding from the abandoned oil and gas well plugging and site reclamation fund for a postproduction royalty oversight program. The program was established in Senate Bill No. 2194 (2023), which will allow the Agriculture Commissioner to contract for an ombudsmen to assist individuals and companies with mineral royalty payment issues.		500,000	500,000
Added federal funds for the plant and potato cyst nematode program		26,000	26,000
Added federal funding for the local food purchase assistance program for local underserved producers, including \$110,000 for operating expenses and \$868,000 for grants		978,000	978,000
Adjusted funding for capital assets to provide a total of \$7,000 for capital assets from the environment and rangeland protection fund	(10,000)	2,000	(8,000)
Added funding for noxious weeds grants, of which \$80,000 is from federal funds and \$118,695 is from the environment and rangeland protection fund to provide a total of \$1,623,969, of which \$170,000 is from federal funds and \$1,453,969 is from the environment and rangeland protection fund		198,695	198,695
Reduced funding for the waterbank program to provide a total of \$100,000 from the North Dakota outdoor heritage fund		(200,000)	(200,000)
Added federal funding for the specialty crop block grant program to provide a total of \$7,094,805 from federal funds. This amount does not include funding for the program from COVID-19 federal funds. A section is added to the bill to provide the Agriculture Commissioner an exemption to continue COVID-19 funding appropriated for the program for the 2019-21 biennium and continued into the 2021-23 biennium during the 2021 legislative session into the 2023-25 biennium.		1,055,500	1,055,500

Added funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400 for the Wildlife Services program	200,000		200,000	
Increased funding from the Agricultural Products Utilization Commission (APUC) fund for the APUC program to provide ongoing funding of \$2,110,417 from the agricultural products utilization fund		350,000	350,000	
Added one-time funding from Bank of North Dakota profits for the APUC program to provide a total of \$5,110,417 for the program		3,000,000	3,000,000	
Added one-time funding for bioscience innovation grants which are transferred to the bioscience innovation grant fund. In addition, Section 3 provides for a \$5.5 million transfer from the strategic investment and improvements fund (SIIF) to the bioscience innovation grant fund to provide a total of \$12 million for bioscience innovation grants.	6,500,000		6,500,000	
Added one-time funding for the North Dakota Trade Office to provide a total of \$2.1 million from the general fund	500,000		500,000	
Added one-time funding from SIIF for grasslands grazing grants		1,000,000	1,000,000	
Added one-time funding for a food distribution grant program	1,000,000		1,000,000	
Added one-time funding for the agriculture infrastructure grant program to be transferred to the agriculture diversification and development fund. Of this amount, \$10 million is available for agriculture infrastructure grants to political subdivisions. (House Bill No. 1276)	25,000,000		25,000,000	
Added one-time funding from the environment and rangeland protection fund for a regional livestock development and planning grant program (House Bill No. 1437)		1,200,000	1,200,000	
Added one-time funding for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants. Of this amount, \$275,000 is from the federal State Fiscal Recovery Fund for grants and \$12,500 is from SIIF for administration of the program. (House Bill No. 1519)		287,500	287,500	
Total	1.00	\$34,059,861	\$8,343,843	\$42,403,704

FTE Changes

The Legislative Assembly approved 80 FTE positions for the Agriculture Commissioner for the 2023-25 biennium, an increase of 1 FTE position from the 2021-23 biennium level of 79 FTE positions. The Legislative Assembly added 1 FTE marketing specialist position.

One-Time Funding

The Legislative Assembly approved \$38.5 million of one-time funding for the Agriculture Commissioner for the 2023-25 biennium as follows:

	General Fund	Other Funds	Total Funds
APUC ¹		\$3,000,000	\$3,000,000
Bioscience innovation grants ²	\$6,500,000		6,500,000
North Dakota Trade Office	500,000		500,000
Grasslands grazing grants ³		1,000,000	1,000,000
Food distribution grant program	1,000,000		1,000,000
Agriculture infrastructure grant program (House Bill No. 1276) ⁴	25,000,000		25,000,000
Regional livestock development and planning grant program (House Bill No. 1437) ⁵		1,200,000	1,200,000
Uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants (House Bill No. 1519) ⁶		287,500	287,500
Total	\$33,000,000	\$5,487,500	\$38,487,500

¹One-time funding for the APUC program is from Bank of North Dakota profits.

²The \$6.5 million appropriated from the general fund in Section 1 of Senate Bill No. 2009 for bioscience innovation grants is transferred to the bioscience innovation grant fund in Section 4 of the bill. In Section 3, the Legislative Assembly provided for a \$5.5 million transfer from SIIF to the bioscience innovation grant fund to provide a total of \$12 million for bioscience innovation grants.

³Funding for the grasslands grazing grants program is from SIIF.

⁴Funding appropriated from the general fund for the agriculture infrastructure grant program is transferred to the agriculture diversification and development fund.

⁵Funding appropriated for the regional livestock development and planning grant program is from the environment and rangeland protection fund.

⁶Of the \$287,500 appropriated for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants, \$275,000 is from the federal State Fiscal Recovery Fund for grants and \$12,500 is from SIIF for administration of the program.

Deficiency Appropriation - 2021-23 Biennium

Senate Bill No. 2025 - Emergency feed transportation program loan repayment - Section 1 of this bill provides a \$1.7 million deficiency appropriation from the general fund to the Agriculture Commissioner for the purpose of repaying a loan authorized in a special meeting of the Emergency Commission in August 2021 for the emergency feed transportation program during the 2021-23 biennium.

Environment and Rangeland Protection Fund

The environment and rangeland protection fund was established by the 1991 Legislative Assembly in Senate Bill No. 2451 and enacted as North Dakota Century Code Section 19-18-02.1 then amended and reenacted by the 2017 Legislative Assembly as Section 4.1-39-07 as part of the agriculture law rewrite. The fund contains collections from pesticide registration fees, fertilizer registration, inspection, and tonnage fees, and weed seed free forage fees. Prior to the 2009-11 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund. Funding in the environment and rangeland protection fund is utilized for various Agriculture Commissioner programs. Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the environment and rangeland protection fund.

Minor use pesticide fund transfer - Section 7 of Senate Bill No. 2009 transfers \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2023-25 biennium, the same as the 2021-23 biennium.

Environment and rangeland protection fund - Section 8 of Senate Bill No. 2009 identifies \$7,351,547 of funding from the environment and rangeland protection fund for Agriculture Commissioner programs, an increase of \$452,152 from the 2021-23 biennium.

Agricultural Products Utilization Commission

In Senate Bill Nos. 2009 and 2328 and House Bill No. 1018, the 2019 Legislative Assembly approved the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner beginning in the 2019-21 biennium. The following is a summary of recent funding for APUC in the Department of Commerce (2013-15 through 2017-19 bienniums) and Agriculture Commissioner (2019-21 through 2023-25 bienniums):

Biennium	General Fund	APUC Fund ¹	Bank of North Dakota Profits	Federal Funds	Total ²
2013-15	\$1,202,210	1,738,284	0	300,000	\$3,240,494
2015-17 (adjusted) ^{3,4}	\$1,022,983	2,095,628	0	0	\$3,118,611
2017-19 ^{5,6}	\$0	3,152,915	0	0	\$3,152,915
2019-21 ⁷	\$0	1,760,417	2,000,000	0	\$3,760,417
2021-23	\$0	\$1,760,417	\$2,700,000	\$0	\$4,460,417
2023-25	\$0	2,110,417	3,000,000	0	\$5,110,417
Increase (decrease) from 2021-23 biennium	\$0	\$350,000	\$300,000	\$0	\$650,000

¹The 2013 Legislative Assembly renamed the agricultural fuel tax fund the agricultural products utilization fund. Section 19 of Senate Bill No. 2018 (2013) removed the requirement that two cents per gallon of the motor vehicle fuel tax refund for agricultural purposes be deposited in the agricultural products utilization fund, resulting in the remaining ongoing funding sources for the agricultural products utilization fund be an annual transfer of 5 percent of the Mill and Elevator Association profits and one-half cent per gallon of the motor vehicle fuel tax refund for industrial purposes. In Section 2 of House Bill No. 1099 (2023), the Legislative Assembly amended Section 57-43.1-03 to remove the requirement to deposit one-half cent per gallon of the motor vehicle fuel tax refund in the agricultural products utilization fund, resulting in the annual transfer of 5 percent of the Mill and Elevator Association profits being the only ongoing funding source for the agricultural products utilization fund.

²These amounts do not include carryover authority.

³The 2015-17 general fund appropriation for APUC reflects a \$200,000 reduction made during the August 2016 special legislative session reductions.

⁴The 2015 Legislative Assembly provided an exemption for APUC in Section 17 of House Bill No. 1018 allowing unexpended funds from the 2013-15 biennium to continue during the 2015-17 biennium.

⁵Of the amount appropriated to the Department of Commerce through the agricultural products utilization fund for the 2017-19 biennium, approximately \$1.3 million was from the Mill and Elevator Association profits and approximately \$1,000 was from motor vehicle fuel tax refunds. The remaining amount was additional special fund spending authority from the agricultural products utilization fund if additional Mill and Elevator Association profits become available.

⁶The 2017 Legislative Assembly provided an exemption for APUC in Section 4 of Senate Bill No. 2018 allowing unexpended funds from the 2015-17 biennium to continue during the 2017-19 biennium.

⁷In addition to the funding provided to the Agriculture Commissioner in the APUC line item, funding for 1 FTE position is included from the general fund in the salaries and wages line item for the APUC program.

North Dakota Trade Office

The North Dakota Trade Office creates global partnerships to expand trade opportunities for North Dakota businesses through advocacy, education, and expertise. In Section 13 of Senate Bill No. 2009 (2023), the Legislative Assembly identified \$2.1 million appropriated in Section 1 from the general fund for the North Dakota Trade Office. The Legislative Assembly transferred the North Dakota Trade Office program from the Department of Commerce to the Agriculture Commissioner in Senate Bill No. 2018 (2021).

The following is a summary of funding for the North Dakota Trade Office in the Department of Commerce (2003-05 through 2019-21 bienniums) and Agriculture Commissioner (2021-23 biennium and 2023-25 biennium):

Biennium	General Fund	Other Funds	Total
2003-05 ¹	\$75,000	0	\$75,000
2005-07 ²	\$0	700,000	\$700,000
2007-09 ³	\$1,500,000	0	\$1,500,000
2009-11 ⁴	\$2,064,000	0	\$2,064,000
2011-13 ⁵	\$2,613,400	0	\$2,613,400
2013-15 ⁵	\$2,613,400	0	\$2,613,400
2015-17 (adjusted) ^{5,6}	\$2,556,694	0	\$2,556,694
2017-19 ⁷	\$2,000,000	0	\$2,000,000
2019-21 ⁷	\$1,600,000	0	\$1,600,000
2021-23 ⁷	\$1,600,000	\$0	\$1,600,000
2023-25 ⁷	\$2,100,000	0	\$2,100,000
Increase (decrease) from 2021-23 biennium	\$500,000	\$0	\$500,000

¹Section 21 of House Bill No. 1019 (2003) required the Department of Commerce to establish a trade promotion authority for promoting North Dakota products and improving international trade for North Dakota products for the 2003-05 biennium. The department was to use \$75,000 from the general fund appropriated in its operating expenses line item for operating costs of the trade authority for the 2003-05 biennium. Section 22 of the bill provided that the department may spend any gifts, grants, or other income received by the authority pursuant to a continuing appropriation for the 2003-05 biennium.

²The 2005 Legislative Assembly provided funding of \$500,000 from the development fund and \$200,000 from the Mill and Elevator Association for costs associated with the North Dakota Trade Office. Matching funds of 50 percent were to be provided before this funding was made available.

³Section 10 of House Bill No. 1018 (2007) provided that the Department of Commerce may spend 50 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁴Section 11 of Senate Bill No. 2018 (2009) provides that the Department of Commerce may spend 62.5 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁵Section 26 of Senate Bill No. 2057 (2011), Section 31 of Senate Bill No. 2018 (2013), and Section 12 of House Bill No. 1018 (2015), provided the Department of Commerce may spend 70 percent of funding appropriated to the North Dakota Trade Office without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the department. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁶The 2015-17 biennium appropriation for the North Dakota Trade Office reflects a \$56,706 general fund reduction made as part of the August 2016 special legislative session reductions.

⁷Section 11 of Senate Bill No. 2018 (2017) and Section 9 of House Bill No. 1018 (2019) provided the Department of Commerce and Section 12 of House Bill No. 1009 (2021) and Section 13 of Senate Bill No. 2009 (2023) provided the Agriculture Commissioner may spend 60 percent of funding appropriated for the North Dakota Trade Office without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the state. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Bioscience Innovation Grant Program

In Senate Bill No. 2224 (2019), the Legislative Assembly established a bioscience innovation grant program, provided a continuing appropriation to the Agriculture Commissioner for the program, and required the Office of Management and Budget to transfer \$700,000 from the Research North Dakota fund to the bioscience innovation grant fund during the 2019-21 biennium. Of the \$700,000 transferred, up to \$200,000 was to be awarded to entities providing assistance to develop bioscience companies. The Agriculture Commissioner was required to collaborate with the Department of Commerce when awarding bioscience innovation grants and to coordinate the management of the Agriculture Commissioner's bioscience innovation grant program with the Department of Commerce's biotechnology grant program. At the request of the Department of Commerce, the 2021 Legislative Assembly removed funding for the biotechnology grant program beginning in the 2021-23 biennium, eliminating the program.

Bioscience innovation grant fund transfers - Section 3 of Senate Bill No. 2009 (2023) provides for a \$5.5 million transfer from SIIF to the bioscience innovation grant fund for the bioscience innovation grant program during the 2023-25 biennium. Section 4 identifies \$6.5 million appropriated from the general fund in Section 1 and transfers the funding to the bioscience innovation grant fund to provide a total of \$12 million for bioscience innovation grants.

The following is a summary of funding transferred to the bioscience innovation grant fund for the bioscience innovation grant program:

Biennium	General Fund	SIIF	Research North Dakota Fund	Total
2019-21	\$0	\$0	\$700,000	\$700,000
2021-23	5,500,000	0	0	5,500,000
2023-25	6,500,000	5,500,000	0	12,000,000
Total	\$12,000,000	\$5,500,000	\$700,000	\$18,200,000

Other Sections in Senate Bill No. 2009

Environmental impact mitigation fund transfer - Section 5 provides for a transfer of \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.

State Water Commission funding - Section 6 identifies \$125,000 in the estimated income line item, which the Department of Water Resources is required to transfer to the Agriculture Commissioner for the Wildlife Services program for the 2023-25 biennium, the same as the 2021-23 biennium.

Game and fish funding - Section 9 identifies \$648,228 from the game and fish operating fund for the State Board of Animal Health (\$148,228) and Wildlife Services program (\$500,000) for the 2023-25 biennium, an increase of \$28,899 from the 2021-23 biennium appropriation of \$619,329.

Agricultural Products Utilization Commission - Section 10 identifies one-time funding of \$3 million in the estimated income line item and APUC line item from current earnings and undivided profits of the Bank of North Dakota, which must be transferred to the Agriculture Commissioner for deposit in the agricultural products utilization fund for defraying the expenses of the APUC program during the 2023-25 biennium.

Grasslands grazing grants - Section 11 identifies one-time funding of \$1 million in the estimated income line item from SIIF for providing grassland grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat, capture carbon, or increase the health of grasslands. Program participants are required to develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner is required to establish additional guidelines for the program.

The 2021 Legislative Assembly appropriated \$5 million from SIIF for the program for the 2021-23 biennium.

Abandoned oil and gas well plugging and site reclamation fund - Section 12 identifies one-time funding of \$700,000 in the estimated income line item from the oil and gas well plugging and site reclamation fund, of which \$200,000 is for the pipeline restoration and reclamation program during the 2023-25 biennium, the same as the 2021-23 biennium. The remaining \$500,000 is for a postproduction royalty oversight program established in Senate Bill No. 2194 that will allow the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.

Waterbank program - Section 14 provides that of the amount appropriated in the salary and wages line item in Section 1, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Salary of the Agriculture Commissioner - Section 15 includes the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary will increase from the current level of \$123,984 to \$131,423 (6 percent) effective July 1, 2023, and to \$136,680 (4 percent) effective July 1, 2024, to reflect salary adjustments consistent with 2023-25 biennium state employee salary increases.

Federal Environmental Law Impact Review Committee - Section 16 amends Section 4.1-01-18 to provide of the two individuals from the energy community that serve on the Federal Environmental Law Impact Review Committee, the Governor will appoint one individual and the Agriculture Commissioner will appoint one individual, instead of the Agriculture Commissioner appointing both individuals.

Environmental impact mitigation fund - Sections 17 and 18 amend Sections 4.1-01-21.1 and 49-22-09.2 relating to the environmental impact fund and mitigating environmental impacts. The sections provide money in the environmental impact mitigation fund can be use only for consultation with environmental scientists or engineers, industry specialists, or others for relevant services to analyze or implement mitigation required from the impact of development and for the creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Section 18 amended Section 49-22-09.2 to change the requirement that the Agriculture Commissioner deposit 50 percent of money paid to mitigate adverse environmental impacts of a proposed site, corridor, route, or facility in the environmental impact mitigation fund and 50 percent in the federal environmental law impact review fund to instead require the Agriculture Commissioner to deposit all money received under Section 49-22-02.2 in the environmental impact mitigation fund.

Wildlife Services program - Indirect costs - Section 19 provides the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.

Exemption - COVID-19 specialty crop block grant program and COVID-19 stress assistance program operating expenses - Section 20 provides an exemption to authorize the Agriculture Commissioner to continue funding appropriated for the 2019-21 biennium and continued into the 2021-23 biennium for the COVID-19 specialty crop block grant program (\$5 million) and COVID-19 stress assistance program operating expenses (\$500,000) into the 2023-25 biennium.

Exemption - Grasslands grazing grants - Section 21 provides an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from SIIF for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium.

Legislative Management study - Energy conversion or transmission facility - Environmental mitigation - Section 22 provides for a Legislative Management study of plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities.

Legislative Management study - Transfer of agriculture education programs - Section 23 provides for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner.

Related Legislation

House Bill No. 1099 (2023) - Agricultural products utilization fund - Amends Section 57-43.1-03 to remove the requirement that one-half cent per gallon of the motor vehicle fuel tax refund be deposited in the agricultural products utilization fund.

House Bill No. 1101 (2023) - Domestic animals and nontraditional livestock continuing appropriation - Removes the Agriculture Commissioner's domestic animals and nontraditional livestock continuing appropriation from Section 36-01-08 and amended it into Section 36-01-33.

House Bill No. 1276 - Agriculture diversification and development fund - Authorizes the Agriculture Commissioner to provide grants from the agriculture diversification and development fund. The Agriculture Diversification and Development Committee is required to designate the amount available from the agriculture diversification and development fund for loans and interest rate buydowns to be spent by the Bank of North Dakota and for grants to be spent by the Agriculture Commissioner.

The Agriculture Commissioner, in consultation with the Director of the Department of Transportation, is required to develop eligibility guidelines and policies to administer the grant program and to award the grants. The Agriculture Commissioner, in consultation with the Director of the Department of Transportation, is required to award grants to political subdivisions for road and bridge improvements necessary to accommodate value-added agriculture businesses. The grants may not exceed the lesser of \$1.25 million per project or 80 percent of the infrastructure project costs. Grant funding may not be used for routine maintenance or operating costs.

The Agriculture Commissioner is required to award grants to entities for water and sewer line improvements and electrical and gas supply improvements necessary to accommodate value-added agriculture businesses. The grants may not exceed the lesser of \$350,000 per project or 80 percent of the capital improvement project costs. Grant funding may not be used for routine maintenance or operating costs.

The bill includes a \$25 million one-time appropriation from the general fund, which is transferred to the agriculture diversification and development fund. Of this amount, \$10 million is available for grants to political subdivisions. The Agriculture Commissioner is provided a continuing appropriation from the agriculture diversification and development fund to provide grants. The Bank of North Dakota is provided a continuing appropriation from the fund to provide loans and interest rate buydowns.

House Bill No. 1437 - Regional livestock development and planning grant program - Creates a regional livestock development and planning grant program and appropriates \$1.2 million from the environment and rangeland protection fund for grants to counties and townships to identify rural areas for agricultural-related development and to assist with the review of township zoning and land use regulations.

House Bill No. 1519 - Uncrewed aircraft system grants - Provides a one-time appropriation of \$287,500 to the Agriculture Commissioner for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants. Of this amount, \$275,000 is from the federal State Fiscal Recovery Fund for grants and \$12,500 is from SIFF for administration of the program. The Agriculture Commissioner may require \$1 of matching funds from the applicant for every \$4 provided by the agency.

Senate Bill No. 2015 (2023) - Funding pools - This bill includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the Agriculture Commissioner is to receive \$78,496, including \$46,693 from the general fund and \$31,803 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2027 (2023) - Advisory Committee on Sustainable Agriculture - Repeals Section 4.1-01-11 related to the Advisory Committee on Sustainable Agriculture.

Senate Bill No. 2194 - Postproduction royalty oversight program - Creates a new section to Chapter 4.1-01 to establish a postproduction royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

SECTION E - ELEMENTARY AND SECONDARY EDUCATION

OVERVIEW	E-1
LEGISLATIVE CHANGES TO BASE BUDGET AND MAJOR PROGRAM CHANGES	E-5
STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION - COMPARISON OF 2021-23 AND 2023-25 BIENNIUMS	E-17
STATE SCHOOL AID INTEGRATED PER STUDENT PAYMENT RATES AND WEIGHTED STUDENT UNITS FOR THE 2021-23 AND 2023-25 BIENNIUMS	E-21

ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

STATE SCHOOL AID

The Legislative Assembly appropriated \$2,381,774,851, of which \$1,699,921,765 is from the general fund, \$157,000,000 is from the foundation aid stabilization fund, \$13,993,086 is from the strategic investment and improvements fund (SIIF), and \$510,860,000 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, and special education. This level of funding represents an increase of \$164,849,851, including increases in funding of \$13,545,500 from the foundation aid stabilization fund, \$13,993,086 from SIIF, \$77,840,000 from the state tuition fund, and \$59,471,265 from the general fund, from the 2021-23 legislative appropriation of \$2,216,925,000.

In 2013 the Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrated property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2023-25 biennium, the integrated payment rates are increased 4 percent each year of the biennium to provide \$10,646 during the 1st year of the biennium and \$11,072 during the 2nd year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund.

The legislative appropriation for the state school aid program:

- Includes **integrated formula payments** totaling \$2,299,674,851, of which \$1,617,821,765 is from the general fund, \$157,000,000 is from the foundation aid stabilization fund, \$13,993,086 is from SIIF, and \$510,860,000 is from the state tuition fund. This level of funding represents an increase of \$167,849,851, including increases in funding of \$62,471,265 from the general fund, \$13,545,500 from the foundation aid stabilization fund, \$13,993,086 is from the SIIF, and \$77,840,000 from the state tuition fund, from the 2021-23 biennium appropriation for integrated formula payments of \$2,131,825,000. The Legislative Assembly approved an increase in the state school aid formula totaling \$167,849,851, including increases related to grants to regional education associations (\$200,000); costs associated with integrated formula payment rate increases (\$161,290,383); small school weighting factors for school districts with multiple buildings at least 14 miles apart (\$8,973,086); special education weighting factors (\$15,660,200); accelerating the phase-out of the transition maximum adjustments

(\$14,779,411); accelerating the implementation of on-time funding (\$5,294,666); eliminating the deduction for high-cost student tuition (\$5,020,000); and adjustments to the phase-out of transition minimum adjustments (\$3,000,000), which are offset by savings related to lower than anticipated student growth compared to the 2021-23 biennium base budget totaling \$46,367,895. The Legislative Assembly, in Senate Bill No. 2013 (2023), required at least 70 percent of all new money received by the district, resulting from increases in the base integrated formula rate, be used to increase the compensation and benefits paid to nonadministrative personnel.

- Authorizes the Department of Public Instruction (DPI) to spend up to \$800,000 of the integrated formula payments line item for **gifted and talented programs**, the same as the 2021-23 biennium, and up to \$700,000 for **regional education association grants**, \$200,000 more than the 2021-23 biennium. In addition to regional education association grants, the state school aid formula provides approximately \$5.1 million through the integrated formula payments line item for regional education associations based on the average daily membership of member school districts.
- Allows students to enroll in a North Dakota school prior to moving to North Dakota or remain enrolled in a North Dakota school after moving out of state and generate average daily membership for state school aid. The Legislative Assembly approved House Bill No. 1132 (2023) to allow students impacted by military-directed reassignment or mid-year relocations, students with medical conditions, and students moving out of state to enroll or remain enrolled in **virtual instruction** at a North Dakota school. In the fiscal note to House Bill No. 1132, DPI indicates allowing students to enroll in a North Dakota school prior to moving to North Dakota or remain enrolled in a North Dakota School after moving out of state would generate average daily membership for state school aid and increase the payments to school districts. The cost depends on how many students and school districts take advantage of the change and cannot be estimated; however, the department anticipates the cost would be minimal.
- Extends the moratorium on the **unobligated general fund balance deductions** from state aid formula payments until July 1, 2027. A fiscal note prepared by DPI indicates the department does not budget for ending fund balance offsets as districts control their ending fund balance to remain within the limit.
- Provides \$58.1 million for **transportation grants**, the same as the 2021-23 biennium. This level of funding will allow reimbursement rates, which are codified in North Dakota Century Code Chapter 15.1-27 and subject to legislative appropriation, to remain the same as the 2021-23 biennium.

- Decreases funding for **special education contracts** by \$3 million to provide a total of \$24 million. In addition to special education contracts, the state school aid formula provides approximately \$255.7 million through the integrated formula payments line item for special education and prekindergarten special education average daily membership and weighting factors.

The legislative appropriation for the state school aid program of \$2,381,774,851 is summarized as follows:

Integrated formula payments	\$2,299,674,851
Transportation aid payments	58,100,000
Special education - Contracts	24,000,000
Total	\$2,381,774,851

OPERATING EXPENSES

The Legislative Assembly provided for the following major changes to DPI's operating expenses line item:

- Capitol space rent model** - Added \$140,899 from the general fund for operating expenses related to a new Capitol space rent model.
- Information technology fees** - Decreased funding for information technology fees based on total funding by \$500,000, of which \$175,000 is from the general fund. The Legislative Assembly also required charges assessed by the Information Technology Department (ITD) based on agency funding to not include funding provided to DPI for integrated formula payments, transportation grants, and special education contract grants.

OTHER APPROPRIATIONS

The Legislative Assembly provided \$24,512,000, of which \$9,195,000 is from the general fund and \$15,317,000 is from special funds made available from general fund carryover deposited in the department's operating fund (carryover funds) for **program grants**, an increase of \$17,032,000 from the \$7,480,000 provided from carryover funds for program grants during the 2021-23 biennium. The Legislative Assembly added funding for various one-time and ongoing program grants. The legislative appropriation provides:

- Adult education grants** - \$5.5 million from carryover funds for adult education grants, an increase of \$500,000 from the 2021-23 biennium legislative appropriation.
- School food services** - \$1.38 million from carryover funds for child nutrition and food distribution program state matching funds, the same as the 2021-23 biennium legislative appropriation.
- Free meal program** - \$6 million from the general fund for grants to school districts to defray the expenses of providing meals, free of charge, for all students enrolled in public or nonpublic school at or

below 200 percent of the federal poverty guideline. Because funding is provided for free meals to qualifying students, the Legislative Assembly eliminated \$200,000 of funding from carryover provided for the free breakfast program during the 2021-23 biennium.

- Program grant pool** - \$1.2 million from carryover funds for a program grant pool, including:
 - Leveraging the senior year to enhance the delivery and the participation of students and teachers in advanced placement courses;
 - A leadership program for high school students to strengthen leadership skills, build confidence, and encourage involvement; and
 - Family engagement initiatives.

This level of funding for the program grant pool represents an increase of \$300,000 from the 2021-23 biennium appropriation. The additional \$300,000 is provided for the leveraging the senior year program.

- Paraprofessional-to-teacher program** - \$3,000,000 from the general fund for grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers. In addition, the department anticipates using \$1,141,000 of federal discretionary funds derived from the federal Elementary and Secondary School Emergency Relief (ESSER) Fund to provide a total of \$4,141,000 for the paraprofessional-to-teacher program. The department provided \$1,135,420 from the ESSER Fund and federal Individuals with Disabilities Education Act Part B funds for the program during the 2021-23 biennium.
- Administrative cost-sharing** - \$125,000 from the general fund for administrative cost-sharing reimbursements to eligible cooperating school districts and special education units. In addition, the department anticipates using \$125,000 of federal discretionary ESSER funds to provide a total of \$250,000 for the administrative cost-sharing program. While ESSER funding was available for cost-sharing reimbursements during the 2021-23 biennium, the department received no requests for reimbursement.
- Science of reading and literacy instruction** - \$1,000,000 of **one-time funding** from carryover funds for supporting professional learning related to the science of reading and implementing systematic direct literacy instruction. In addition, the department anticipates using \$1,291,000 of federal discretionary ESSER funds to provide a total of \$2,291,000 for the science of reading and literacy instruction. The department provided \$1,609,344 from the ESSER Fund for the program during the 2021-23 biennium.

8. **Dyslexia identification training** - \$279,000 of **one-time funding** from carryover funds for providing training in identification of dyslexia characteristics in schools that instruct students in kindergarten through third grade. During the 2021-23 biennium, pursuant to Section 15 of House Bill No. 1013 (2021), the Legislative Assembly allowed the department to continue \$250,000 of excess general fund authority for integrated formula payments from the 2019-21 biennium to continue a dyslexia screening pilot program.
9. **Reading learning platform training** - \$558,000 of **one-time funding** from carryover funds for training in a reading learning platform approved by the Superintendent of Public Instruction.
10. **Regional education association merger incentive grants** - \$70,000 of **one-time funding** from the general fund to provide a \$35,000 grant to each regional education association that merges with another regional education association to form a single entity with a single governing board.
11. **Amira reading tool** - \$1.6 million of **one-time funding** from carryover funds to make available the Amira reading tool for all students in grades 1 through 3 and for certain students in grades 4 through 12.
12. **Teacher retention program** - \$2.3 million of **one-time funding** from carryover funds to make a teacher retention program available statewide.
13. **School board training** - \$1.5 million of **one-time funding** from carryover funds for school board training grants. In addition, the department anticipates using \$1.25 million of federal discretionary ESSER funds to provide a total of \$2.75 million for school board training. The department provided \$194,660 from the ESSER Fund for the program during the 2021-23 biennium.

The Legislative Assembly provided \$9,069,000, of which \$500,000 is from the general fund, \$5,500,000 is from SIIF, and \$3,069,000 is from special funds made available from general fund carryover deposited in the department's operating fund (carryover funds) for **passthrough grants**, a decrease of \$7,338,064 from the \$16,407,064 provided from carryover funds for passthrough grants during the 2021-23 biennium. The Legislative Assembly did not provide funding for the North Central Council for Educational Media Services. The legislative appropriation provides:

1. **National writing projects** - \$40,000 from carryover funds for support of the Red River Valley Writing Project and the Northern Plains Writing Project, \$10,000 less than the 2021-23 biennium legislative appropriation.
2. **North Dakota Museum of Art** - \$425,000 from carryover funds for support of the North Dakota Museum of Art rural art outreach project, the same as the 2021-23 biennium legislative appropriation.

3. **Teacher mentoring program** - \$2.5 million from carryover funds for a teacher support system grant program to be administered by the Education Standards and Practices Board, \$374,236 more than the 2021-23 biennium legislative appropriation.
4. **"We the People" program** - \$70,000 from carryover funds for a grant to the "We the People" program, the same as the 2021-23 biennium legislative appropriation.
5. **Cultural heritage grants** - \$34,000 from carryover funds for grants to schools for cultural heritage events, the same as the 2021-23 biennium legislative appropriation.
6. **Governor's school** - \$500,000 from the general fund for grants for North Dakota governor's schools at North Dakota State University and University of North Dakota. Funding was last provided for the Governor's school during the 2017-19 biennium when the Legislative Assembly provided \$220,000 from the student loan trust fund.
7. **Science center grants** - \$5.5 million of **one-time funding** from SIIF for grants to the Grand Forks Science Center (\$5 million) and the Fargo Science Center (\$500,000).

The Legislative Assembly also provided funding for:

1. **PowerSchool** - \$5,775,000 from the general fund is provided as a separate line item of the department's appropriation for PowerSchool maintenance and upgrades, an increase of \$525,000 from the 2021-23 biennium legislative appropriation.
2. **National board certification** - \$176,290 from the general fund is provided for payments to teachers receiving national board certification, the same as the 2021-23 biennium legislative appropriation.

2021-23 BIENNIUM TURNBACK AND CARRYOVER FUNDING

The Department of Public Instruction estimates 2021-23 biennium excess general fund appropriation authority will total approximately \$74.3 million relating to excess appropriations for integrated formula payments (\$62.5 million), special education contract grants (\$10 million), and agency administration, including the teacher loan forgiveness program (\$1.8 million). In Senate Bill Nos. 2013 and 2284, the Legislative Assembly authorized the department to continue up to \$18.4 million remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for various programs and passthrough grants, resulting in anticipated turnback of approximately \$55.9 million.

In addition to the unspent general fund authority, totaling \$18.4 million, continued and deposited in the department's operating fund for program and passthrough grants the Legislative Assembly allowed DPI to continue:

- Any funds remaining from the \$10,000,000 of one-time funding, derived from reimbursements withheld from certain school districts' integrated formula payments and deposited in the public instruction fund, appropriated during the 2021 special legislative session for information technology project upgrades to the state automated reporting system (STARS) and the statewide longitudinal data system (SLDS). The department must transfer any funds continued in excess of \$5,000,000 to ITD for statewide longitudinal data system upgrades. The Department of Public Instruction anticipates continuing \$9,869,360 for STARS and SLDS upgrades during the 2023-25 biennium, of which the department will retain \$5,000,000 for STARS upgrades and transfer \$4,869,360 to ITD for SLDS upgrades.
- Any funds remaining from the \$320,050,480 of federal funds derived from the ESSER Fund and other federal funds appropriated in subdivision 2 of Section 2 of House Bill No. 1395 (2021). The department anticipates continuing \$116,779,784 to the 2023-25 biennium, including \$90,730,171 of ESSER funding available to school districts, \$15,526,688 of federal discretionary ESSER funds, and \$10,522,925 of other federal COVID-19-related funding.
- Any funds remaining from the \$5,900,000 of federal funds appropriated for a grant to an entity for the development of a children's science center in Minot, appropriated from the federal Coronavirus Capital Projects Fund in Section 6 of House Bill No. 1015 (2021), as adjusted to the federal State Fiscal Recovery Fund during the 2021 special legislative session in Section 1 of House Bill No. 1505 (2021). The department anticipates continuing \$2,071,404 for the children's science center in Minot during the 2023-25 biennium.

**Department of Public Instruction
Budget No. 201
Senate Bill Nos. 2013, 2015, 2032, 2200, 2284, and 2380**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	86.25	\$1,728,240,444	\$1,127,419,496	\$2,855,659,940
2023-25 base budget	86.25	1,658,196,873	938,233,270	2,596,430,143
Legislative increase (decrease) to base budget	0.00	\$70,043,571	\$189,186,226	\$259,229,797

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$1,728,170,444	\$70,000	\$1,728,240,444
2021-23 legislative appropriations	1,658,196,873	200,000	1,658,396,873
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$69,973,571	(\$130,000)	\$69,843,571
Percentage increase (decrease) to 2021-23 appropriations	4.2%	(65.0%)	4.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$42,088	\$81,573	\$123,661
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		456,449	761,958	1,218,407
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		161,546	252,040	413,586
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(295,820)	(493,995)	(789,815)
Increased funding for Information Technology Department (ITD) rate increases		22,144	32,128	54,272
Decreased funding for information technology charges based on total funding and required charges assessed by ITD based on agency funding which may not include funding provided to the department for integrated formula payments, transportation grants, and special education contract grants		(175,000)	(325,000)	(500,000)

Added funding for operating expenses related to a new Capitol space rent model	140,899		140,899
Decreased funding for integrated formula payments for savings related to a reduction in the cost to continue	(46,367,895)		(46,367,895)
Adjusted the funding source for integrated formula payments to provide for an increase in funds available from the state tuition fund to provide a total of \$510,860,000 from the fund	(77,840,000)	77,840,000	0
Adjusted the funding source for integrated formula payments to provide for an increase in funds available from the foundation aid stabilization fund to provide a total of \$157 million from the fund	(13,545,500)	13,545,500	0
Increased funding for integrated formula payments, of which \$13,993,086 is provided from the strategic investment and improvements fund (SIIF), for changes to the state school aid formula approved in Senate Bill Nos. 2013, 2015, and 2284, including \$3,000,000 appropriated in Senate Bill No. 2015. (See the section related to Integrated Formula Payments below for details related to the fiscal impact of formula changes.)	200,024,660	13,993,086	214,017,746
Increased funding in the integrated formula payments line item to increase grants to regional education associations to provide a total of \$700,000	200,000		200,000
Decreased funding for special education contract grants to provide a total of \$24 million from the general fund	(3,000,000)		(3,000,000)
Increased federal funding for other grants for anticipated increases in United States Department of Agriculture food program funding		50,000,000	50,000,000
Increased federal funding for other grants for anticipated increases in United States Department of Education programs		20,000,000	20,000,000
Increased funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for adult education matching grants to provide a total of \$5.5 million from carryover funds		500,000	500,000
Increased funding from special funds, made available from general fund carryover deposited in the department's operating fund, for the leveraging the senior year program in the Superintendent of Public Instruction's flexible funding pool, included in the grants - program grants line item, to provide a total of \$1.2 million from carryover funds for the funding pool for certain programs and initiatives administered by the Superintendent, including:		300,000	300,000
<ul style="list-style-type: none"> • Leveraging the senior year; • Leadership program; and • Family engagement initiatives. 			

Removed funding from special funds, derived from general fund carryover deposited in the department's operating fund, in the base budget for a program grant to provide free breakfast because qualifying students are included in funding for meals included in Senate Bill No. 2284	(200,000)	(200,000)
Increased funding from special funds, made available from general fund carryover deposited in the department's operating fund, for passthrough grants for the teacher mentoring program to provide a total of \$2.5 million from carryover funds	374,236	374,236
Decreased funding from special funds, derived from general fund carryover deposited in the department's operating fund, in the base budget for various passthrough grants. (See the section related to Program Grants and Passthrough Grants below.)	(212,300)	(212,300)
Increased funding for PowerSchool to provide a total of \$5,775,000 from the general fund	525,000	525,000
Added one-time funding for program grants for regional education association merger incentive grants	70,000	70,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for school board training. The department also anticipates obligating \$1.25 million from the federal Elementary and Secondary School Emergency Education Relief (ESSER) Fund to provide a total of \$2.75 million for school board training	1,500,000	1,500,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants to make a reading tool available statewide	1,600,000	1,600,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants to provide for a teacher retention program	2,300,000	2,300,000
Added one-time funding from SIIF for passthrough grants to the Grand Forks Science Center (\$5 million) and the Fargo Science Center (\$500,000)	5,500,000	5,500,000
Added funding for program grants for a paraprofessional-to-teacher program. The department also anticipates obligating \$1,141,000 from the ESSER Fund to provide a total of \$4,141,000 for the paraprofessional-to-teacher program. (Senate Bill No. 2032)	3,000,000	3,000,000
Added funding for a passthrough grant for the North Dakota Governor's school (Senate Bill No. 2200)	500,000	500,000
Added funding for program grants for a free meal program (Senate Bill No. 2284)	6,000,000	6,000,000

Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for a science of reading and literacy instruction program. The department also anticipates obligating \$1,291,000 from the ESSER Fund to provide a total of \$2,291,000 for the science of reading and literacy instruction program (Senate Bill No. 2284)	1,000,000	1,000,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for a dyslexia identification training program (Senate Bill No. 2284)	279,000	279,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for a reading learning platform training program (Senate Bill No. 2284)	558,000	558,000
Added funding for program grants for an administrative cost-sharing reimbursement program. The department also anticipates obligating \$125,000 from the ESSER Fund to provide a total of \$250,000 for an administrative cost-sharing reimbursement program. (Senate Bill No. 2380)	125,000	125,000
Total	<u>0.00</u>	<u>\$70,043,571</u>
		<u>\$189,186,226</u>
		<u>\$259,229,797</u>

FTE Changes

The Legislative Assembly approved 86.25 FTE positions for the Department of Public Instruction (DPI) for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The following is a summary of one-time funding items provided in Senate Bill Nos. 2013 and 2284 for DPI for the 2023-25 biennium:

	General Fund	Other Funds	Total
Senate Bill No. 2013:			
Regional education association grants	\$70,000		\$70,000
School board training grants ¹		\$1,500,000	1,500,000
Statewide reading tool ¹		1,600,000	1,600,000
Statewide teacher retention program ¹		2,300,000	2,300,000
Science center grants ²		5,500,000	5,500,000
Senate Bill No. 2284:			
Science of reading and literacy instruction program ¹		1,000,000	1,000,000
Dyslexia identification training program ¹		279,000	279,000
Reading learning platform training program ¹		558,000	558,000
Total	\$70,000	\$12,737,000	\$12,807,000

¹Special funds derived from general fund carryover deposited in the department's operating fund.

²Strategic investment and improvements fund.

2021-23 Biennium Appropriation Carryover - Including Federal COVID-19 Funding

The Department of Public Instruction estimates 2021-23 biennium excess general fund appropriation authority will total approximately \$74.3 million relating to excess appropriations for integrated formula payments (\$62.5 million), special education contract grants (\$10 million), and agency administration, including the teacher loan forgiveness program (\$1.8 million). In Section 13 of Senate Bill No. 2013, the Legislative Assembly provided if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, the Office of Management and Budget must continue \$16,549,000 and transfer the funding to the public instruction fund for the purpose of providing program and passthrough grants during the 2023-25 biennium. In Section 21 of Senate Bill No. 2284, the Legislative Assembly provided if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, up to \$1,837,000 must be continued into the 2023-25 biennium and transferred to the public instruction fund for the purpose of funding professional learning related to the science of reading and implementing systematic direct literacy instruction, training in the identification of dyslexia characteristics, and training in a reading learning platform approved by the Superintendent of Public Instruction. After providing for these general fund exemptions totaling \$18.4 million, DPI anticipates \$55.9 million of the department's 2021-23 general fund appropriation will be unspent (turnback) at the end of the biennium.

In Section 14 of Senate Bill No. 2013, the Legislative Assembly provided COVID-19-related funds appropriated to DPI from the ESSER Fund, the federal State Fiscal Recovery Fund, and other federal funds during the 2021-23 biennium are not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2023-25 biennium. The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to DPI for the 2021-23 biennium, adjusted for funding continued from the 2019-21 biennium, and estimated federal COVID-19 funding to be continued to the 2023-25 biennium:

	2021-23 Biennium Appropriation for Federal COVID-19 Funds, Including Funding Continued From the 2019-21 Biennium	Federal COVID-19 Funds Estimated to be Continued to the 2023-25 Biennium
ESSER Fund distribution - Grants allocated to school districts - House Bill No. 1395 (2021)	\$340,730,171	\$90,730,171
ESSER Fund distribution - DPI - State discretionary - House Bill No. 1395 (2021)	30,526,688	15,526,688 ¹
Individuals with Disabilities Education Act grant - House Bill No. 1395 (2021)	8,632,569	3,882,569
Emergency Assistance to Non-Public Schools program grant - House Bill No. 1395 (2021)	8,140,695	5,140,695
Education for Homeless Children and Youth program grant - House Bill No. 1395 (2021)	1,999,661	1,499,661
Federal coronavirus relief funds - Regional education association grants - House Bill No. 1013 (2021)	250,000	0
Federal State Fiscal Recovery Fund (previously Coronavirus Capital Projects Fund) - Grant to a children's science center in Minot - House Bill No. 1015 (2021), amended by House Bill No. 1505 (2021)	5,900,000	2,071,404
Total	\$396,179,784	\$118,851,188

¹The Department of Public Instruction has obligated \$15,526,000 of ESSER Fund state discretionary funding for the following programs during the 2023-25 biennium:

- \$4,151,000 for state literacy programs;
- \$1,906,000 for after school programs;
- \$825,000 for the greater math program;
- \$600,000 for cybersecurity training, pursuant to House Bill No. 1398 (2023);
- \$1,250,000 for school board training; in addition, the Legislative Assembly provided \$1,500,000 of one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund to provide a total of \$2,750,000 for school board training;
- \$1,141,000 for the paraprofessional-to-teacher program; in addition, the Legislative Assembly provided \$3,000,000 from the general fund in Senate Bill No. 2032 (2023) for the paraprofessional-to-teacher program to provide a total of \$4,141,000 for the paraprofessional-to-teacher program;
- \$1,291,000 for the science of reading and literacy instruction program; in addition, the Legislative Assembly provided \$1,000,000 of one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund to provide a total of \$2,291,000 for the science of reading and literacy instruction program;
- \$125,000 for an administrative cost-sharing reimbursement program; in addition, the Legislative Assembly provided \$125,000 from the general fund in Senate Bill No. 2380 (2023) for an administrative cost-sharing reimbursement program to provide a total of \$250,000 for an administrative cost-sharing reimbursement program; and
- \$4,237,000 to be transferred to the Department of Health and Human Services for early learning programs.

In Section 15 of Senate Bill No. 2013, the Legislative Assembly provided up to \$10,000,000 of special funds, appropriated from the public instruction fund in Section 17 of Chapter 549 of the 2021 Special Session Session Laws, derived from reimbursements withheld from school districts' integrated formula payments for the purpose of information technology project upgrades to the state automated reporting system (STARS) and the statewide longitudinal data system (SLDS),

may be continued into the 2023-25 biennium for the purpose of continuing the upgrades. The Department of Public Instruction will retain \$5,000,000 for STARS upgrades and must transfer any funding continued over \$5,000,000 to ITD for SLDS upgrades. The department estimates \$9,869,360 will be continued into the 2023-25 biennium for the STARS and SLDS upgrades, of which \$4,869,360 will be transferred to ITD.

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

The Legislative Assembly appropriated \$2,381,774,851, of which \$1,699,921,765 is from the general fund, \$157,000,000 is from the foundation aid stabilization fund, \$510,860,000 is from the state tuition fund, and \$13,993,086 is from SIIF, for state school aid, including integrated formula payments, transportation aid, and special education contracts. This level of funding represents an increase of \$164,849,851, including increases in funding of \$13,545,500 from the foundation aid stabilization fund, \$77,840,000 from the state tuition fund, \$13,993,086 from SIIF, and \$59,471,265 from the general fund, from the 2021-23 legislative appropriation of \$2,216,925,000. (See the schedules following this section for a comparison of state school aid and other grants for the 2021-23 and 2023-25 bienniums.)

Integrated Formula Payments

In 2013 the Legislative Assembly approved the implementation of an integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2023-25 biennium, the integrated payment rates are increased 4 percent each year of the biennium to provide \$10,646 during the 1st year of the biennium and \$11,072 during the 2nd year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund.

For the 2023-25 biennium, the Legislative Assembly provided an appropriation of \$2,299,674,851, of which \$1,617,821,765 is from the general fund, \$157,000,000 is from the foundation aid stabilization fund, \$510,860,000 is from the state tuition fund, and \$13,993,086 is from SIIF, for state school aid for integrated formula payments. This level of funding represents an increase of \$167,849,851, including increases in funding of \$62,471,265 from the general fund, \$13,545,500 from the foundation aid stabilization fund, \$77,840,000 from the state tuition fund, and \$13,993,086 from SIIF, from the 2021-23 biennium appropriation for integrated formula payments of \$2,131,825,000.

The Legislative Assembly approved increases in integrated formula payments totaling \$167.8 million from the base budget, including \$46.4 million of savings related to a reduction in the cost to continue, \$214 million for state school aid formula changes, and \$200,000 for increases in grants to regional education associations. Increases approved by the Legislative Assembly and other adjustments to integrated formula payments are summarized as follows:

	Integrated Formula Payment Adjustments Increase (Decrease)	Integrated Formula Payments
2021-23 biennium base budget integrated formula payments		\$2,131,825,000
Reduction in funding for projected 2023-25 biennium cost to continue, including formula changes approved in 2019 and student growth		(46,367,895)
Total cost to continue integrated formula payments during the 2023-25 biennium		\$2,085,457,105
Increased funding for regional education association grants to provide a total of \$700,000 (Senate Bill No. 2013)	\$200,000	
Increased funding to exempt tuition for high-cost students from deduction in the state aid formula (Senate Bill No. 2013)	5,020,000	
Increased funding for changes to the phase-out of transition minimum adjustments (Senate Bill No. 2015)	3,000,000	
Increased funding to fully implement on-time funding based on fall enrollment (Senate Bill No. 2284)	5,294,666	
Increased funding for changes to the weighting factors of reorganized school districts (Senate Bill No. 2284)	8,973,086	
Increased funding to eliminate transition maximum payment adjustments (Senate Bill No. 2284)	14,779,411	
Increased funding to increase the special education weighting factor from .082 to .088 (Senate Bill No. 2284)	15,660,200	
Increased funding to provide a 4 percent increase in the per student payment rate in each year of the biennium (Senate Bill No. 2284)	161,290,383	
Total adjustments to integrated formula payments related to state school aid formula changes and other adjustments		214,217,746
Total 2023-25 biennium integrated formula payments		\$2,299,674,851

Transportation Aid Grants

The Legislative Assembly provided \$58.1 million from the general fund for transportation aid during the 2023-25 biennium, the same as the 2021-23 biennium. This level of funding will allow reimbursement rates to remain the same as the 2021-23 biennium rates set in statute. The Legislative Assembly, in House Bill No. 1027 (2021), codified student transportation aid payment sections as the provisions existed on June 30, 2001, updated provisions to reflect current practices and reimbursement rates, and prohibited school districts from receiving transportation reimbursement for certain students participating in open enrollment and tuition waiver agreements. Section 15.1-27-26.1 provides reimbursement rates of:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

Special Education Contracts

The Legislative Assembly provided \$24 million from the general fund for special education contracts during the 2023-25 biennium. This level of funding is \$3 million less than 2021-23 biennium funding of \$27 million from the general fund. The Legislative Assembly, in Section 6 of Senate Bill No. 2013 (2023), provided the Superintendent of Public Instruction may expend funds provided for integrated formula payments and grants - special education contracts during the 2023-25 biennium for paying grants for educational services that were due in the 2021-23 biennium but which were not filed, claimed, or properly supported by the education provider until after June 30, 2023. To be reimbursed under this section, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2024. In addition to special education contracts, the state school aid formula provides approximately \$255.7 million through the integrated formula payments line item for special education and prekindergarten special education average daily membership and weighting factors.

Regional Education Associations

The Legislative Assembly provided funding for annual state aid grants to be distributed equally to all regional education associations. Section 10 of Senate Bill No. 2013 (2023) identifies \$700,000 from the general fund included in the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2023-25 biennium, \$200,000 more than the 2021-23 biennium. An annual grant of \$50,000 is provided to each regional education association that exists as of July 1, 2023, and regional education associations that merge during the 2023-25 biennium are entitled to the annual grants that would have been paid to each of the member associations. In addition to regional education association grants, the state school aid formula provides approximately \$5.1 million through the integrated formula payments line item for regional education associations based on the average daily membership of member school districts.

The Legislative Assembly also provided a one-time appropriation of \$70,000 from the general fund for a \$35,000 grant to each regional education association that merges with another regional education association to form a single entity with a single governing board during the 2023-25 biennium. The Legislative Assembly provided for the distribution of regional education association merger grants in Section 9 of Senate Bill No. 2013.

Program and Passthrough Grants and the Program Grant Pool

The Legislative Assembly provided a total of \$33,581,000 from the general fund, SIF, and special funds, made available from general fund carryover deposited in the department's operating fund, for programs administered by DPI (\$24,512,000), including a program grant pool, and passthrough grants (\$9,069,000). This level of funding is \$9,693,936 more than the 2021-23 biennium appropriation for program and passthrough grants of \$23,887,064 provided from special funds made available from continuing unexpended 2019-21 biennium integrated formula payment funding and depositing the funding in the department's operating fund.

The 2023-25 biennium program grant pool provides a flexible funding pool of \$1.2 million for initiatives and various program grants. This level of funding for the program grant pool is \$300,000 more than the 2021-23 biennium appropriation of \$900,000 for the program grant pool. The Legislative Assembly provided the increased funding for the leveraging the senior year program. Funding is provided in the program grant pool for leveraging the senior year, a leadership program, and family engagement initiatives.

The following is a summary of program grants, including the program grant pool:

	Increase (Decrease) from 2021-23 Biennium Appropriation	2023-25 Biennium General Fund	2023-25 Biennium Other Funds	2023-25 Biennium Total
Adult education matching grants	\$500,000		\$5,500,000	\$5,500,000
Program grant pool	300,000		1,200,000	1,200,000
School food services matching grants			1,380,000	1,380,000
Free breakfast program	(200,000)			0
Free meal program	6,000,000	\$6,000,000		6,000,000
Paraprofessional-to-teacher program	3,000,000	3,000,000		3,000,000 ²
Administrative cost-sharing reimbursement	125,000	125,000		125,000 ²
One-time funding for regional education association merger incentive grants	70,000	70,000		70,000
One-time funding to provide the Amira reading tool statewide	1,600,000		1,600,000	1,600,000
One-time funding for a statewide teacher retention program	2,300,000		2,300,000	2,300,000
One-time funding for school board training grants	1,500,000		1,500,000	1,500,000 ²
One-time funding for science of reading and literacy instruction	1,000,000		1,000,000	1,000,000 ²
One-time funding for dyslexia identification training	279,000		279,000	279,000
One-time funding for reading learning platform training	558,000		558,000	558,000
Total	\$17,032,000	\$9,195,000	\$15,317,000¹	\$24,512,000

¹Special funds derived from general fund carryover deposited in the department's operating fund.

²In addition to funding appropriated by the Legislative Assembly from the general fund and from carryover general funds, DPI has obligated ESSER funding continued from the 2021-23 biennium to provide additional funding for the paraprofessional-to-teacher program, administrative cost-sharing reimbursement, school board training, and science of reading and literacy instruction. See the section regarding **2021-23 Biennium Appropriation Carryover - Including Federal COVID-19 Funding** for additional details regarding additional funding obligated for these programs.

The following is a summary of passthrough grants:

	Increase (Decrease) from 2021-23 Biennium Appropriation	2023-25 Biennium General Fund	2023-25 Biennium Other Funds	2023-25 Biennium Total
Mentoring program	\$374,236		\$2,500,000	\$2,500,000
National writing projects	(10,000)		40,000	40,000
Rural art outreach project	0		425,000	425,000
Governor's school grants	500,000	\$500,000		500,000
North Central Council for Educational Media Services	(202,300)			0
"We the People" program	0		70,000	70,000
Cultural heritage grants	0		34,000	34,000
One-time funding for a grant to the Bismarck Gateway to Science Center	(13,500,000)			0
One-time funding for a grant to the Grand Forks Science Center	5,000,000		5,000,000	5,000,000
One-time funding for a grant to the Fargo Science Center	500,000		500,000	500,000
Total	(\$7,338,064)	\$500,000	\$8,569,000¹	\$9,069,000

¹Except for one-time funding of \$5,500,000 for grants to the Grand Forks Science Center and the Fargo Science Center provided from SIIF, the remaining passthrough grants totaling \$3,069,000 are provided from special funds derived from general fund carryover deposited in the department's operating fund.

Other Sections in Senate Bill No. 2013

Tuition apportionment - Section 3 provides that any money available in the state tuition fund in excess of the \$510,860,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.

Foundation aid stabilization fund - Section 4 identifies \$157 million from the foundation aid stabilization fund is appropriated for integrated formula payments.

Strategic investment and improvements fund - Section 5 identifies \$19,493,086 from SIF for integrated formula payments and certain passthrough grants.

Payments for 2021-23 biennium educational services - Section 6 provides that DPI may use money appropriated for integrated formula payments and special education contracts for the 2023-25 biennium to pay claims due during the 2021-23 biennium, but not filed with the department until the 2023-25 biennium. To be reimbursed, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2024.

Gifted and talented program funding - Section 7 provides that DPI use \$800,000 of the 2023-25 biennium legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units.

Medicaid matching and school approval withholding and distribution - Section 8 provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to the Department of Health and Human Services on behalf of the school district or unit. In addition, Section 8 authorizes the department to withhold funds required to be paid by school districts for school approval from state school aid payments.

Regional education association merger grants - Section 9 provides for the distribution of \$70,000 of one-time funding from the general fund for regional education association merger incentive grants.

Regional education association grants - Section 10 identifies \$700,000 from the general fund, \$200,000 more than the 2021-23 biennium, included in the integrated formula payments line item for providing annual grants to regional education associations during the 2023-25 biennium. An annual grant of \$50,000 is provided to each regional education association that exists as of July 1, 2023, and regional education associations that merge during the 2023-25 biennium are entitled to the annual grants that would have been paid to each of the member associations.

Use of new money - Nonadministrative personnel compensation increases - Section 11 requires school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation and benefit increases for nonadministrative personnel and the Superintendent of Public Instruction to provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.

Exemption - Deposits into the department's operating account - Section 12 provides that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries, any money collected by DPI for general educational development fees, and displaced homemaker deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

2021-23 biennium funding exemption and transfer - Section 13 provides that if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, the lesser of \$16,549,000 or the remaining amount must be continued into the 2023-25 biennium and the Office of Management and Budget must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants. In Senate Bill No. 2284, the Legislative Assembly provided for an additional \$1,837,000 to be continued and deposited in the public instruction fund for various programs.

2021-23 biennium funding exemption and authorization - Section 14 provides the following COVID-19-related funds appropriated to DPI from the ESSER Fund and other federal funds during the 2021-23 biennium are not subject to the provisions of Section 54-44.1-11 and may be continued into the 2023-25 biennium as follows:

1. Any funds remaining from the \$320,050,480 of federal funds, derived from the ESSER Fund and other federal funds, appropriated in subdivision 2 of Section 2 of Chapter 28 of the 2021 Session Laws; and

2. Any funds remaining from the \$5.9 million of federal funds appropriated from the Coronavirus Capital Projects Fund in subsection 2 of Section 6 of Chapter 15 of the 2021 Session Laws, as amended to the State Fiscal Recovery Fund in Section 1 of Chapter 548 of the 2021 Special Session Session Laws, for a children's science center in Minot.

2021-23 biennium funding exemption and authorization - Section 15 provides up to \$10 million of special funds, appropriated from the public instruction fund in Section 17 of Chapter 549 of the 2021 Special Session Session Laws, derived from reimbursements withheld from school districts' integrated formula payments for the purpose of information technology project upgrades to STARS and SLDS, may be continued into the 2023-25 biennium for the purpose of continuing the upgrades. The department will retain \$5 million for STARS upgrades and must transfer any funding continued over \$5 million to ITD for SLDS upgrades.

Salary of the Superintendent of Public Instruction - Section 17 provides the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$130,323 to \$138,142, effective July 1, 2023, and to \$143,668, effective July 1, 2024, to reflect legislative salary increases of 6 percent in the 1st year and 4 percent in the 2nd year of the biennium.

Integrated formula payments - High-cost student tuition - Section 18 amends the state school aid funding formula to exempt tuition received for the education of high-cost and special education students from deduction in the formula.

High-cost students - Definitions, services, and school district liability - Sections 19, 20, and 21 relate to various definitions relating to high-cost students, services to high-cost students, and school district liability related to special education and other high-cost services.

Effective date - Senate Bill Nos. 2050 and 2269 (2023) - Section 23 provides for effective dates for Sections 3, 4, and 7 of Senate Bill No. 2050 related to library state aid and Senate Bill No. 2269 related to the transfer of the Center for Distance Education to DPI.

Emergency clause - Senate Bill Nos. 2050 and 2269 - Section 24 declares Sections 3, 4, and 7 of Senate Bill No. 2050 related to library state aid and Senate Bill No. 2269 related to the transfer of the Center for Distance Education to DPI to be emergency measures.

Related Legislation

House Bill No. 1125 (2023) - Local revenue and debt payments - Relates to withholding of local revenue, including oil and gas gross production tax; electric generation, distribution, and transmission tax; telecommunications tax; mobile home tax; and money received through leasing of lands acquired by the United States for flood control, when a school district has failed to make debt payments.

House Bill No. 1132 (2023) - Virtual instruction of out-of-state students - Relates to virtual instruction of military-connected students, students with a medical condition, or students moving out of state. A fiscal note prepared by DPI indicates the department is unable to estimate the cost; however, it is anticipated the cost would be minimal.

House Bill No. 1170 (2023) - Property tax exemption - Provides a property tax exemption for certain natural gas pipeline properties, reducing the local contribution in the K-12 funding formula, and increasing the state's share. A fiscal note prepared by DPI indicates the fiscal impact cannot be determined.

House Bill No. 1231 (2023) - Dyslexia characteristics - Requires the Superintendent of Public Instruction to appoint a task force, in collaboration with the Kindergarten through Grade Twelve Education Coordination Council, to review all statutes in Century Code relating to literacy, dyslexia, and related teacher training and report the findings and recommendations of the task force, together with any legislation necessary to implement the recommendations, to the 69th Legislative Assembly.

House Bill No. 1238 (2023) - Unobligated general fund balance - Extends the moratorium on the unobligated general fund balance deductions from state aid formula payments until July 1, 2027. A fiscal note prepared by DPI indicates the department does not budget for ending fund balance offsets as districts control their ending fund balance to remain within the limit.

House Bill No. 1337 (2023) - School safety and security - Requires school districts to report annually to the Superintendent of Public Instruction regarding school safety and security measures and for the Superintendent of Public Instruction to report to the Legislative Management.

House Bill No. 1376 (2023) - Virtual instruction - Requires a Center for Distance Education student's school district of residence to pay fees as may be prescribed by the State Board for Career and Technical Education and provides a resident school district may not deny open enrollment to an approved virtual school.

House Bill No. 1398 - Cybersecurity instruction - Requires DPI to provide grants to school districts, nonpublic schools, area career and technology centers, Job Service North Dakota workforce centers, public libraries, and adult education centers for computer operations and cybersecurity courses for adults. A fiscal note prepared by DPI indicates funding from the ESSER Fund will be used to implement virtual computer science and cybersecurity courses and to provide grants for adult learning.

Senate Bill No. 2015 - Transition minimum adjustments - Adjusts the phase-out of transition minimum adjustments (Section 25) and provides an appropriation of \$3 million from the general fund to DPI for the related increase in integrated formula payments (Section 6).

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$84,988, of which \$31,605 is from the general fund and \$53,383 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2032 - Paraprofessionals-to-teacher program - Provides an appropriation of \$3 million from the general fund to DPI for grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers, for the biennium beginning July 1, 2023, and ending June 30, 2025. The department may award up to \$20,000 to each qualifying institution for program startup and other administrative costs and the remainder of the appropriation may be used only for tuition and scholarships for students enrolled in the program. The department may establish policies and procedures to administer this program.

Senate Bill No. 2200 - North Dakota Governor's School - Appropriates \$500,000 from the general fund to DPI for North Dakota Governor's School grants at North Dakota State University and the University of North Dakota. North Dakota governor's schools would be held once a summer alternating annually between North Dakota State University and University of North Dakota. Funding was last provided for the Governor's school during the 2017-19 biennium when the Legislative Assembly provided \$220,000 from the student loan trust fund.

Senate Bill No. 2269 - Center for Distance Education - Transfers the administration of the Center for Distance Education from the State Board for Career and Technical Education to the Superintendent of Public Instruction. The Director of the Center for Distance Education is appointed by and reports to the Superintendent of Public Instruction; however, the center must have a separate budget and a separate staff from DPI. The Legislative Assembly transferred the 2023-25 biennium appropriation for the Center for Distance Education to Senate Bill No. 2013.

Senate Bill No. 2284 - State school aid formula changes - Provides for policy changes related to enrollment reporting, probationary teachers, dangerous weapons, private tutors, and the school construction assistance revolving loan fund; requires the Legislative Management to study school choice models; proposes Legislative Management studies related to the State Board of Public School Education, teacher shortage and military family workforce, and virtual instruction in lieu of storm days; increases the **integrated formula** payment rate by 4 percent each year of the 2023-25 biennium, the **special education weighting factor** from .082 to .088, and the **school size weighting factor** for school districts operating two plants at least 14 miles apart; accelerates the implementation of **on-time funding** and the phase-out of **transition maximum adjustments**; transfers \$75,000,000 from the foundation aid stabilization fund to the **school construction assistance revolving loan fund**; appropriates \$5,000 from the general fund to the University of North Dakota for a school transportation study and \$6,000,000 from the general fund to DPI for grants to school districts to defray the expenses of providing meals, free of charge, for all students enrolled in public or nonpublic school at or below 200 percent of the federal poverty guideline; and allows DPI to continue \$1,837,000 of unexpended funding provided for integrated formula payments during the 2021-23 biennium to the 2023-25 biennium, requires the funding to be deposited in the department's operating fund, and appropriates the funding from the department's operating fund to DPI to support professional learning related to the **science of reading** (\$1,000,000), training in identification of **dyslexia** characteristics (\$279,000), and training in a **reading learning platform** approved by the Superintendent of Public Instruction (\$558,000).

Senate Bill No. 2328 (2023) - School Funding Task Force - Requires Legislative Management to establish and provide staffing and administrative services to a School Funding Task Force and provides for task force membership and duties.

Senate Bill No. 2380 - Administrative cost-sharing reimbursement program - Extends the administrative cost-sharing reimbursement program through June 30, 2026, and appropriates \$125,000 from the general fund to DPI to provide administrative cost-sharing reimbursements to eligible school districts and special education units.

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

	2021-23 Appropriation	2021-23 Estimated Expenditures	2023-25 Base Budget	2023-25 Legislative Appropriation	2023-25 Legislative Appropriation Increase (Decrease) Compared to 2023-25 Base Budget
State school aid program					
State school aid - Integrated formula payments	\$2,131,825,000 ¹	\$2,068,852,000 ²	\$2,131,825,000	\$2,299,674,851 ¹	\$167,849,851
Transportation aid payments	58,100,000	58,100,000	58,100,000	58,100,000	0
Special education - Contracts	27,000,000	17,000,000 ²	27,000,000	24,000,000	(3,000,000)
Total - State school aid program	\$2,216,925,000	\$2,143,952,000	\$2,216,925,000	\$2,381,774,851	\$164,849,851
General fund	\$1,640,450,500	\$1,567,477,500 ²	\$1,640,450,500	\$1,699,921,765	\$59,471,265
Foundation aid stabilization fund	143,454,500 ¹	143,454,500	143,454,500	157,000,000 ¹	13,545,500
Strategic investment and improvements fund				13,993,086 ¹	13,993,086
State tuition fund	433,020,000	433,020,000	433,020,000	510,860,000	77,840,000
Total - State school aid program	\$2,216,925,000	\$2,143,952,000 ²	\$2,216,925,000	\$2,381,774,851	\$164,849,851
Program grants					
Adult education matching grants	\$5,000,000	\$5,000,000	\$5,000,000	\$5,500,000	\$500,000
School food services matching grants	1,380,000	1,380,000	1,380,000	1,380,000	0
Free breakfast program	200,000	200,000	200,000	0	(200,000)
Free meal program				6,000,000	6,000,000
Program grant pool, including leveraging the senior year	900,000 ³	900,000	900,000	1,200,000 ³	300,000
Leveraging the senior year - Emergency Commission transfer from integrated formula payments line item		500,000 ²			0
Paraprofessional-to-teacher program				3,000,000	3,000,000
Science of reading and literacy instruction				1,000,000	1,000,000
Dyslexia identification training				279,000	279,000
Reading learning platform training				558,000	558,000
Administrative cost-sharing reimbursement				125,000	125,000
Regional education association merger incentive grants				70,000	70,000
Amira reading tool				1,600,000	1,600,000
Teacher retention program				2,300,000	2,300,000
School board training				1,500,000	1,500,000
Total - Program grants	\$7,480,000	\$7,980,000	\$7,480,000	\$24,512,000	\$17,032,000
General fund	\$0	\$500,000	\$0	\$9,195,000	\$9,195,000
Other funds - Public instruction fund/Carryover	7,480,000 ⁴	7,480,000	7,480,000	15,317,000 ⁴	7,837,000
Total - Program grants	\$7,480,000	\$7,980,000	\$7,480,000	\$24,512,000	\$17,032,000
Other grants - Other funds					
Federal grants	\$312,513,893	\$393,346,918	\$312,513,893	\$382,513,893	\$70,000,000
Displaced homemaker program	225,000	150,000	225,000	225,000	0
Total - Other grants - Other funds	\$312,738,893	\$393,496,918	\$312,738,893	\$382,738,893	\$70,000,000
Total state school aid and other grants - All funds	\$2,537,143,893	\$2,545,428,918	\$2,537,143,893	\$2,789,025,744	\$251,881,851

	2021-23 Appropriation	2021-23 Estimated Expenditures	2023-25 Base Budget	2023-25 Legislative Appropriation	2023-25 Legislative Appropriation Increase (Decrease) Compared to 2023-25 Base Budget
Agency administration					
Administration - General fund	\$12,520,083	\$10,685,471 ²	\$12,320,083	\$12,672,389	\$352,306
Administration - Other funds	38,632,813	35,500,000	38,632,813	38,941,517	308,704
STARS rewrite - Other funds	10,100,000 ⁵	230,640 ⁵	0	0	0
Total - Agency administration	\$61,252,896	\$46,416,111	\$50,952,896	\$51,613,906	\$661,010
Passthrough grants, PowerSchool, and national board certification					
National writing projects	\$50,000	\$50,000	\$50,000	\$40,000	(\$10,000)
Rural art outreach project	425,000	425,000	425,000	425,000	0
North Central Council for Educational Media Services	202,300	202,300	202,300	0	(202,300)
Mentoring program	2,125,764	2,125,764	2,125,764	2,500,000	374,236
Governor's school grants				500,000	500,000
Bismarck Gateway to Science	13,500,000	13,500,000			0
Science center grants				5,500,000	5,500,000
"We the People" program	70,000	70,000	70,000	70,000	0
Cultural heritage grants	34,000	20,000	34,000	34,000	0
Total - Passthrough grants	\$16,407,064	\$16,393,064	\$2,907,064	\$9,069,000	\$6,161,936
PowerSchool	5,250,000	5,250,000	5,250,000	5,775,000	525,000
National board certification	176,290	176,290	176,290	176,290	0
Total - Passthrough grants, PowerSchool, and national board certification	\$21,833,354	\$21,819,354	\$8,333,354	\$15,020,290	\$6,686,936
General fund	\$5,426,290	\$5,426,290	\$5,426,290	\$6,451,290	\$1,025,000
Other funds - Strategic investment and improvements fund				5,500,000	5,500,000
Other funds - Public instruction fund/Carryover	16,407,064 ⁴	16,393,064	2,907,064	3,069,000 ⁴	161,936
Total - Passthrough grants, PowerSchool, and national board certification	\$21,833,354	\$21,819,354	\$8,333,354	\$15,020,290	\$6,686,936
Total - Agency administration, passthrough grants, PowerSchool, Center for Distance Education, and national board certification - All funds	\$83,086,250	\$68,235,465	\$59,286,250	\$66,634,196	\$7,347,946
Total Department of Public Instruction - All funds	\$2,620,230,143	\$2,613,664,383	\$2,596,430,143	\$2,855,659,940	\$259,229,797
Department of Public Instruction - Funding					
Total - General fund	\$1,658,396,873	\$1,584,089,261	\$1,658,196,873	\$1,728,240,444	\$70,043,571
Total - Other funds	961,833,270	1,029,575,122	938,233,270	1,127,419,496	189,186,226
Total Department of Public Instruction - All funds	\$2,620,230,143	\$2,613,664,383	\$2,596,430,143	\$2,855,659,940	\$259,229,797
FTE positions	86.25	86.25	86.25	86.25	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 Base Budget	2023-25 Legislative Appropriation	2023-25 Legislative Appropriation Increase (Decrease) Compared to 2023-25 Base Budget
Federal COVID-19 funding					
ESSER Fund III distribution and other federal funding					
Grants allocated to school districts	\$274,740,191	\$250,000,000	\$0	\$0	\$0
DPI - State discretionary	30,526,688	15,000,000			0
Individuals with Disabilities Education Act grant	8,632,569	4,750,000			0
Emergency Assistance to Non-Public Schools grant	4,151,371	3,000,000			0
Homeless Children and Youth program grant	1,999,661	500,000			0
Total funding from ESSER Fund III distribution and other federal funding	\$320,050,480 ⁶	\$273,250,000 ⁶	\$0	\$0	\$0
Coronavirus Relief Fund					
Grants to regional education associations included in the grants - other grants line item of HB 1013	\$250,000	\$250,000	\$0	\$0	\$0
Total funding from the Coronavirus Relief Fund	\$250,000	\$250,000	\$0	\$0	\$0
Coronavirus Capital Projects Fund					
Grant to a children's science center in Minot	\$5,900,000 ⁷	\$3,828,596 ⁷	\$0	\$0	\$0
Total funding from the Coronavirus Capital Projects Fund	\$5,900,000	\$3,828,596	\$0	\$0	\$0
Total Federal COVID-19 funding	\$326,200,480	\$277,328,596	\$0	\$0	\$0
Total Department of Public Instruction - All funds, including COVID-19 relief	\$2,946,430,623	\$2,890,992,979	\$2,596,430,143	\$2,855,659,940	\$259,229,797
Department of Public Instruction Appropriation					
General fund	\$1,658,396,873	\$1,584,089,261	\$1,658,196,873	\$1,728,240,444	\$70,043,571
Other funds	1,288,033,750	1,306,903,718	938,233,270	1,127,419,496	189,186,226
Total Department of Public Instruction Appropriation	\$2,946,430,623	\$2,890,992,979	\$2,596,430,143	\$2,855,659,940	\$259,229,797

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. In 2023 the Legislative Assembly provided integrated formula payments totaling \$2.3 billion, an increase of \$167.8 million from the integrated formula payments provided during the 2021-23 biennium. The Legislative Assembly provided a total of \$157 million from the foundation aid stabilization fund for integrated formula payments during the 2023-25 biennium, \$13.5 million more than the 2021-23 biennium. In addition, the Legislative Assembly provided \$13,993,086 from the strategic investment and improvements fund for certain adjustments to the integrated formula. The Legislative Assembly increased funding to accelerate the elimination of the transition maximum adjustment (\$14.8 million), increase the special education weighting factor (\$15.7 million), increase the integrated per student payment rate by 4 percent each year of the 2023-25 biennium (\$161.3 million), and other formula changes related to on-time funding, tuition deductions, school size weighting factors, and the phase out of the transition minimums (\$22.3 million). The cost of these formula changes are offset by cost-to-continue savings of \$46.3 million related to slower enrollment growth, resulting in an increase in integrated formula payments of \$167.8 million.

² The Department of Public Instruction estimates 2021-23 biennium excess general fund authority will total approximately \$74.3 million relating to excess appropriations for integrated formula payments (\$62.5 million), special education contract grants (\$10 million), and agency administration, including the teacher loan forgiveness program (\$1.8 million). In Senate Bill Nos. 2013 and 2284, the Legislative Assembly authorized the department to continue up to \$18.4 million remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for various programs and passthrough grants, resulting in anticipated turnback of approximately \$55.9 million.

- 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. In 2023 the Legislative Assembly increased funding for the program pool by \$300,000 from carryover for leveraging the senior year, to provide a total of \$1.2 million 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. In 2023 the Legislative Assembly, in Senate Bill Nos. 2013 and 2284, authorized the department to continue up to \$18,386,000 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 provided the funding be used for various program and passthrough grants.
- 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. The Legislative Assembly authorized the Department of Public Instruction to continue unspent funding for these projects, appropriated for the 2021-23 biennium, to the 2023-25 biennium. The department anticipates continuing \$9,869,360 for STARS and SLDS upgrades during the 2023-25 biennium, of which the department will retain \$5,000,000 for STARS upgrades and transfer \$4,869,360 to the Information Technology Department for SLDS upgrades.
- ⁶ Funding from ESSER Fund 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). In 2023 the Legislative Assembly authorized the Department of Public Instruction to continue unspent ESSER funds, appropriated for the 2021-23 biennium, to the 2023-25 biennium.
- ⁷ 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. During the 2021 special session, the Legislative Assembly, in House Bill No. 1505 (2021), adjusted the funding source of the \$5.9 million one-time funding grant from the federal Coronavirus Capital Projects Fund to the State Fiscal Recovery Fund. In 2023 the Legislative Assembly authorized the Department of Public Instruction to continue unspent funding for this project, appropriated for the 2021-23 biennium, to the 2023-25 biennium.

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 Legislative Appropriation
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	\$11,072 ¹
Weighted student units			
1 st year	134,526	133,301	139,064 ³
2 nd year	137,548	135,606 ²	140,595 ³

¹The Legislative Assembly increased integrated formula payment rates by 4 percent each year of the 2023-25 biennium.

²Weighted student units for the 2nd year of the 2021-23 biennium are estimated as of May 2023.

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 F - HIGHER EDUCATION

OVERVIEW	F-1
HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS	F-3
HIGHER EDUCATION TUITION RATES	F-4
NORTH DAKOTA UNIVERSITY SYSTEM OFFICE	F-9
BISMARCK STATE COLLEGE	F-19
DAKOTA COLLEGE AT BOTTINEAU	F-57
DICKINSON STATE UNIVERSITY	F-42
FOREST SERVICE	F-60
LAKE REGION STATE COLLEGE	F-22
MAYVILLE STATE UNIVERSITY	F-46
MINOT STATE UNIVERSITY	F-50
NORTH DAKOTA STATE COLLEGE OF SCIENCE	F-39
NORTH DAKOTA STATE UNIVERSITY	F-35
UND SCHOOL OF MEDICINE AND HEALTH SCIENCES	F-32
UNIVERSITY OF NORTH DAKOTA	F-28
VALLEY CITY STATE UNIVERSITY	F-54
WILLISTON STATE COLLEGE	F-25

HIGHER EDUCATION - OVERVIEW

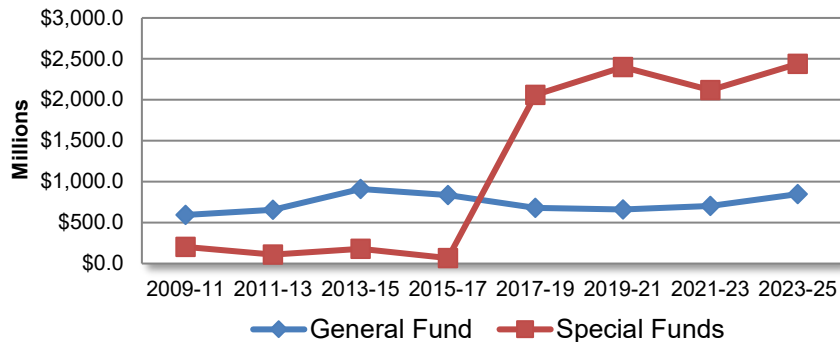
The Legislative Assembly in 2023 made the following higher education funding changes compared to 2021-23 legislative appropriations for higher education:

- Increased ongoing **general fund** support by \$106.1 million and increased one-time general fund support by \$39.8 million as follows:

	2021-23 Legislative Appropriations	2023-25 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$686,328,526	\$792,409,065	\$106,080,539	15.5%
One-time general fund appropriations	17,025,000	56,839,701	39,814,701	233.9%
Total	\$703,353,526	\$849,248,766	\$145,895,240	20.7%

- Increased appropriations from **special funds** by \$321,652,347, or 15.2 percent. The increase relates primarily to increases in funding for capital projects.
- Increased the authorized number of **FTE positions** from 6,533.99 to 6,605.91, an increase of 71.92. Of the 71.92 FTE positions, 70.92 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control, and 1 FTE position was added for the Forest Service. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

Higher Education Appropriations



NOTE: Beginning with the 2017-19 biennium, special funds amounts include appropriation authority for all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations included only certain items, such as capital projects.

Biennium	General Fund	Special Funds	Total
2009-11	\$593,355,047	\$202,764,364	\$796,119,411
2011-13	\$657,838,539	\$108,817,759	\$766,656,298
2013-15	\$910,632,494	\$177,980,941	\$1,088,613,435
2015-17	\$837,849,212	\$66,644,264	\$904,493,476
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	\$849,248,766	\$2,439,273,507	\$3,288,522,273

Major higher education funding items include:

- Formula base funding** for campuses is increased by \$85.2 million from the general fund as follows:
 - \$9.3 million decrease relating to the student credit-hour funding formula to adjust the base budget to 2019-21 actual completed student credit-hour levels;
 - \$2.2 million increase relating to the 96 percent minimum amount payable;
 - \$35.4 million increase for formula rate adjustments to provide funding for employee compensation and health insurance premium rate increases;
 - \$49.1 million increase for formula rate adjustments to provide funding to limit tuition rate increases;
 - \$2.8 million increase for formula rate adjustments to provide for the behavioral health initiative; and
 - \$5.0 million increase to implement changes to the funding formula relating to credits completed in career and technical education courses.
- Funding of \$56,839,701 for **one-time general fund appropriations**, including:

Education challenge grants	\$20,000,000
Financial aid software system	1,669,354
Dakota Digital Academy	450,000
BSC polytechnic center project	9,960,000
UND national security initiative	9,000,000
UND Merrifield Hall and Twamley Hall renovation	5,000,000
UND school transportation study	5,000
NDSU temporary increased minimum amount payable	4,800,000
NDSCS temporary increased minimum amount payable	1,005,347
DSU generator and other projects	1,600,000
MaSU discretionary funding	1,750,000
MiSU Hartnett Hall renovation	1,600,000
Total	\$56,839,701

3. Funding of \$11.2 million from the general fund for **capital bond payments**, a decrease of \$2.2 million from the 2021-23 biennium appropriation of \$13.4 million.
4. Funding of \$35.9 million from the general fund for the **student financial assistance grant program**, an increase of \$12 million from the 2021-23 biennium appropriation of \$23.9 million.
5. Funding of \$17.2 million from the general fund for **academic and career and technical education scholarships**, an increase of \$1 million from the 2021-23 biennium appropriation of \$16.2 million.
6. Funding of \$10.7 million from the general fund for **student residency positions** at the UND School of Medicine and Health Sciences, the same as the 2021-23 biennium.
7. Funding of \$1.4 million from the general fund to the University System office for the **nursing education consortium**, the same as the 2021-23 biennium.
8. One-time funding of \$20 million from the general fund for the **higher education challenge grant program** to provide matching grants for academic enhancements to University System institutions. This amount includes \$2.2 million for NDSU Agricultural Experiment Station matching grants. For every \$2 of private funds donated to an institution, a match of \$1 is to be provided from the program fund.

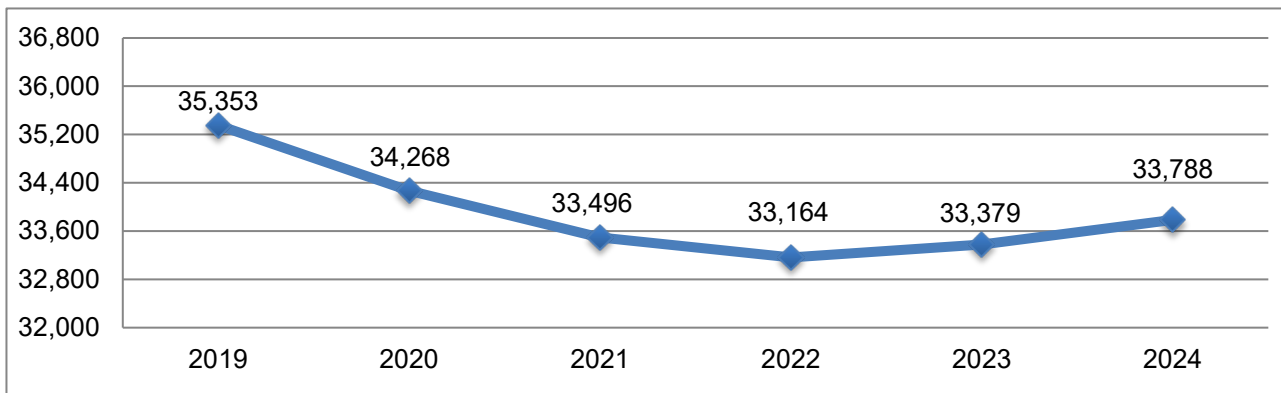
9. Funding of \$452.3 million for **capital assets**, including:

	General Fund	Special Funds	Total
Major capital projects	\$18,160,000	\$411,724,026 ¹	\$429,884,026
Base campus extraordinary repairs and capital payments	11,117,046		11,117,046
Capital bond payments	11,197,896		11,197,896
Forest Service extraordinary repairs and equipment over \$5,000	118,728		118,728
Total	\$40,593,670	\$411,724,026	\$452,317,696

¹Includes \$209,976,971 from the strategic investment and improvements fund.

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

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS¹



Institution	Actual Enrollments				Projected Enrollments	
	Fall 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 2019 through fall 2022 semesters was provided by the North Dakota University System office. The estimates for the fall 2023 and fall 2024 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 2020-21 through 2023-24. 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 (2023) extended the continuing appropriation authority through June 30, 2025, for any additional funds received by the institutions. House Bill No. 1003 also provided for a tuition rate increase limitation of 0 percent for resident tuition rates during the 2023-24 and 2024-25 academic years, excluding certain high-cost programs which may be increased by up to 1 percent per year. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution ¹	2020-21	2021-22	2022-23	2023-24 ¹¹
Bismarck State College				
Undergraduate				
Resident	\$4,816 16.0%	\$5,009 4.0%	\$5,209 4.0%	\$5,209 0.0%
Minnesota resident ²	\$5,394 16.0%	\$5,610 4.0%	\$5,209 (7.1%)	\$5,209 0.0%
Contiguous state/province ³	\$7,224 16.0%	\$7,514 4.0%	\$5,209 (30.7%)	\$5,209 0.0%
Other nonresident	\$7,224 16.0%	\$7,514 4.0%	\$7,813 4.0%	\$7,813 0.0%
International students	\$8,428 16.1%	\$8,766 4.0%	\$9,116 4.0%	\$9,116 0.0%
Dakota College at Bottineau				
Undergraduate				
Resident and all Canadian provinces ⁴	\$4,229 4.0%	\$4,356 3.0%	\$4,530 4.0%	\$4,530 0.0%
Minnesota resident ²	\$4,737 4.0%	\$4,879 3.0%	\$5,073 4.0%	\$5,073 0.0%
Contiguous state ³	\$5,286 4.0%	\$5,445 3.0%	\$5,662 4.0%	\$5,662 0.0%
Other nonresident	\$6,344 4.0%	\$6,534 3.0%	\$6,795 4.0%	\$6,795 0.0%
International students	\$7,401 4.0%	\$7,623 3.0%	\$7,927 4.0%	\$7,927 0.0%
Dickinson State University				
Undergraduate				
Resident	\$7,470 14.5%	\$7,470 0.0%	\$7,470 0.0%	\$7,470 0.0%
Minnesota resident ²	\$7,470 2.3%	\$7,470 0.0%	\$7,470 0.0%	\$7,470 0.0%
Contiguous state/province ³	\$7,470 (8.4%)	\$7,470 0.0%	\$7,470 0.0%	\$7,470 0.0%
Other nonresident	\$9,570 (2.2%)	\$9,570 0.0%	\$9,570 0.0%	\$9,570 0.0%
International students	\$9,570 (16.1%)	\$9,570 0.0%	\$9,570 0.0%	\$9,570 0.0%

Institution ¹	2020-21	2021-22	2022-23	2023-24 ¹¹
Lake Region State College ⁵				
Undergraduate				
Resident and nonresident	\$3,929 4.0%	\$4,086 4.0%	\$4,249 4.0%	\$4,249 0.0%
International students	\$9,823 4.0%	\$10,215 4.0%	\$10,624 4.0%	\$10,624 0.0%
Mayville State University				
Undergraduate				
Resident	\$6,025 4.0%	\$6,266 4.0%	\$6,517 4.0%	\$6,517 0.0%
Minnesota resident ²	\$6,748 4.0%	\$7,018 4.0%	\$7,299 4.0%	\$7,299 0.0%
Contiguous state/province ³	\$7,532 4.0%	\$7,833 4.0%	\$8,146 4.0%	\$8,146 0.0%
Other nonresident or Canadian province	\$9,038 4.0%	\$9,399 4.0%	\$9,775 4.0%	\$9,775 0.0%
International students	\$10,544 4.0%	\$10,966 4.0%	\$11,404 4.0%	\$11,404 0.0%
Minot State University ⁶				
Undergraduate	\$6,691 9.9%	\$6,892 3.0%	\$7,168 4.0%	\$7,168 0.0%
Graduate	\$8,731 8.5%	\$8,992 3.0%	\$9,352 4.0%	\$9,352 0.0%
North Dakota State University				
Undergraduate				
Resident	\$8,606 4.0%	\$8,951 4.0%	\$9,309 4.0%	\$9,309 0.0%
Minnesota resident ²	\$9,639 4.0%	\$10,025 4.0%	\$10,426 4.0%	\$10,426 0.0%
Contiguous state/province ³	\$10,328 4.0%	\$10,741 4.0%	\$11,170 4.0%	\$11,170 0.0%
Other nonresident	\$12,909 4.0%	\$13,426 4.0%	\$13,963 4.0%	\$13,963 0.0%
International students	\$15,061 4.0%	\$15,663 4.0%	\$16,290 4.0%	\$16,290 0.0%
Graduate				
Resident	\$9,350 4.0%	\$9,724 4.0%	\$10,113 4.0%	\$10,113 0.0%
Minnesota resident ²	\$11,875 4.0%	\$12,350 4.0%	\$12,844 4.0%	\$12,844 0.0%
Other nonresident	\$14,026 4.0%	\$14,586 4.0%	\$15,171 4.0%	\$15,171 0.0%
International students	\$16,363 4.0%	\$17,018 4.0%	\$17,699 4.0%	\$17,699 0.0%

Institution ¹	2020-21	2021-22	2022-23	2023-24 ¹¹
North Dakota State College of Science ^{7,8}				
Undergraduate				
Resident	\$4,330 3.0%	\$4,503 4.0%	\$4,683 4.0%	\$4,683 0.0%
Minnesota resident ²	\$4,850 3.0%	\$5,044 4.0%	\$5,245 4.0%	\$5,245 0.0%
Other nonresident	\$5,196 3.0%	\$5,404 4.0%	\$5,620 4.0%	\$5,620 0.0%
International students	\$7,578 3.0%	\$7,881 4.0%	\$8,196 4.0%	\$8,196 0.0%
University of North Dakota				
Undergraduate				
Resident	\$8,540 4.0%	\$8,882 4.0%	\$9,237 4.0%	\$9,237 0.0%
Minnesota resident ²	\$9,565 4.0%	\$9,948 4.0%	\$10,346 4.0%	\$10,346 0.0%
Other nonresident	\$12,811 4.0%	\$13,323 4.0%	\$13,856 4.0%	\$13,856 0.0%
International students	\$17,081 4.0%	\$17,764 4.0%	\$18,474 4.0%	\$18,474 0.0%
Graduate				
Resident	\$11,060 5.0%	\$11,503 4.0%	\$11,963 4.0%	\$11,963 0.0%
Minnesota resident ²	\$14,047 5.0%	\$14,609 4.0%	\$15,193 4.0%	\$15,193 0.0%
Other nonresident	\$16,591 5.0%	\$17,253 4.0%	\$17,943 4.0%	\$17,943 0.0%
International students	\$22,121 5.0%	\$23,006 4.0%	\$23,925 4.0%	\$23,925 0.0%
School of Law ⁹				
Resident	\$13,835 5.0%	\$14,526 5.0%	\$15,253 5.0%	\$15,253 0.0%
Minnesota resident and contiguous state/province ³	\$20,752 5.0%	\$21,789 5.0%	\$22,879 5.0%	\$22,879 0.0%
Other nonresident	\$41,504 5.0%	\$29,053 (30.0%)	\$30,505 5.0%	\$30,505 0.0%
International students	\$41,504 5.0%	\$43,579 5.0%	\$30,505 (30.0%)	\$30,505 0.0%
School of Medicine and Health Sciences				
Resident	\$33,025 3.0%	\$33,686 2.0%	\$34,360 2.0%	\$34,360 0.0%
Minnesota resident ²	\$36,328 3.0%	\$37,054 2.0%	\$37,796 2.0%	\$37,796 0.0%
Other nonresident	\$61,128 3.0%	\$62,351 2.0%	\$63,598 2.0%	\$63,598 0.0%

Institution ¹	2020-21	2021-22	2022-23	2023-24 ¹¹
Physical therapy ¹⁰				
Resident and Minnesota resident	\$20,036 35.2%	\$20,837 4.0%	\$21,671 4.0%	\$21,671 0.0%
Other nonresident	\$30,054 35.2%	\$31,256 4.0%	\$32,507 4.0%	\$32,507 0.0%
Valley City State University				
Undergraduate				
Resident	\$6,119 4.0%	\$6,364 4.0%	\$6,619 4.0%	\$6,619 0.0%
Minnesota resident ²	\$6,854 4.0%	\$7,128 4.0%	\$7,413 4.0%	\$7,413 0.0%
Contiguous state/province ³	\$7,649 4.0%	\$7,955 4.0%	\$8,273 4.0%	\$8,273 0.0%
Other nonresident	\$10,709 4.0%	\$11,137 4.0%	\$11,583 4.0%	\$11,583 0.0%
Graduate	\$8,142 4.0%	\$8,467 4.0%	\$8,807 4.0%	\$8,807 0.0%
Williston State College				
Undergraduate				
Resident and other nonresident	\$3,900 4.0%	\$4,017 3.0%	\$4,138 3.0%	\$4,138 0.0%
Minnesota resident ²	\$4,368 4.0%	\$4,499 3.0%	\$4,634 3.0%	\$4,634 0.0%
International students	\$6,825 4.0%	\$7,030 3.0%	\$7,241 3.0%	\$7,241 0.0%

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.

¹¹Amounts for the 2023-24 academic year are preliminary and based off campus requests submitted to the State Board of Higher Education.

**North Dakota University System office
Budget No. 215
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	162.83	\$154,018,605	\$26,244,108	\$180,262,713
2023-25 base budget	158.83	116,898,476	25,757,035	142,655,511
Legislative increase (decrease) to base budget	4.00	\$37,120,129	\$487,073	\$37,607,202

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$131,899,251	\$22,119,354	\$154,018,605
2021-23 legislative appropriations	116,898,476	11,300,000	128,198,476
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$15,000,775	\$10,819,354	\$25,820,129
Percentage increase (decrease) to 2021-23 appropriations	12.8%	95.7%	20.1%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	4.00	\$211,768	\$82,198	\$293,966
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		1,940,770	723,804	2,664,574
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		496,486	242,398	738,884
Added funding for the academic and career and technical education (CTE) scholarship program to provide a total of \$17,216,749		1,000,000		1,000,000
Added funding for the Native American scholarship program to provide a total of \$1 million		444,677		444,677
Added funding for the veterans assistance program to provide a total of \$454,875		177,000		177,000
Added funding for tribal college grants to provide a total of \$1.4 million		400,000		400,000

Added funding to increase student financial assistance grants to provide a total of \$29,917,306	6,000,000		6,000,000
Added funding for maintenance of a new financial aid software system	273,180		273,180
Added funding for software costs and a security operations center	4,200,000		4,200,000
Added funding for the new Capitol space rent model	143,625		143,625
Reduced funding for capital bond payments to provide a total of \$11,197,896	(2,187,368)		(2,187,368)
Added funding to limit tuition increases	939,310		939,310
Added funding for academic, research, and student support	400,000		400,000
Adjusted funding to remove campus assessments for internal audit and compliance	561,327	(561,327)	0
Added one-time funding for higher education challenge grants	20,000,000		20,000,000
Added one-time funding for a new financial aid software system	1,669,354		1,669,354
Added one-time funding to continue the Dakota Digital Academy	450,000		450,000
Total	<u>4.00</u>	<u>\$37,120,129</u>	<u>\$487,073</u>

FTE Changes

The Legislative Assembly approved 162.83 FTE positions for the University System office for the 2023-25 biennium, an increase of 4 FTE positions from the 2021-23 biennium authorized level of 158.93 FTE positions. The 4 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for the University System for the 2023-25 biennium:

	General Fund	Other Funds	Total
Education challenge grants	\$20,000,000		\$20,000,000
Financial aid software system	1,669,354		1,669,354
Dakota Digital Academy	450,000		450,000
Campus capital projects (including \$209,976,971 from the strategic investment and improvements fund (SIIF))	18,160,000	\$411,724,026	429,884,026
University of North Dakota (UND) national security initiative	9,000,000		9,000,000
North Dakota State University (NDSU) additional minimum amount payable	4,800,000		4,800,000
North Dakota State College of Science (NDSCS) additional minimum amount payable	1,005,347		1,005,347
Mayville State University (MaSU) discretionary funding	1,750,000		1,750,000
Total	\$56,834,701	\$411,724,026	\$468,558,727

Competitive Research

The Legislative Assembly provided \$6.03 million from the general fund for competitive research. The following is a summary of funding for the competitive research program:

Biennium	General Fund
1995-97	\$1,980,000
1997-99	\$1,980,000
1999-2001	\$1,971,000
2001-03	\$4,000,000
2003-05	\$4,750,000 ¹
2005-07	\$5,190,000
2007-09	\$5,650,000
2009-11	\$7,050,000 ²
2011-13	\$7,050,000
2013-15	\$7,050,000
2015-17	\$6,588,225
2017-19	\$6,027,750
2019-21	\$6,027,750 ³
2021-23	\$6,027,750 ³
2023-25	\$6,027,750 ³

¹The 2003 Legislative Assembly provided that \$100,000 of the \$4.75 million be used for a public-private partnership for establishment of a design center at UND.

²The 2009 Legislative Assembly provided that \$400,000 of the \$7.05 million be used for the National Aeronautics and Space Administration's (NASA) Experimental Program to Stimulate Competitive Research.

³The 2019, 2021, and 2023 Legislative Assemblies provided that \$342,000 of the \$6,027,750 be used for NASA's Established Program to Stimulate Competitive Research.

Student Financial Assistance Grants

The Legislative Assembly provided \$29,917,306 from the general fund for student financial assistance grants. The maximum grant award amount under the program is \$2,750 per year. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. The following is a summary of funding for student financial assistance grants:

Biennium	Maximum Grant Award	Legislative Appropriations			Total
		General Fund	Federal Funds	Other Funds	
1995-97	\$600	\$2,032,478	\$400,000	\$1,350,000	\$3,782,478
1997-99	\$600	\$1,495,000	\$410,986	\$2,574,400	\$4,480,386
1999-2001	\$600	\$1,735,881	\$140,000	\$2,574,400	\$4,450,281
2001-03	\$600	\$2,670,881	\$214,000	\$1,338,150	\$4,223,031
2003-05	\$600	\$2,730,215	\$200,000		\$2,930,215
2005-07	\$1,000	\$3,332,402	\$172,000		\$3,504,402
2007-09	\$1,000	\$5,823,497	\$164,000		\$5,987,497
2009-11	\$1,500	\$19,025,594	\$348,428		\$19,374,022
2011-13	\$1,500	\$19,025,594	\$348,428		\$19,374,022
2013-15	\$1,650	\$21,245,679			\$21,245,679
2015-17	\$1,950	\$23,886,160			\$23,886,160
2017-19	\$1,950	\$21,917,306			\$21,917,306
2019-21	\$2,200	\$23,917,306			\$23,917,306
2021-23	\$2,200	\$23,917,306			\$23,917,306
2023-25	\$2,750	\$29,917,306			\$29,917,306

Professional Student Exchange Program

The Legislative Assembly provided \$3,699,342 from the general fund for the professional student exchange program. The program assists North Dakota students enrolling in professional programs not offered in the state, including dentistry, optometry, and veterinary medicine. The Legislative Assembly also repealed statutory repayment provisions relating to the professional student exchange program. The following is a summary of funding for the professional student exchange program:

Biennium	General Fund	Student Loan Trust Fund	Total
1995-97	\$1,326,756		\$1,326,756
1997-99	\$1,389,801		\$1,389,801
1999-2001	\$1,310,716		\$1,310,716
2001-03	\$1,560,716		\$1,560,716
2003-05	\$1,678,300		\$1,678,300
2005-07	\$1,864,780	\$262,500	\$2,127,280
2007-09	\$2,199,566	\$523,380	\$2,722,946
2009-11	\$2,346,130	\$990,970	\$3,337,100
2011-13	\$2,856,131	\$465,307	\$3,321,438
2013-15	\$3,809,708	\$465,307	\$4,275,015
2015-17	\$3,476,447	\$465,307	\$3,941,754
2017-19	\$3,234,035	\$465,307	\$3,699,342
2019-21	\$3,699,342		\$3,699,342
2021-23	\$3,699,342		\$3,699,342
2023-25	\$3,699,342		\$3,699,342

Scholars Program

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

Biennium	General Fund	Special Funds	Total
1995-97	\$496,403		\$496,403
1997-99	\$473,786	\$185,500	\$659,286
1999-2001	\$520,730	\$185,500	\$706,230
2001-03	\$770,730		\$770,730
2003-05	\$816,386		\$816,386
2005-07	\$862,077		\$862,077
2007-09	\$1,478,566		\$1,478,566
2009-11	\$2,113,584		\$2,113,584
2011-13	\$2,113,584		\$2,113,584
2013-15	\$2,113,584		\$2,113,584
2015-17	\$2,113,584		\$2,113,584
2017-19	\$1,807,115		\$1,807,115
2019-21	\$1,807,115		\$1,807,115
2021-23	\$1,807,115		\$1,807,115
2023-25	\$1,807,115		\$1,807,115

Native American Scholarship Program

The Legislative Assembly provided \$1 million from the general fund for Native American scholarships. The following is a summary of funding for the Native American scholarship program:

Biennium	General Fund
1995-97	\$200,000
1997-99	\$204,000
1999-2001	\$204,082
2001-03	\$204,082
2003-05	\$204,086
2005-07	\$251,988
2007-09	\$380,626
2009-11	\$381,292
2011-13	\$574,267
2013-15	\$649,267
2015-17	\$649,267
2017-19	\$555,323
2019-21	\$555,323
2021-23	\$555,323
2023-25	\$1,000,000

Career and Technical Education and Academic Scholarships

The Legislative Assembly provided \$17,216,749 from the general fund for CTE and academic scholarships, an increase of \$1,000,000 from the 2021-23 biennium appropriation of \$16,216,749. To be eligible for a scholarship, a student must be a resident of the state, complete the requirements for a high school diploma, and meet program requirements for one of the programs. Any student that meets the requirements for a CTE scholarship or an academic scholarship is to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled at a North Dakota higher education institution and maintains eligibility up to a maximum amount of \$6,000. The following is a summary of funding for CTE and academic scholarships:

Biennium	General Fund
2009-11	\$3,000,000
2011-13	\$10,000,000
2013-15	\$10,000,000
2015-17	\$14,054,677
2017-19	\$12,016,749
2019-21	\$12,016,749
2021-23	\$16,216,749
2023-25	\$17,216,749

Higher Education Challenge Grants Program

The Legislative Assembly provided \$20 million from the general fund for higher education challenge grants, \$8.85 million more than the 2021-23 biennium appropriation of \$11.15 million. The 2023 Legislative Assembly made statutory changes to allow the NDSU Agricultural Experiment Station to participate in the program. The 2023 Legislative Assembly also removed specific funding for the advancement of clinical legal education at the UND School of Law. The following is a summary of funding for the higher education challenge grants program:

Biennium	General Fund	Student Loan Trust Fund	Total
2013-15	\$29,000,000		\$29,000,000
2015-17	\$21,000,000	\$2,500,000	\$23,500,000
2017-19	\$2,000,000		\$2,000,000
2019-21 ¹	\$9,650,000		\$9,650,000
2021-23	\$11,150,000		\$11,150,000
2023-25	\$20,000,000		\$20,000,000

¹In addition to the \$9,400,000 appropriated for the higher education challenge grants program in the education challenge fund line item, \$250,000 was appropriated for UND School of Law challenge matching grants in the education incentive programs line item, to provide a total of \$9,650,000 for the program.

Capital Project Bond Payments

The Legislative Assembly provided \$11,197,896 from the general fund for University System capital project bond payments. The payments are to repay bonds issued by the North Dakota Building Authority to finance higher education capital projects approved by the Legislative Assembly. The 2019 Legislative Assembly approved the issuance of bonds through the North Dakota Building Authority for higher education capital projects for the first time since 2005. The following is a summary of the 2023-25 biennium legislative appropriation compared to the 2021-23 biennium legislative appropriation for capital bond payments:

	2021-23 Biennium Legislative Appropriation	2023-25 Biennium Legislative Appropriation	Increase (Decrease) From 2021-23 Biennium
Capital bond payments - General fund	\$13,385,264	\$11,197,896	(\$2,187,368)

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

Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from SIIF to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements. The 2023 Legislative Assembly continued the capital building fund program with a transfer of \$24 million from SIIF to the University System capital building fund, \$15 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

Capital Improvements

The following schedule identifies the higher education capital improvement funding contained in appropriations approved by the Legislative Assembly for the 2023-25 biennium. The schedule reflects appropriations for extraordinary repairs and major capital projects.

Entity/Project	2023-25 Legislative Appropriations		
	General Fund	Special Funds	Total
Bismarck State College			
Polytechnic center (local funds)	\$9,960,000	\$2,440,000	\$12,400,000
Multipurpose facility (local funds)		31,500,000	31,500,000
Extraordinary repairs	417,673		417,673
Total	\$10,377,673	\$33,940,000	\$44,317,673
Lake Region State College			
Wind turbine and parking lot repairs (capital building fund match exemption)		\$1,000,000	\$1,000,000
Extraordinary repairs	\$155,367		155,367
Total	\$155,367	\$1,000,000	\$1,155,367
Williston State College			
Medical health care building (SIIF, capital building fund match exemption, and local funds)		\$36,600,000	\$36,600,000
Turf replacement (local funds)		7,313,939	7,313,939
Extraordinary repairs	\$197,801		197,801
Total	\$197,801	\$43,913,939	\$44,111,740
UND			
Energy and Environmental Research Center (local funds)		\$33,000,000	\$33,000,000
Engineering building (SIIF and local funds)		82,000,000	82,000,000
Merrifield Hall and Twamley Hall renovation (local funds)	\$5,000,000	7,500,000	12,500,000
Extraordinary repairs	4,411,566		4,411,566
Total	\$9,411,566	\$122,500,000	\$131,911,566
NDSU			
Music building (local funds)		\$20,000,000	\$20,000,000
Sudro Hall (local funds)		3,000,000	3,000,000
Engineering building (SIIF and local funds)		84,000,000	84,000,000
Extraordinary repairs	\$2,732,244		2,732,244
Total	\$2,732,244	\$107,000,000	\$109,732,244
North Dakota State College of Science			
Agriculture, automation, and autonomous systems building (SIIF and local funds)		\$19,975,000	\$19,975,000
Extraordinary repairs	\$1,012,379		1,012,379
Total	\$1,012,379	\$19,975,000	\$20,987,379
Dickinson State University			
Agriculture and technical education building (SIIF and local funds)		\$18,000,000	\$18,000,000
Generator and other projects (local funds)	\$1,600,000	1,000,000	2,600,000
Extraordinary repairs	409,078		409,078
Total	\$2,009,078	\$19,000,000	\$21,009,078
Mayville State University			
Old Main renovation (SIIF, capital building fund match exemption, and local funds)		\$17,330,087	\$17,330,087
Extraordinary repairs	\$358,992		358,992
Total	\$358,992	\$17,330,087	\$17,689,079

Entity/Project	2023-25 Legislative Appropriations		
	General Fund	Special Funds	Total
Minot State University			
Dakota Hall demolition (SIIF)		\$765,000	\$765,000
Student Center renovation (local funds)		3,100,000	3,100,000
Hartnett Hall renovation (local funds)	\$1,600,000	2,400,000	4,000,000
Extraordinary repairs	899,620		899,620
Total	\$2,499,620	\$6,265,000	\$8,764,620
Valley City State University			
Osmon Fieldhouse (local funds)		\$20,000,000	\$20,000,000
Student Center renovation (local funds)		2,000,000	2,000,000
McCarthy Hall renovation (SIIF, capital building fund match exemption, and local funds)		13,500,000	13,500,000
Extraordinary repairs	\$408,319		408,319
Total	\$408,319	\$35,500,000	\$35,908,319
Dakota College at Bottineau			
Old Main renovation (SIIF, capital building fund match exemption, and local funds)		\$5,300,000	\$5,300,000
Extraordinary repairs	\$114,007		114,007
Total	\$114,007	\$5,300,000	\$5,414,007
Forest Service			
Extraordinary repairs and equipment over \$5,000	\$118,728		\$118,728
Total	\$118,728		\$118,728
Total Higher Education	\$29,395,774	\$411,724,026	\$441,119,800

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for UND and NDSU, which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Severance agreements - Section 6 provides for the transfer of \$367,000 from the University System office carryover to NDSU for the cost of a severance agreement entered into with the previous President of NDSU.

Dual-credit tuition scholarships - Section 7 provides for a transfer of \$1.5 million from Bank of North Dakota profits to the University System office for dual-credit tuition scholarships.

Career builders - Sections 8 and 9 provide for transfers totaling \$6.8 million from Bank profits to the career builders program. Sections 21 through 23 amend statutory provisions to continue and expand the program.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Mayville State University Old Main renovation - Section 13 provides loan authorization for the MaSU Old Main renovation project to be completed in phases over the next 2 bienniums. The authorized loan amount of \$34,924,814 represents the estimated remaining project cost to be funded during the 2025-27 biennium, including a 7 percent inflationary increase.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Higher education trends - Section 17 provides for the Chancellor of the University System to provide an annual report to the Legislative Management regarding higher education trends.

Disclosure of financial condition - Section 18 requires the State Board of Higher Education to provide a disclosure of institution financial condition to qualified applicants designated as finalists for the position of president of the institution.

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Larry C. Skogen Polytechnic Institute - Section 20 names the Bismarck State College polytechnic center the Larry C. Skogen Polytechnic Institute.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory provisions, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and adds the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Workforce Development Council - Section 28 provides for the Workforce Development Council to replace the Workforce Education Advisory Council, which is eliminated in Section 37.

Higher education funding formula - Section 30 provides for all CTE credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Student financial assistance grants - Section 34 increases the maximum award amounts for the needs-based student financial assistance grant program. Section 48 declares Section 34 to be an emergency measure.

Digitization of Theodore Roosevelt documents - Section 35 adjusts the requirement for Dickinson State University to establish an endowment for the digitization of documents relating to Theodore Roosevelt to allow the institution to spend \$2 million for the project and place the remaining \$8 million in an endowment.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Study of dual-credit funding - Section 43 provides for a Legislative Management study of dual-credit funding. The study must include a review of all funding sources relating to dual-credit courses in the state and in other states.

Study of artificial intelligence - Section 44 provides for a Legislative Management study of artificial intelligence and the potential impacts on the state's institutions, agencies, businesses, citizens, and youth.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Legislative intent - Future capital projects - Section 47 provides legislative intent for the 69th Legislative Assembly to appropriate \$98,696,814 from state funds or appropriation bond proceeds for capital projects at MaSU, Minot State University, and UND. The amounts identified for each project reflect the institution's request plus a 7 percent inflationary factor and are in addition to any local matching funds.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

House Bill No. 1382 (2023) - North Dakota scholarship - Expands eligibility for the North Dakota scholarship to include apprenticeship program participants.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which the University System office is to receive \$56,224, of which \$39,435 is from the general fund and \$16,789 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which the University System office may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2025 (2023) - Deficiency appropriation - Provides a deficiency appropriation to Dakota College at Bottineau for reimbursement from the Department of Public Instruction related to the college ready English and math program.

Senate Bill No. 2032 (2023) - Paraprofessional to teacher - Appropriates \$3 million from the general fund to Department of Public Instruction to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.

**Bismarck State College
Budget No. 227
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	335.33	\$46,314,055	\$107,779,581	\$154,093,636
2023-25 base budget	332.90	32,084,055	70,409,893	102,493,948
Legislative increase (decrease) to base budget	2.43	\$14,230,000	\$37,369,688	\$51,599,688

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$36,354,055	\$9,960,000	\$46,314,055
2021-23 legislative appropriations	32,084,055	0	32,084,055
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$4,270,000	\$9,960,000	\$14,230,000
Percentage increase (decrease) to 2021-23 appropriations	13.3%	N/A	44.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	2.43		\$289,705	\$289,705
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$2,412,877	2,187,447	4,600,324
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		1,236,872	952,536	2,189,408
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(843,194)		(843,194)
Added funding for an increase in the factor for career and technical education credits in the higher education funding formula		1,306,862		1,306,862

Added funding for a behavioral health initiative	156,583		156,583
Added one-time funding for the polytechnic center project inflation	9,960,000	2,440,000	12,400,000
Added one-time funding for the multipurpose academic and athletic center project		31,500,000	31,500,000
Total	<u>2.43</u>	<u>\$14,230,000</u>	<u>\$37,369,688</u>

FTE Changes

The Legislative Assembly approved 335.33 FTE positions for Bismarck State College for the 2023-25 biennium, an increase of 2.43 FTE positions from the 2021-23 biennium authorized level of 332.9 FTE positions. The 2.43 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for Bismarck State College for the 2023-25 biennium:

	General Fund	Other Local Funds	Total
Polytechnic center project inflation	\$9,960,000	\$2,440,000	\$12,400,000
Multipurpose academic and athletic center project		31,500,000	31,500,000
Total	\$9,960,000	\$33,940,000	\$43,900,000

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund (SIIF) - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Larry C. Skogen Polytechnic Institute - Section 20 names the Bismarck State College polytechnic center the Larry C. Skogen Polytechnic Institute.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which Bismarck State College is to receive \$87,744, of which \$31,441 is from the general fund and \$56,303 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and for the employer retirement contribution increase relating to peace officers provided for in House Bill No. 1183 (2023); and
- Targeted market equity pool from which Bismarck State College may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Lake Region State College
Budget No. 228
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	120.59	\$15,248,322	\$27,528,767	\$42,777,089
2023-25 base budget	115.76	14,242,152	25,271,428	39,513,580
Legislative increase (decrease) to base budget	4.83	\$1,006,170	\$2,257,339	\$3,263,509

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$15,248,322	\$0	\$15,248,322
2021-23 legislative appropriations	14,242,152	0	14,242,152
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,006,170	\$0	\$1,006,170
Percentage increase (decrease) to 2021-23 appropriations	7.1%	N/A	7.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	4.83		\$100,044	\$100,044
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$1,048,123	828,501	1,876,624
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		462,329	328,794	791,123
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(1,157,713)		(1,157,713)
Added funding for an increase in the factor for career and technical education (CTE) credits in the higher education funding formula		412,756		412,756

Added funding for the minimum amount payable under the higher education funding formula	175,271		175,271
Added funding for a behavioral health initiative	65,404		65,404
Added one-time funding for wind turbine and parking lot repairs		1,000,000	1,000,000
Total	<u>4.83</u>	<u>\$1,006,170</u>	<u>\$3,263,509</u>

FTE Changes

The Legislative Assembly approved 120.59 FTE positions for Lake Region State College for the 2023-25 biennium, an increase of 4.83 FTE positions from the 2021-23 biennium authorized level of 115.76 FTE positions. The 4.83 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The Legislative Assembly, in House Bill No. 1003 (2023), provided an appropriation of \$1 million from other funds derived from the institution's allocation in the university system capital building fund to Lake Region State College for wind turbine and parking lot repairs. The Legislative Assembly provided an exemption from any University System capital building fund matching fund requirements for this funding.

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from the strategic investment and improvements fund (SIIF) to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU agricultural experiment station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all CTE credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which Lake Region State College is to receive \$35,142, of which \$14,693 is from the general fund and \$20,449 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which Lake Region State College may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Williston State College
Budget No. 229
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	102.83	\$13,118,332	\$69,030,927	\$82,149,259
2023-25 base budget	101.29	11,286,737	24,019,535	35,306,272
Legislative increase (decrease) to base budget	1.54	\$1,831,595	\$45,011,392	\$46,842,987

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$13,118,332	\$0	\$13,118,332
2021-23 legislative appropriations	11,286,737	0	11,286,737
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,831,595	\$0	\$1,831,595
Percentage increase (decrease) to 2021-23 appropriations	16.2%	N/A	16.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	1.54		\$81,601	\$81,601
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$999,665	743,498	1,743,163
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		314,725	272,354	587,079
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		137,487		137,487
Added funding for an increase in the factor for career and technical education (CTE) credits in the higher education funding formula		322,613		322,613

Added funding for a behavioral health initiative		57,105		57,105
Added one-time funding for a medical health care building, including \$27,962,053 from the strategic investment and improvements fund (SIIF)			36,600,000	36,600,000
Added one-time funding for a turf replacement project from local funds			7,313,939	7,313,939
Total	<u>1.54</u>	<u>\$1,831,595</u>	<u>\$45,011,392</u>	<u>\$46,842,987</u>

FTE Changes

The Legislative Assembly approved 102.83 FTE positions for Williston State College for the 2023-25 biennium, an increase of 1.54 FTE positions from the 2021-23 biennium authorized level of 101.29 FTE positions. The 1.54 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for Williston State College for the 2023-25 biennium:

	SIIF	Capital Building Fund	Other Local Funds	Total
Medical health care building	\$27,962,053	\$637,947	\$8,000,000	\$36,600,000
Turf replacement project			7,313,939	7,313,939
Total	\$27,962,053	\$637,947	\$15,313,939	\$43,913,939

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU agricultural experiment station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all CTE credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which Williston State College is to receive \$20,831, of which \$8,607 is from the general fund and \$12,224 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which Williston State College may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**University of North Dakota
Budget No. 230
House Bill No. 1003 and Senate Bill No. 2284**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	2,060.56	\$193,209,139	\$912,461,608	\$1,105,670,747
2023-25 base budget	2,059.98	150,927,125	755,657,771	906,584,896
Legislative increase (decrease) to base budget	0.58	\$42,282,014	\$156,803,837	\$199,085,851

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$179,204,139	\$14,005,000	\$193,209,139
2021-23 legislative appropriations	150,927,125	4,000,000	154,927,125
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$28,277,014	\$10,005,000	\$38,282,014
Percentage increase (decrease) to 2021-23 appropriations	18.7%	250.1%	24.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	0.58		\$2,723,214	\$2,723,214
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$20,866,151	22,928,883	43,795,034
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		5,806,942	8,647,240	14,454,182
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(1,616,355)		(1,616,355)
Added funding to reflect available special funds			4,500	4,500
Added funding for research network costs		2,500,000		2,500,000

Added funding for a behavioral health initiative		720,276		720,276
Added one-time funding for a school transportation study (Senate Bill No. 2284)		5,000		5,000
Added one-time funding from local funds for the Energy and Environmental Research Center project			33,000,000	33,000,000
Added one-time funding for the science, engineering, and national security corridor, including \$57.4 million from the strategic investment and improvements fund (SIIF)			82,000,000	82,000,000
Added one-time funding for the national security initiative		9,000,000		9,000,000
Added one-time funding for the Merrifield Hall and Twamley Hall renovation		5,000,000	7,500,000	12,500,000
Total	<u>0.58</u>	<u>\$42,282,014</u>	<u>\$156,803,837</u>	<u>\$199,085,851</u>

FTE Changes

The Legislative Assembly approved 2,060.56 FTE positions for the University of North Dakota (UND) for the 2023-25 biennium, an increase of 0.58 FTE positions from the 2021-23 biennium authorized level of 2,059.98 FTE positions. The 0.58 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for UND for the 2023-25 biennium:

	General Fund	SIIF	Other Local Funds	Total
Energy and Environmental Research Center project			\$33,000,000	\$33,000,000
Science, engineering, and national security corridor		\$57,400,000	24,600,000	82,000,000
National security initiative	\$9,000,000			9,000,000
Merrifield Hall and Twamley Hall renovation	5,000,000		7,500,000	12,500,000
School transportation study (Senate Bill No. 2284)	5,000			5,000
Total	\$14,005,000	\$57,400,000	\$65,100,000	\$136,505,000

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for UND and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow

certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Legislative intent - Future capital projects - Section 47 provides legislative intent for the 69th Legislative Assembly to appropriate \$98,696,814 from state funds or appropriation bond proceeds for capital projects at Mayville State University, Minot State University, and UND. The amounts identified for each project reflect the institution's request plus a 7 percent inflationary factor and are in addition to any local matching funds.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which UND is to receive \$621,069, of which \$100,821 is from the general fund and \$520,248 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and for the employer retirement contribution increase relating to peace officers provided for in House Bill No. 1183 (2023); and
- Targeted market equity pool from which UND may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2032 (2023) - Paraprofessional to teacher - Appropriates \$3 million from the general fund to the Department of Public Instruction to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.

Senate Bill No. 2284 - Study - Appropriates \$5,000 from the general fund to UND for a school transportation study.

**University of North Dakota School of Medicine and Health Sciences
Budget No. 232
House Bill No. 1003 and Senate Bill No. 2012**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	488.83	\$80,865,916	\$171,414,111	\$252,280,027
2023-25 base budget	492.67	68,122,959	160,806,249	228,929,208
Legislative increase (decrease) to base budget	(3.84)	\$12,742,957	\$10,607,862	\$23,350,819

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$80,865,916	\$0	\$80,865,916
2021-23 legislative appropriations	68,122,959	0	68,122,959
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$12,742,957	\$0	\$12,742,957
Percentage increase (decrease) to 2021-23 appropriations	18.7%	N/A	18.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	(3.84)		\$590,744	\$590,744
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$9,149,093	5,143,656	14,292,749
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		1,342,047	1,373,462	2,715,509
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		1,861,864		1,861,864
Added funding for a behavioral health initiative		389,953		389,953

Added one-time funding from the community health trust fund for a Center for Rural Health grant to a clinically integrated network (Senate Bill No. 2012)			3,500,000	3,500,000
Total	<u>(3.84)</u>	<u>\$12,742,957</u>	<u>\$10,607,862</u>	<u>\$23,350,819</u>

FTE Changes

The Legislative Assembly approved 488.83 FTE positions for the University of North Dakota (UND) School of Medicine and Health Sciences for the 2023-25 biennium, a decrease of 3.84 FTE positions from the 2021-23 biennium authorized level of 492.67 FTE positions. The 3.84 FTE positions were removed pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the economic diversification research fund, which is established in Section 16.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the North Dakota State University Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2012 - Grant - Appropriates \$3.5 million for the Center for Rural Health to award a grant to a clinically integrated network.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which the UND School of Medicine and Health Sciences is to receive \$106,995, of which \$38,691 is from the general fund and \$68,304 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which the UND School of Medicine and Health Sciences may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**North Dakota State University
Budget No. 235
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	1,867.50	\$164,198,618	\$760,523,651	\$924,722,269
2023-25 base budget	1,829.43	138,431,325	625,417,100	763,848,425
Legislative increase (decrease) to base budget	38.07	\$25,767,293	\$135,106,551	\$160,873,844

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$159,398,618	\$4,800,000	\$164,198,618
2021-23 legislative appropriations	138,431,325	125,000	138,556,325
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$20,967,293	\$4,675,000	\$25,642,293
Percentage increase (decrease) to 2021-23 appropriations	15.1%	3,740.0%	18.5%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	38.07		\$2,078,860	\$2,078,860
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$16,202,092	18,708,121	34,910,213
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		7,106,153	7,319,570	14,425,723
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(7,591,732)		(7,591,732)
Added funding for the minimum amount payable under the higher education funding formula		2,054,479		2,054,479
Added funding for research network costs		2,500,000		2,500,000
Added funding for a behavioral health initiative		696,301		696,301

Added one-time funding for a temporary increased minimum amount payable under the higher education funding formula	4,800,000		4,800,000
Added one-time funding from local funds for a music building project		20,000,000	20,000,000
Added one-time funding from local funds for the Sudro Hall expansion project		3,000,000	3,000,000
Added one-time funding for the center for engineering and computational sciences project, including \$59 million from the strategic investment and improvements fund (SIIF)		84,000,000	84,000,000
Total	38.07	\$25,767,293	\$135,106,551
		\$160,873,844	

FTE Changes

The Legislative Assembly approved 1,867.50 FTE positions for North Dakota State University (NDSU) for the 2023-25 biennium, an increase of 38.07 FTE positions from the 2021-23 biennium authorized level of 1,829.43 FTE positions. The 38.07 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for NDSU for the 2023-25 biennium:

	General Fund	SIIF	Other Local Funds	Total
Temporary increased minimum amount payable	\$4,800,000			\$4,800,000
Music building			\$20,000,000	20,000,000
Sudro Hall expansion			3,000,000	3,000,000
Center for engineering and computational sciences		\$59,000,000	25,000,000	84,000,000
Total	\$4,800,000	\$59,000,000	\$48,000,000	\$111,800,000

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and NDSU, which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Severance agreements - Section 6 provides for the transfer of \$367,000 from the University System office carryover to NDSU for the cost of a severance agreement entered into with the previous President of NDSU.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow

certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which NDSU is to receive \$472,796, of which \$97,772 is from the general fund and \$375,024 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and for the employer retirement contribution increase relating to peace officers provided for in House Bill No. 1183 (2023); and
- Targeted market equity pool from which NDSU may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2032 (2023) - Paraprofessional to teacher - Appropriates \$3 million from the general fund to the Department of Public Instruction to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.

**North Dakota State College of Science
Budget No. 238
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	313.95	\$39,767,271	\$83,459,619	\$123,226,890
2023-25 base budget	311.61	35,714,792	60,845,052	96,559,844
Legislative increase (decrease) to base budget	2.34	\$4,052,479	\$22,614,567	\$26,667,046

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$38,761,924	\$1,005,347	\$39,767,271
2021-23 legislative appropriations	35,714,792	0	35,714,792
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$3,047,132	\$1,005,347	\$4,052,479
Percentage increase (decrease) to 2021-23 appropriations	8.5%	N/A	11.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	2.34		\$186,719	\$186,719
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$2,787,059	1,670,062	4,457,121
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		1,108,495	782,786	1,891,281
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(4,001,780)		(4,001,780)
Added funding for an increase in the factor for career and technical education credits and to adjust dental hygienist and dental assistant credits in the higher education funding formula		2,996,433		2,996,433

Added funding for a behavioral health initiative		156,925		156,925
Added one-time funding for a temporary increased minimum amount payable under the higher education funding formula		1,005,347		1,005,347
Added one-time funding for an agriculture, automation, and autonomous systems building, including \$18,975,000 from the strategic investment and improvements fund (SIIF)			19,975,000	19,975,000
Total	<u>2.34</u>	<u>\$4,052,479</u>	<u>\$22,614,567</u>	<u>\$26,667,046</u>

FTE Changes

The Legislative Assembly approved 313.95 FTE positions for the North Dakota State College of Science (NDSCS) for the 2023-25 biennium, an increase of 2.34 FTE positions from the 2021-23 biennium authorized level of 311.61 FTE positions. The 2.34 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for NDSCS for the 2023-25 biennium:

	General Fund	SIIF	Other Local Funds	Total
Temporary increased minimum amount payable	\$1,005,347			\$1,005,347
Agriculture, automation, and autonomous systems building		\$18,975,000	\$1,000,000	19,975,000
Total	\$1,005,347	\$18,975,000	\$1,000,000	\$20,980,347

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which NDSCS is to receive \$97,210, of which \$43,662 is from the general fund and \$53,548 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and for the employer retirement contribution increase relating to peace officers provided for House Bill No. 1183 (2023); and
- Targeted market equity pool from which NDSCS may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Dickinson State University
Budget No. 239
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	178.00	\$25,401,610	\$51,677,970	\$77,079,580
2023-25 base budget	175.50	20,242,730	30,992,408	51,235,138
Legislative increase (decrease) to base budget	2.50	\$5,158,880	\$20,685,562	\$25,844,442

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$23,801,610	\$1,600,000	\$25,401,610
2021-23 legislative appropriations	20,242,730	0	20,242,730
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$3,558,880	\$1,600,000	\$5,158,880
Percentage increase (decrease) to 2021-23 appropriations	17.6%	N/A	25.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	2.50		\$120,906	\$120,906
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$1,683,853	1,091,160	2,775,013
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		777,878	473,496	1,251,374
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		998,877		998,877
Added funding for a behavioral health initiative		98,272		98,272

Added one-time funding for an agriculture and technical education building project, including \$17.1 million from the strategic investment and improvements fund (SIIF)			18,000,000	18,000,000
Added one-time funding for a generator and other projects		1,600,000	1,000,000	2,600,000
Total	2.50	\$5,158,880	\$20,685,562	\$25,844,442

FTE Changes

The Legislative Assembly approved 178 FTE positions for Dickinson State University (DSU) for the 2023-25 biennium, an increase of 2.5 FTE positions from the 2021-23 biennium authorized level of 175.5 FTE positions. The 2.5 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for DSU for the 2023-25 biennium:

	General Fund	SIIF	Other Local Funds	Total
Agriculture and technical education building project		\$17,100,000	\$900,000	\$18,000,000
Generator and other projects	\$1,600,000		1,000,000	2,600,000
Total	\$1,600,000	\$17,100,000	\$1,900,000	\$20,600,000

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Digitization of Theodore Roosevelt documents - Section 35 adjusts the requirement for DSU to establish an endowment for the digitization of documents relating to Theodore Roosevelt to allow the institution to spend \$2 million for the project and place the remaining \$8 million in an endowment.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which DSU is to receive \$34,920, of which \$15,061 is from the general fund and \$19,859 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which DSU may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2032 (2023) - Paraprofessional to teacher - Appropriates \$3 million from the general fund to the Department of Public Instruction to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.

**Mayville State University
Budget No. 240
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	226.92	\$23,448,810	\$51,662,106	\$75,110,916
2023-25 base budget	230.35	18,679,828	32,282,440	50,962,268
Legislative increase (decrease) to base budget	(3.43)	\$4,768,982	\$19,379,666	\$24,148,648

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$21,698,810	\$1,750,000	\$23,448,810
2021-23 legislative appropriations	18,679,828	1,600,000	20,279,828
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$3,018,982	\$150,000	\$3,168,982
Percentage increase (decrease) to 2021-23 appropriations	16.2%	9.4%	15.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	(3.43)		\$125,109	\$125,109
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$1,578,978	1,209,994	2,788,972
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		665,267	714,476	1,379,743
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		685,147		685,147
Added funding for a behavioral health initiative		89,590		89,590

Added one-time funding for the Old Main renovation project, including \$15 million from the strategic investment and improvements fund (SIIF)			17,330,087	17,330,087
Added one-time funding for discretionary funds		1,750,000		1,750,000
Total	(3.43)	\$4,768,982	\$19,379,666	\$24,148,648

FTE Changes

The Legislative Assembly approved 226.92 FTE positions for Mayville State University (MaSU) for the 2023-25 biennium, a decrease of 3.43 FTE positions from the 2021-23 biennium authorized level of 230.35 FTE positions. The 3.43 FTE positions were removed pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for MaSU for the 2023-25 biennium:

	General Fund	SIIF	Capital Building Fund	Total
Old Main renovation phase I		\$15,000,000	\$2,330,087	\$17,330,087
Discretionary funds	\$1,750,000			1,750,000
Total	\$1,750,000	\$15,000,000	\$2,330,087	\$19,080,087

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Mayville State University Old Main renovation - Section 13 provides loan authorization for the MaSU Old Main renovation project to be completed in phases over the next 2 bienniums. The authorized loan amount of \$34,924,814 represents the estimated remaining project cost to be funded during the 2025-27 biennium, including a 7 percent inflationary increase.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Legislative intent - Future capital projects - Section 47 provides legislative intent for the 69th Legislative Assembly to appropriate \$98,696,814 from state funds or appropriation bond proceeds for capital projects at MaSU, Minot State University, and UND. The amounts identified for each project reflect the institution's request plus a 7 percent inflationary factor and are in addition to any local matching funds.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which MaSU is to receive \$55,283, of which \$11,331 is from the general fund and \$43,952 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which MaSU may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2032 (2023) - Paraprofessional to teacher - Appropriates \$3 million from the general fund to the Department of Public Instruction to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.

**Minot State University
Budget No. 241
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	423.63	\$49,277,097	\$74,636,419	\$123,913,516
2023-25 base budget	403.04	41,206,630	64,047,767	105,254,397
Legislative increase (decrease) to base budget	20.59	\$8,070,467	\$10,588,652	\$18,659,119

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$47,677,097	\$1,600,000	\$49,277,097
2021-23 legislative appropriations	41,206,630	0	41,206,630
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$6,470,467	\$1,600,000	\$8,070,467
Percentage increase (decrease) to 2021-23 appropriations	15.7%	N/A	19.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	20.59		\$332,240	\$332,240
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$3,412,530	2,824,380	6,236,910
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		1,518,573	1,167,032	2,685,605
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		1,342,514		1,342,514
Added funding for a behavioral health initiative		196,850		196,850

Added one-time funding from the strategic investment and improvements fund (SIIF) for the Dakota Hall demolition project			765,000	765,000
Added one-time funding for a Student Center renovation project			3,100,000	3,100,000
Added one-time funding for the Hartnett Hall project		1,600,000	2,400,000	4,000,000
Total	<u>20.59</u>	<u>\$8,070,467</u>	<u>\$10,588,652</u>	<u>\$18,659,119</u>

FTE Changes

The Legislative Assembly approved 423.63 FTE positions for Minot State University (MiSU) for the 2023-25 biennium, an increase of 20.59 FTE positions from the 2021-23 biennium authorized level of 403.04 FTE positions. The 20.59 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for MiSU for the 2023-25 biennium:

	General Fund	SIIF	Other Local Funds	Total
Dakota Hall demolition		\$765,000		\$765,000
Student Center renovation			\$3,100,000	3,100,000
Hartnett Hall renovation project	\$1,600,000		2,400,000	4,000,000
Total	\$1,600,000	\$765,000	\$5,500,000	\$7,865,000

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Legislative intent - Future capital projects - Section 47 provides legislative intent for the 69th Legislative Assembly to appropriate \$98,696,814 from state funds or appropriation bond proceeds for capital projects at Mayville State University, MiSU, and UND. The amounts identified for each project reflect the institution's request plus a 7 percent inflationary factor and are in addition to any local matching funds.

Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which MiSU is to receive \$81,160, of which \$31,980 is from the general fund and \$49,180 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and for the employer retirement contribution increase relating to peace officers provided for in House Bill No. 1183 (2023); and
- Targeted market equity pool from which MiSU may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2032 (2023) - Paraprofessional to teacher - Appropriates \$3 million from the general fund to the Department of Public Instruction to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.

**Valley City State University
Budget No. 242
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	211.94	\$27,612,092	\$63,562,421	\$91,174,513
2023-25 base budget	202.77	24,161,377	26,377,846	50,539,223
Legislative increase (decrease) to base budget	9.17	\$3,450,715	\$37,184,575	\$40,635,290

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$27,612,092	\$0	\$27,612,092
2021-23 legislative appropriations	24,161,377	0	24,161,377
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$3,450,715	\$0	\$3,450,715
Percentage increase (decrease) to 2021-23 appropriations	14.3%	N/A	14.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	9.17		\$120,170	\$120,170
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$1,909,505	1,037,441	2,946,946
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		946,333	526,964	1,473,297
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		480,872		480,872
Added funding for a behavioral health initiative		114,005		114,005
Added one-time funding for an Osmon Fieldhouse addition project			20,000,000	20,000,000
Added one-time funding for a Student Center renovation project			2,000,000	2,000,000

Added one-time funding for the McCarthy Hall renovation project, including \$10,474,918 from the strategic investment and improvements fund (SIIF)			13,500,000	13,500,000
Total	9.17	\$3,450,715	\$37,184,575	\$40,635,290

FTE Changes

The Legislative Assembly approved 211.94 FTE positions for Valley City State University (VCSU) for the 2023-25 biennium, an increase of 9.17 FTE positions from the 2021-23 biennium authorized level of 202.77 FTE positions. The 9.17 FTE positions were added pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for VCSU for the 2023-25 biennium:

	SIIF	Capital Building Fund	Other Local Funds	Total
Osmon Fieldhouse addition			\$20,000,000	\$20,000,000
Student Center renovation			2,000,000	2,000,000
McCarthy Hall renovation	\$10,474,918	\$1,025,082	2,000,000	13,500,000
Total	\$10,474,918	\$1,025,082	\$24,000,000	\$35,500,000

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which VCSU is to receive \$34,183, of which \$17,606 is from the general fund and \$16,577 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which VCSU may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2032 (2023) - Paraprofessional to teacher - Appropriates \$3 million from the general fund to the Department of Public Instruction to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.

**Dakota College at Bottineau
Budget No. 243
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	84.00	\$11,130,278	\$20,150,947	\$31,281,225
2023-25 base budget	91.86	9,537,862	14,216,200	23,754,062
Legislative increase (decrease) to base budget	(7.86)	\$1,592,416	\$5,934,747	\$7,527,163

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$11,130,278	\$0	\$11,130,278
2021-23 legislative appropriations	9,537,862	99,768 ¹	9,637,630
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,592,416	(\$99,768)	\$1,492,648
Percentage increase (decrease) to 2021-23 appropriations	16.7%	(100.0%)	15.5%

¹This amount represents a deficiency appropriation for Dakota College at Bottineau (DCB) in Senate Bill No. 2025 (2023).

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 23 of Senate Bill No. 2003 (2021)	(7.86)		\$43,267	\$43,267
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and to limit tuition increases		\$809,926	396,386	1,206,312
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month, and to limit tuition increases		303,903	195,094	498,997
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		428,768		428,768
Added funding for a behavioral health initiative		49,819		49,819

Added one-time funding for the Old Main renovation project, including \$3.3 million from the strategic investment and improvements fund (SIIF)			5,300,000	5,300,000
Total	<u>(7.86)</u>	<u>\$1,592,416</u>	<u>\$5,934,747</u>	<u>\$7,527,163</u>

FTE Changes

The Legislative Assembly approved 84 FTE positions for DCB for the 2023-25 biennium, a decrease of 7.86 FTE positions from the 2021-23 biennium authorized level of 91.86 FTE positions. The 7.86 FTE positions were removed pursuant to Section 23 of Senate Bill No. 2003 (2021), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 39 of House Bill No. 1003 (2023) continues the authorization of the board to adjust positions at institutions under its control during the 2023-25 biennium.

One-Time Funding

The 2023 Legislative Assembly, in House Bill No. 1003, appropriated \$5.3 million of one-time funding to DCB for the Old Main renovation project, including \$3.3 million from SIIF, \$1 million from the institution's allocation in the University System capital building fund, and \$1 million from local funds. The Legislative Assembly provided an exemption from any University System capital building fund matching fund requirements for this funding.

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Extraordinary repairs matching funds - Section 4 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 5 identifies \$209,976,971 for various institution capital projects from SIIF. Section 48 declares Section 5 to be an emergency measure.

Economic diversification research fund - Section 10 provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund, which is established in Section 16.

Capital building fund program - Sections 11 and 12 provide for the continuation of the capital building fund program, including a transfer of \$24 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 33 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 40 provides an exemption to allow certain campuses to use money in their capital building fund allocation for capital projects without providing matching funds. Section 48 declares Sections 11, 12, and 40 to be an emergency measure.

Capital project requests - Section 14 restricts an institution from spending funding appropriated from SIIF for capital projects until local matching funds are pledged. Section 14 also provides legislative intent that any inflationary or other costs associated with previously approved projects be paid from local funds. Section 29 requires institutions to identify matching funds for future capital project requests for state funds. Section 48 declares Section 14 to be an emergency measure.

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

Campus policies and procedures - Section 19 authorizes the president of an institution to adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 24 through 27 adjust the higher education challenge grant statutory language, provide for the distribution of up to \$20 million of grant funds to eligible institutions, and add the NDSU Agricultural Experiment Station as eligible for funding under the higher education challenge grant program. Section 37 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation.

Higher education funding formula - Section 30 provides for all career and technical education (CTE) credits to receive a weighting factor of five in the higher education funding formula. Section 31 adjusts the base credit-hour funding rates of the higher education funding formula. Section 32 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 46 provides legislative intent that dental hygienist and dental assistant program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 41 and 42 provide exemptions for institutions to continue appropriation authority for various projects and programs.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 45 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions as follows:

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 (2023) - Workforce - Provides for a workforce education innovation program to create or enhance educational programs that address workforce needs in the state. Funding for this program was removed from House Bill No. 1003 in the Conference Committee amendment.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the University System office and institutions may receive allocations, including the:

- Employer retirement contribution pool from which DCB is to receive \$18,389, of which \$8,526 is from the general fund and \$9,863 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which DCB may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2025 (2023) - Deficiency appropriation - Provides a deficiency appropriation of \$99,768 from the general fund to DCB for reimbursement from the Department of Public Instruction related to the college ready English and math program.

**Forest Service
Budget No. 244
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	29.00	\$5,638,621	\$19,141,272	\$24,779,893
2023-25 base budget	28.00	4,792,478	10,669,315	15,461,793
Legislative increase (decrease) to base budget	1.00	\$846,143	\$8,471,957	\$9,318,100

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$5,638,621	\$0	\$5,638,621
2021-23 legislative appropriations	4,792,478	0	4,792,478
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$846,143	\$0	\$846,143
Percentage increase (decrease) to 2021-23 appropriations	17.7%	N/A	17.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$30,847		\$30,847
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		299,702	\$8,672	308,374
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		128,594	5,144	133,738
Added funding for the cooperative fire protection initiative, including 1 FTE natural and physical sciences professional position	1.00	187,000		187,000
Added funding for the Towner State Nursery			200,000	200,000
Added funding for forest recreation enhancements, including maintenance and enhancements of trails, campgrounds, and recreation areas		200,000		200,000
Added funding from grants to enhance services			8,258,141	8,258,141
Total	1.00	\$846,143	\$8,471,957	\$9,318,100

FTE Changes

The Legislative Assembly approved 29 FTE positions for the Forest Service for the 2023-25 biennium, an increase of 1 FTE position from the 2021-23 biennium authorized level of 28 FTE positions. The Legislative Assembly added 1 FTE natural and physical sciences professional position for the cooperative fire protection initiative.

Other Sections in House Bill No. 1003

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Carryover authority - Section 36 continues the authorization through July 31, 2025, for entities under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Transfer authority - Section 38 provides that the State Board of Higher Education may transfer funds from an entity's operations line item to the entity's capital assets line item if the board determines that additional funds are needed for capital assets.

FTE positions - Section 39 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the Forest Service may receive allocations, including the:

- Employer retirement contribution pool from which the Forest Service is to receive \$9,080, of which \$8,411 is from the general fund and \$669 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which the Forest Service may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

SECTION G - HEALTH AND HUMAN SERVICES

OVERVIEW	G-1
DEPARTMENT OF HEALTH AND HUMAN SERVICES - MANAGEMENT DIVISION	G-3
DEPARTMENT OF HEALTH AND HUMAN SERVICES - PROGRAM AND POLICY DIVISION	G-3
DEPARTMENT OF HEALTH AND HUMAN SERVICES - FIELD SERVICES DIVISION	G-7
DEPARTMENT OF HEALTH AND HUMAN SERVICES - COUNTY SOCIAL AND HUMAN SERVICE PROJECT	G-7
DEPARTMENT OF HEALTH AND HUMAN SERVICES - PUBLIC HEALTH DIVISION	G-7
DEPARTMENT OF HEALTH AND HUMAN SERVICES - DETAIL OF LEGISLATIVE CHANGES TO HUMAN SERVICES DIVISIONS	G-9
DEPARTMENT OF HEALTH AND HUMAN SERVICES - DETAIL OF LEGISLATIVE CHANGES TO PUBLIC HEALTH DIVISION	G-21

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DEPARTMENTWIDE

Total funding - The table below provides a comparison of the legislative appropriation for the Department of Health and Human Services (DHHS) for the 2023-25 biennium compared to the 2021-23 biennium funding level.

Department of Health and Human Services Total	2021-23 Biennium Appropriation			2023-25 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time ¹	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
General fund	\$1,593,362,809	\$54,761,492	\$1,648,124,301	\$2,003,722,744	\$39,682,172	\$2,043,404,916	\$410,359,935	(\$15,079,320)	\$395,280,615
Other funds	3,284,887,275	587,056,751	3,871,944,026	3,537,489,727	167,122,326	3,704,612,053	252,602,452	(419,934,425)	(167,331,973)
Total	\$4,878,250,084	\$641,818,243	\$5,520,068,327	\$5,541,212,471	\$206,804,498	\$5,748,016,969	\$662,962,387	(\$435,013,745)	\$227,948,642
FTE	2,475.83		2,475.83	2,483.83		2,483.83	8.00		8.00

¹ Includes a \$25 million general fund and \$285 million other funds deficiency appropriation provided in Senate Bill No. 2025.

One-Time Funding

The Legislative Assembly identified \$206,804,498 of one-time funding for DHHS for the 2023-25 biennium, of which \$39,682,172 is from the general fund. The following schedule details the one-time funding items:

	General Fund	Other Funds	Total
Operating inflation	\$10,282,172	\$10,282,172	\$20,564,344
Procurement and grants software (strategic investment and improvements fund (SIIF))		11,000,000	11,000,000
Child support computer project (\$20.4 million from community health trust fund and \$39.6 million federal funds)		60,000,000	60,000,000
Health care study and health care task force costs (community health trust fund)		750,000	750,000
Medicaid program integrity audits	2,250,000	2,250,000	4,500,000
Eliminate autism voucher program	(300,000)		(300,000)
Pregnant and parenting women residential facility (SIIF)		1,000,000	1,000,000
Northwest region behavioral health facility	1,950,000		1,950,000
Badlands region behavioral health facility grant (SIIF)		8,250,000	8,250,000
Youth crisis services grant (federal State Fiscal Recovery Fund)		300,000	300,000
Ecumenical ministry grant (State Fiscal Recovery Fund)		285,000	285,000
Cross-disability advisory council (\$700,000 community health trust fund and \$700,000 federal funds)		1,400,000	1,400,000
Basic care funding methodology study (community health trust fund)		600,000	600,000
State Hospital design (SIIF)		12,500,000	12,500,000
Southeast Human Service Center deferred maintenance (SIIF)		735,154	735,154
Law enforcement telehealth services (State Fiscal Recovery Fund)		2,650,000	2,650,000
Public health laboratory building (State Fiscal Recovery Fund)		55,120,000	55,120,000
Child care and workforce initiative (House Bill No. 1540)	19,000,000		19,000,000
Family caregiver service pilot project (Senate Bill No. 2276)	2,500,000		2,500,000
State Hospital building demolition (Senate Bill No. 2026)	4,000,000		4,000,000
Total	\$39,682,172	\$167,122,326	\$206,804,498

Full-Time Equivalent Positions, Salary and Benefit Adjustments, and Block Grant FTE Funding Pool

Full-time equivalent positions - The Legislative Assembly approved 2,483.83 FTE positions for DHHS for the 2023-25 biennium, an increase of 8 FTE positions from the 2021-23 biennium. The Legislative Assembly added 1 FTE position in House Bill No. 1004 for an autopsy technician, 4 FTE positions in House Bill No. 1004 for tribal liaison program management, 1 FTE position in Senate Bill No. 2276 for the family caregiver service pilot project, and 2 FTE positions in Senate Bill No. 2238 to expand background check services.

Annual salary increases - The Legislative Assembly added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024. The department is also authorized to receive an allocation from the executive branch salary equity funding pool appropriated to the Office of Management and Budget.

Employee health insurance premium increase - The Legislative Assembly added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month during the 2023-25 biennium.

Block grant funding pool - The Legislative Assembly appropriated salaries and wages funding for the human services divisions of DHHS in a block grant pool and authorized the department to adjust FTE positions subject to the availability of funding.

Salary underfunding - The Legislative Assembly underfunded salaries and wages by \$19.5 million from the general fund for DHHS for the 2023-25 biennium.

Inflationary Increases

Except as noted, the Legislative Assembly provided funding for a 3 percent provider inflationary increase each year of the biennium. The cost of the inflationary increases is \$76.6 million, of which \$38.3 million is from the general fund. The Legislative Assembly provided developmental disability providers with a 2 percent annual inflationary increase, provided basic care providers with a 3.5 percent annual inflationary increase, and provided prospective payment hospitals with a 2 percent inflationary increase the 2nd year of the biennium.

Federal Medical Assistance Percentage

Federal medical assistance percentage (FMAP) - The federal medical assistance percentage determines the state and federal share of Medicaid, foster care, and other program costs within the department. The schedule below presents recent and projected FMAPs for North Dakota.

Federal Fiscal Year	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	53.82% (estimate) ²	
2025	54.06% (estimate) ²	

¹The federal Families First Coronavirus Response Act temporarily increased 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. The federal Consolidated Appropriations Act of 2023 sunsets the temporary increase through a phase down with the increase being fully removed on December 31, 2023.

²Based on estimates provided by the Federal Funds Information for States organization. **The budget approved by the Legislative Assembly for the 2023-25 biennium assumed an FMAP rate of 52.50 percent for federal fiscal years 2024 and 2025.**

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%

Cost and Caseload Changes

Cost, caseload, and utilization changes - The Legislative Assembly provided funding increases for 2023-25 biennium cost, caseload, and utilization changes of \$528.8 million, of which \$100.1 million is from the general fund.

Transfer Authority

The Legislative Assembly authorized the department to transfer appropriation authority between line items within the management, program and policy, field services, and county social services subdivisions in Senate Bill No. 2012 and the public health line items subdivisions in House Bill No. 1004. The department is to report to the Budget Section after June 30, 2024, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 69th Legislative Assembly regarding any transfers made.

MANAGEMENT

The Management Division of DHHS includes administration and information technology services. The following are major funding adjustments made by the Legislative Assembly for the Management Division:

- **Operating reduction** - Reduced funding for operating expenses by \$13.9 million.
- **Capitol space rent model** - Added \$842,674 from the general fund for a new Capitol space rent model.
- **Operating inflation** - Added one-time funding of \$20.6 million, of which \$10.3 million is from the general fund, for operating inflation.
- **Grants and procurement software** - Provided one-time funding of \$11 million from SIIF for a grants and procurement software project.
- **Child support case management project** - Added one-time funding from the community health trust fund (\$20.4 million) and federal funds (\$39.6 million) to replace the child support case management system.

PROGRAM AND POLICY

Program and policy - The Program and Policy Division of DHHS includes economic assistance, child support, medical services, long-term care, aging services, children and family services, mental health and substance abuse program, developmental disabilities council, developmental disabilities, aging services, vocational rehabilitation services, and early childhood services.

Changes made by the Legislative Assembly affecting multiple division programs include:

- **Inflationary increases** - Added funding of \$75,573,343, of which \$37,253,974 million is from the general fund to provide 3 percent per year inflationary increases except as noted in medical services, long-term care, and developmental disabilities.
- **FMAP adjustments** - Increased funding from the general fund by \$21,621,657 and increased federal funding by \$21,621,657 to reflect estimated FMAP percentages.

Economic Assistance

The following are major funding adjustments made by the Legislative Assembly for economic assistance:

- **Temporary assistance for needy families** - Transferred \$7,496,368 of federal temporary assistance for needy families (TANF) funding currently used for foster care services to enhance economic assistance programs.
- **Alternatives-to-abortion program** - Replaced \$600,000 of federal TANF funds with general fund support of \$1 million for the alternatives-to-abortion program.

Child Support

The Legislative Assembly did not provide for any major funding adjustments for the Child Support Division except for the previously noted child support case management system project.

Medical Services

The following are major funding adjustments made by the Legislative Assembly for medical services:

- **Medicaid Expansion** - Appropriated funding of \$802.6 million, of which \$80.3 million is from the general fund, to continue the Medicaid Expansion program. The Legislative Assembly adjusted funding to provide for Medicaid Expansion rates at 145 percent of Medicare reimbursement levels effective January 1, 2025.
- **Children's health insurance program** - Added funding of \$4,267,312, of which \$1,389,270 is from the general fund to increase the eligibility level for the children's health insurance program from 175 to 210 percent of the federal poverty level.
- **Medically needy individuals** - Added funding of \$10.5 million, of which \$6.3 million is from the general fund, to increase the eligibility level for medically needy individuals from 83 to 90 percent of the federal poverty level.
- **Prospective payment hospital inflation** - Adjusted inflation for prospective payment system hospitals to 0 percent the 1st year and 2 percent the 2nd year of the biennium.
- **Family caregiver pilot project** - Provided funding of \$2.5 million and added 1 FTE position for costs associated with establishing the family caregiver pilot project in Senate Bill No. 2276.
- **Federally qualified health center grants** - Provided funding of \$2 million from the general fund for grants to federally qualified health centers.

The following schedule details grant funding for major programs included in medical services:

Program	2021-23 Appropriation	2023-25 Appropriation	Increase (Decrease)
Inpatient hospital	\$179,766,425	\$225,652,071	\$45,885,646
Outpatient hospital	109,157,626	124,508,800	15,351,174
Professional services	111,446,608	133,661,019	22,214,411
Drugs	80,257,098	84,898,305	4,641,207
Premiums	37,729,555	54,734,853	17,005,298
Psychiatric residential treatment facilities	34,657,042	23,651,704	(11,005,338)
Dental services	28,653,048	35,027,428	6,374,380
Indian Health Services	51,413,696	58,583,364	7,169,668
1915i plan amendment	27,004,195	15,160,388	(11,843,807)
Other traditional Medicaid services	192,503,419	167,293,286	(25,210,133)
Underfunding	0	(24,130,288)	(24,130,288)
2023-25 biennium provider inflation	0	19,594,924	19,594,924
Medicaid Expansion	650,966,710	802,616,804	151,650,094
Total	\$1,503,555,422	\$1,721,252,658	\$217,697,236
Less other funds	1,165,526,732	1,312,946,046	147,419,314
General fund	\$338,028,690	\$408,306,612	\$70,277,922

Long-Term Care

The following are major funding adjustments made by the Legislative Assembly for long-term care:

- **Utilization rate adjustments** - Reduced funding by \$21,170,000, of which \$9,949,900 is from the general fund, for nursing home utilization rate adjustments.
- **Basic care rebasing and bad debt expense** - Added funding of \$6 million, of which \$3.9 million is from the general fund, to rebase basic care rates effective July 1, 2023, and appropriated \$500,000 from the health care trust fund for basic care facility bad debt expenses.
- **Basic care payment rates** - Provided funding of \$5,541,240, of which \$4,067,056 is from the general fund, to increase basic care payment rates by \$5 per day during the 2023-25 biennium.

- **Basic care provider inflation** - Provided additional funding to increase basic care provider inflation to 3.5 percent each year of the 2023-25 biennium.
- **Nursing home inflation** - In accordance with Section 50-24.4-10, provided for nursing home inflation adjustments to be increased by the Centers for Medicare and Medicaid Services market basket for skilled nursing facility before productivity assessment which was 4.7 percent in January 2023 and is estimated to be 3 percent in January 2024.
- **Home- and community-based services** - Added \$10,690,884, of which \$8,288,319 is from the general fund for home- and community-based services enhancements, including an increase in the personal needs allowance, an increase in adult foster care rates, increasing the family home care rate to \$72.50 per day, and other enhancements.
- **Autism spectrum disorder waiver program** - Added funding of \$8,476,756, of which \$3,868,959 is from the general fund, for the autism spectrum disorder waiver program to increase program slots and enhance services.

The following schedule details grant funding for major programs included in long-term care:

Program	2021-23 Appropriation	2023-25 Appropriation	Increase (Decrease)
Nursing homes	\$616,449,930	\$723,881,578	\$107,431,648
Basic care	50,893,290	64,278,292	13,385,002
Service payments to the elderly and disabled (SPED)	20,397,226	21,654,686	1,257,460
Expanded SPED	1,958,865	1,256,615	(702,250)
Personal care services	33,605,508	32,204,872	(1,400,636)
Targeted case management	157,824	899,926	742,102
Children's medically fragile waiver	398,028	796,399	398,371
Program for all-inclusive care for the elderly	33,601,989	28,069,826	(5,532,163)
Home- and community-based services waiver	46,820,167	51,850,672	5,030,505
Children's hospice waiver	73,605	73,605	0
Autism services	2,255,531	10,813,955	8,558,424
2023-25 biennium provider inflation	0	25,439,320	25,439,320
Total	\$806,611,963	\$961,219,746	\$154,607,783
Less estimated income	410,505,642	475,366,362	64,860,720
General fund	\$396,106,321	\$485,853,384	\$89,747,063

Developmental Disabilities Council

The Legislative Assembly did not provide any major funding adjustments for the Developmental Disabilities Council.

Aging Services

The following are major funding adjustments made by the Legislative Assembly for aging services:

- **Senior meal services** - Added funding of \$12,992,444 from the general fund to increase senior meal rates from \$4.60 to \$8.89 for home-delivered meals and from \$4.60 to \$7.62 for congregate meals and provides for up to two home-delivered meals per day.
- **Dementia services grant** - Added \$305,000 from the general fund for dementia services grants to provide total grant funding of \$1.6 million.

Children and Family Services

The following are major funding adjustments made by the Legislative Assembly for children and family services:

- **Temporary assistance for needy families program funding** - Added general fund support of \$7,496,368 for foster care to allow TANF funding to be redirected to economic assistance programs.
- **Children's advocacy centers** - Increased funding for children's advocacy centers by \$2.5 million from the general fund to provide total funding of \$4.1 million.
- **Unlicensed kin caregiver assistance** - Added funding of \$1.42 million from the general fund to allow payment for unlicensed kin caregiver assistance.

Behavioral Health

The following are major funding adjustments made by the Legislative Assembly for behavioral health:

- **Free through recovery program** - Adjusted funding for the free through recovery program to provide \$15.5 million from the general fund directly to DHHS for the program rather than using passthrough funds from the Department of Corrections and Rehabilitation.
- **Community connect program** - Increased general fund support for the community connect program by \$7,019,514 to provide total funding of \$15,000,000.
- **School behavioral health grants** - Added \$6.5 million from the general fund for school behavioral health grants to provide total grant funding of \$9.5 million.
- **Recovery housing** - Added \$1.3 million from the general fund for recovery housing services.
- **Behavioral health facility grants** - Provided \$1,950,000 from the general fund for a behavioral health facility grant in the Northwest human service region and provided \$8,250,000 from SIIF for a behavioral health facility grants in the Badlands human service region.
- **Opioid settlement fund** - Appropriated \$8 million from the opioid settlement fund for remediation and abatement efforts.

Vocational Rehabilitation

The Legislative Assembly did not provide any major funding adjustments for vocational rehabilitation.

Developmental Disabilities

The following are major funding adjustments made by the Legislative Assembly for developmental disabilities:

- **Provider rate adjustments** - Added \$27,263,603, of which \$12,888,560 is from the general fund, to provide enhanced payment rates to disabilities providers to provide for a \$1 per hour increase for workers and 2 percent annual inflation increases.
- **Corporate guardianships** - Provided \$808,748 from the general fund to increase corporate guardianship slots by 30 to provide for 529 total slots and to increase the daily reimbursement rate by 5 percent per year.
- **Cross-disability advisory council** - Added one-time funding from the community health trust fund (\$700,000) and from federal funds (\$700,000) for consultant and other costs to implement the cross-disability advisory council.

The following schedule details grant funding for major programs included in developmental disabilities:

Program	2021-23 Appropriation	2023-25 Appropriation	Increase (Decrease)
Intermediate care facilities	\$215,772,291	\$219,455,292	\$3,683,001
Residential services	266,635,994	267,181,068	545,074
Day habilitation	108,969,522	110,547,245	1,577,723
In-home supports	47,578,942	34,593,651	(12,985,291)
Infant development	35,219,498	34,700,634	(518,864)
Other services	41,982,357	37,494,302	(4,488,055)
Underfunding and cost settlement	0	(9,736,312)	(9,736,312)
2023-25 biennium provider inflation adjustment	0	48,557,712	48,557,712
Total	\$716,158,604	\$742,793,592	\$26,634,988
Less estimated income	385,001,880	390,731,727	5,729,847
General fund	\$331,156,724	\$352,061,865	\$20,905,141

Early Childhood

The following are major funding adjustments made by the Legislative Assembly for early childhood services:

- **Early childhood programs** - Added \$14.4 million from the general fund to combine the best in class program and the kindergarten readiness program into the research-based 0-4 program.

FIELD SERVICES

Field services - The Field Services Division of DHHS includes human service centers and institutions. Below is an overview of major funding changes approved by the Legislative Assembly for the 2023-25 biennium.

- **Crisis support services** - Added \$8,561,700 from the general fund to increase funding for crisis support services.
- **Certified community behavioral health clinic** - Added \$3,938,041 from the general fund to establish a certified community behavioral health clinic at a Human Service Center. Authorization was also provided to allow DHHS to establish additional clinics using certain carryover authority.
- **Operating funding** - Restored general fund operating reductions made in the agency's base budget request for human service centers (\$13,200,000) and the State Hospital (\$7,586,281).
- **Revenue shortfall** - Added \$30 million from the general fund for the institutions and human service centers due to less estimated revenues.
- **Correctional center telehealth** - Added \$1.5 million from the general fund to provide telehealth psychiatric services in correctional facilities.
- **Rural law enforcement telehealth** - Added \$2,650,000 from the State Fiscal Recovery Fund for a rural law enforcement telehealth psychiatric program.
- **State Hospital design** - Added \$12.5 million from SIIF for the design and to begin construction of a new State Hospital.
- **State Hospital buildings** - Added \$4 million from the general fund for the demolition of unused buildings at the State Hospital.

COUNTY SOCIAL AND HUMAN SERVICE PROJECT

County social and human service project - The county social and human service project provides for state funding to be distributed to human service zones for the delivery of human services programs previously paid through county property tax levies. The schedule below provides a comparison of funding for the county social and human service project for the 2023-25 biennium compared to the 2021-23 biennium.

	2021-23 Biennium	2023-25 Biennium ¹	Increase (Decrease)
General fund	\$1,240,391	\$1,240,391	\$0
Other funds	188,676,995	225,547,251	36,870,256
Total	\$189,917,386	\$226,787,642	\$36,870,256
FTE positions	159.00	159.00	0.00

¹Includes funding and FTE positions that were transferred to the FTE block grant funding program.

Section 11 of Senate Bill No. 2015 transfers \$200 million from the tax relief fund to the social services (human service finance) fund. Section 8 of Senate Bill No. 2012 transfers \$26,950,000 from SIIF to the social services fund. The funding is then appropriated from the social service finance fund to DHHS for costs of the county social and human service project. Major other funds adjustments approved by the Legislative Assembly for the county social and human service project for the 2023-25 biennium include:

- Added \$8,337,993 of funding to provide salary increases to zone employees consistent with state employee salary increases.
- Added \$3,750,000 of funding for zone employee salary equity adjustments.
- Added an additional \$23,541,770 for zone operations.

PUBLIC HEALTH

The Public Health Division of DHHS includes Disease Control and Forensic Pathology, Health Statistics and Performance, Healthy and Safe Communities, Laboratory Services, Health Response and Licensure, and Medical Marijuana. The department must deposit all fees related to medical marijuana into the medical marijuana fund and money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly does not include an appropriation for the medical marijuana program in DHHS's budget. Funding for the Public Health Division budget is

provided in House Bill No. 1004 (2023). In addition, the Legislative Assembly also appropriated funding for public health-related programs in House Bill No. 1477 (2023) and Senate Bill No. 2344 (2023).

The following are major funding adjustments made by the Legislative Assembly for the Public Health Division:

- Continued \$97,840,524 of federal COVID-19-related funding from the 2021-23 biennium to the 2023-25 biennium;
- Added \$2,750,000 from the community health trust fund to increase 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;
- Increased funding from the general fund by \$2,686,285 and added \$1,000,000 from the community health trust fund for domestic violence prevention to provide a total of \$5,936,285, of which \$4,596,285 is from the general fund, \$1,000,000 is from the community health trust fund, and \$340,000 is from the domestic violence and sexual assault prevention fund;
- Added one-time funding of \$55,120,000 from the State Fiscal Recovery Fund for a new laboratory building shared with the Department of Environmental Quality;
- Added \$7,000,000 from the community health trust fund to aid the functions and operations of rural emergency medical services and rural ambulance service districts (House Bill No. 1477) to provide a total of \$14,721,000 for emergency medical services, of which \$6,596,000 is from the general fund, \$7,000,000 is from the community health trust fund, and \$1,125,000 is from the insurance tax distribution fund, for the 2023-25 biennium;
- Added \$48,000 from the general fund to expand the health care professional student loan repayment program to include 4 slots for registered nurses (Senate Bill No. 2344);
- Provided the statutory changes to require 80 percent of the funds received by the state as a result of the JUUL Labs, Inc. settlement be deposited in the community health trust fund and required the Attorney General to transfer 80 percent of the JUUL Labs, Inc. settlement proceeds received during the 2021-23 biennium from the Attorney General refund fund to the community health trust fund; and
- Provided an exemption to allow the department to continue \$3 million of one-time funding, of which \$1.5 million is from the community health trust fund and \$1.5 million is from other funds secured as matching funds, provided for a statewide health strategies initiative during the 2021-23 biennium to the 2023-25 biennium. The amount appropriated from the community health trust fund is contingent on the department securing dollar-for-dollar matching funds.

Department of Health and Human Services - Human Services Divisions

Budget No. 325

Senate Bill Nos. 2012, 2015, 2026, 2129, 2155, 2238, 2265, and 2276; House Bill Nos. 1028, 1375, 1390, 1447, and 1540

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	2,268.33	\$1,998,622,461	\$3,399,307,835	\$5,397,930,296
2023-25 base budget	2,265.33	1,554,787,654	2,895,308,348	4,450,096,002
Legislative increase (decrease) to base budget	3.00	\$443,834,807	\$503,999,487	\$947,834,294

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$1,958,940,289	\$39,682,172	\$1,998,622,461
2021-23 legislative appropriations	1,554,787,654	49,233,216 ¹	1,604,020,870
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$404,152,635	(\$9,551,044)	\$394,601,591
Percentage increase (decrease) to 2021-23 appropriations	26.0%	(19.4%)	24.6%

¹Includes a \$25 million deficiency appropriation provided in Senate Bill No. 2025 (2023).

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Departmentwide				
Adjusted funding for base payroll and budget changes		\$22,954,636	\$29,708,504	\$52,663,140
Created a department salary block grant program	2,265.33	247,896,527	190,940,966	438,837,493
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		16,629,803	10,869,007	27,498,810
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		5,861,794	4,052,396	9,914,190
Underfunded salaries and wages		(19,500,000)		(19,500,000)
Underfunded operating expenses		(13,900,262)		(13,900,262)

Added funding for a child care and workforce initiative, including enhancements to the background check process, increased eligibility and payments for child care assistance, and worker training stipends (House Bill No. 1540)		62,600,000		62,600,000
---	--	------------	--	------------

Management

Transferred funding for salaries and wages to the new salary block grant program	(112.40)	(16,918,521)	(5,622,318)	(22,540,839)
--	----------	--------------	-------------	--------------

Added funding for Americans with Disability Act coordination activities		55,200		55,200
---	--	--------	--	--------

Added funding for a new Capitol space rent model		842,674		842,674
--	--	---------	--	---------

Added funding and FTE positions to expand criminal background check services (Senate Bill No. 2238)	2.00	300,000		300,000
---	------	---------	--	---------

Added one-time funding for operating inflation		10,282,172	10,282,172	20,564,344
---	--	------------	------------	------------

Added one-time funding from the strategic investment and improvements fund (SIIF) for a grants and procurement software project			11,000,000	11,000,000
--	--	--	------------	------------

Added one-time funding from the community health trust fund (\$20.4 million) and federal funds (\$39.6 million) to replace the child support case management system			60,000,000	60,000,000
--	--	--	------------	------------

Added one-time funding from the community health trust fund for a health care study and costs of the Health Care Task Force			750,000	750,000
--	--	--	---------	---------

Program and Policy

Transferred funding for salaries and wages to the new salary block grant program	(675.32)	(52,606,648)	(77,965,332)	(130,571,980)
--	----------	--------------	--------------	---------------

Added funding to provide 3 percent per year inflationary increases, except as noted in medical services, long-term care, and developmental disabilities		37,253,974	38,319,369	75,573,343
---	--	------------	------------	------------

Added funding for estimated cost and caseload increases		122,273,747	381,790,377	504,064,124
---	--	-------------	-------------	-------------

Added funding for federal medical assistance percentage adjustments based on a rate of 52.50 percent for federal fiscal years 2024 and 2025		21,621,657	(21,621,657)	
---	--	------------	--------------	--

Economic Assistance

Transferred temporary assistance for needy families (TANF) funding currently used in the children and family services program for foster care funding		7,496,368	7,496,368
Increased federal funds authority for the child care and development fund (\$2,491,435) and the low-income home energy assistance program (\$12,700,000)		15,191,435	15,191,435
Added general fund support for the alternatives-to-abortion program to replace \$600,000 of federal TANF funding previously used for the program (Senate Bill No. 2129)	1,000,000		1,000,000

Medical Services

Increased the eligibility level for the children's health insurance program from 175 to 210 percent of the federal poverty level	1,389,270	2,878,042	4,267,312
Increased the eligibility level for medically needy individuals from 83 to 90 percent of the federal poverty level	6,300,000	4,200,000	10,500,000
Adjusted inflation for prospective payment system hospitals from 3 percent each year to 0 percent the 1 st year and 2 percent the 2 nd year of the biennium	(4,385,331)	(4,133,123)	(8,518,454)
Reduced estimated utilization rates for Medicaid Expansion (\$110,753,873) and provided for a realigned rate structure to pay 145 percent of traditional Medicaid costs effective January 1, 2025, (\$29,179,602) except for behavioral health providers	(13,993,347)	(125,940,128)	(139,933,475)
Increased the Medicaid reimbursement rate for behavioral health practitioners from 75 to 100 percent of the Medicaid professional services fee schedule effective the 2 nd year of the 2023-25 biennium	1,362,070	1,505,446	2,867,516
Added funding for grants to federally qualified health centers (Senate Bill No. 2155)	2,000,000		2,000,000
Provided funding and an FTE position for costs associated with establishing the family caregiver pilot project (Senate Bill No. 2276)	1.00	2,500,000	2,500,000
Provided funding to implement the Medicaid dual special needs plan (Senate Bill No. 2265)		237,516	237,516
Added funding for costs associated with establishing the community health worker task force (House Bill No. 1028)		75,000	75,000

Added one-time funding for Medicaid program integrity audits	2,250,000	2,250,000	4,500,000
Long-Term Care			
Increased funding for home- and community-based services, including an increase in the personal needs allowance, an increase in adult foster care rates, increasing the family home care rate to \$72.50 per day, and other enhancements	8,288,319	2,402,565	10,690,884
Removed \$300,000 from the general fund to eliminate the autism spectrum disorder voucher program and increased funding for the autism waiver program	3,868,959	4,607,797	8,476,756
Increased the maximum benefit level and available slots for the medically fragile waiver	186,400	206,022	392,422
Added funding for a long-term care value-based payment program	6,000,000	6,000,000	12,000,000
Reduced estimated long-term care utilization rates	(9,949,900)	(11,220,100)	(21,170,000)
Added funding to rebase basic care rates effective July 1, 2023	3,880,000	2,120,000	6,000,000
Increased the basic care daily rate by \$5 for the 2023-25 biennium	4,067,056	1,474,184	5,541,240
Added funding from the health care trust fund for basic care facility bad debt expense		500,000	500,000
Provided additional funding to increase basic care inflation from 3 to 3.5 percent each year of the 2023-25 biennium	301,358	141,244	442,602
Added one-time funding from the community health trust fund for a study of the basic care payment system		600,000	600,000
Aging Services			
Increases senior meal rates from \$4.60 to \$8.89 for home-delivered meals and from \$4.60 to \$7.62 for congregate meals and provides for up to two home-delivered meals per day	12,992,444		12,992,444
Adds funding to increase aging services guardianship rates	70,500		70,500
Increases funding for dementia care services grants to provide a total of \$1.6 million	305,000		305,000
Children and Family Services			
Added general fund support for foster care to allow TANF funding to be redirected to economic assistance programs	7,496,368	(7,496,368)	0

Increased funding for children's advocacy centers to provide total funding of \$4.1 million	2,500,000		2,500,000
Added funding to allow payment for unlicensed kin caregiver assistance	1,420,000		1,420,000
Added funding for grants to organizations that provide family-to-family support services	175,000		175,000
Added funding for costs to provide reimbursement to nonprofit child-placing agencies for completing home study reports (House Bill No. 1375)	262,000		262,000
Behavioral Health			
Adjusted funding for the free through recovery program to provide funding directly to the Department of Health and Human Services (DHHS) for the program rather than using passthrough funds from the Department of Corrections and Rehabilitation	15,500,000	(7,173,620)	8,326,380
Increased funding for the community connect program to provide total funding of \$15 million	7,019,514		7,019,514
Added funding related to an opioid settlement		2,000,000	2,000,000
Added funding for pregnant and parenting women residential services	600,000		600,000
Added funding for school behavioral health grants to provide total funding of \$9.5 million	6,500,000		6,500,000
Added funding for recovery housing	1,300,000		1,300,000
Added federal funds spending authority for the B-HERO program		400,000	400,000
Added funding from the community health trust fund for the 988 crisis hotline		1,867,500	1,867,500
Added funding from the charitable gaming operating fund for additional gambling disorder services		500,000	500,000
Added funding for costs of the suicide fatality review commission (House Bill No. 1390)	15,000		15,000
Appropriated funding from the opioid settlement fund for remediation and abatement efforts (House Bill No. 1447)		8,000,000	8,000,000
Added one-time funding from SIIF for pregnant and parenting women residential facilities		1,000,000	1,000,000

Added one-time funding for behavioral health facility grants in the northwest human service region	1,950,000		1,950,000
Added one-time funding from SIIF for behavioral health facility grants in the Badlands human service region (Senate Bill No. 2015)		8,250,000	8,250,000
Added one-time funding from the federal State Fiscal Recovery Fund for grants to organizations that provide youth crisis services		300,000	300,000
Added one-time funding from the State Fiscal Recovery Fund for grants to volunteer-based ecumenical ministry organizations		285,000	285,000
Developmental Disabilities			
Added funding for guardianship establishment	300,000		300,000
Provided enhanced payment rates to disabilities providers to provide for a \$1 per hour increase for workers and 2 percent annual inflation increases rather than 3 percent each year	12,888,560	14,375,043	27,263,603
Increased corporate guardianship slots by 30 to provide for 529 total slots and increased the daily reimbursement rate by 5 percent per year	808,748		808,748
Added one-time funding from the community health trust fund (\$700,000) and from federal funds (\$700,000) for consultant and other costs to implement the cross-disability advisory council		1,400,000	1,400,000
Early Childhood			
Combined the best in class program and the kindergarten readiness program into the research-based 0-4 program	14,400,000		14,400,000
Added federal funds spending authority for the child care development fund and the preschool development grant		21,514,027	21,514,027
Field Services			
Transferred funding for salaries and wages to the new salary block grant program	(1,320.61)	(172,296,141)	(77,619,785)
Provided funding for 3 percent annual provider inflation adjustments		1,059,621	1,059,621
Increased funding for crisis support services		8,561,700	8,561,700
Added funding to establish a certified community behavioral health clinic at a human service center		3,938,041	3,938,041

Restored operating reductions made in the agency's base budget request for human service centers (\$13,200,000) and the State Hospital (\$7,586,281)		20,786,281		20,786,281
Added ongoing general fund support to replace funding at institutions and human service centers due to less estimated revenue		30,000,000	(30,000,000)	0
Added funding to provide telehealth psychiatric services in correctional facilities		1,500,000		1,500,000
Added one-time funding from the State Fiscal Recovery Fund for a rural law enforcement telehealth program			2,650,000	2,650,000
Added one-time funding from SIIF for the design of a new state hospital			12,500,000	12,500,000
Provided one-time funding from SIIF to replace the fire alarm system and resurface the parking lot at the Southeast Human Service Center			735,154	735,154
Appropriated one-time funding for the demolition of unused buildings at the State Hospital (Senate Bill No. 2026)		4,000,000		4,000,000
County Social Services				
Transferred funding for salaries and wages to the new salary block grant program	(157.00)	(1,241,952)	(27,900,463)	(29,142,415)
Added funding to provide for 2023-25 biennium human service zone salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			8,337,993	8,337,993
Added funding for human service zone employee equity			3,750,000	3,750,000
Adjusted federal and special funds spending authority, including an additional \$20 million for human service zone operations and \$600,000 for increases in indigent burial assistance			23,541,770	23,541,770
Total	<u>3.00</u>	<u>\$443,834,807</u>	<u>\$503,999,487</u>	<u>\$947,834,294</u>

FTE Changes

The Legislative Assembly approved 2,268.33 FTE positions for the human service divisions of DHHS for the 2023-25 biennium, an increase of 3 FTE positions from the 2021-23 biennium. The Legislative Assembly added 1 FTE position in Senate Bill No. 2276 for the family caregiver service pilot project and 2 FTE positions in Senate Bill No. 2238 to expand background check services. Section 7 of Senate Bill No. 2012 authorizes the department to adjust FTE positions subject to the availability of funds.

One-Time Funding

The following is a summary of one-time funding items for the human service divisions of DHHS for the 2023-25 biennium:

	General Fund	Other Funds	Total
Operating inflation	\$10,282,172	\$10,282,172	\$20,564,344
Procurement and grants software (SIIF)		11,000,000	11,000,000
Child support computer project (\$20.4 million from the community health trust fund and \$39.6 million from federal funds)		60,000,000	60,000,000
Health care study and Health Care Task Force costs (community health trust fund)		750,000	750,000
Medicaid program integrity audits	2,250,000	2,250,000	4,500,000
Eliminate autism voucher program	(300,000)		(300,000)
Pregnant and parenting women residential facility (SIIF)		1,000,000	1,000,000
Northwest region behavioral health facility	1,950,000		1,950,000
Badlands region behavioral health facility grant (SIIF) (Senate Bill No. 2015)		8,250,000	8,250,000
Youth crisis services grant (State Fiscal Recovery Fund)		300,000	300,000
Ecumenical ministry grant (State Fiscal Recovery Fund)		285,000	285,000
Cross-disability advisory council (\$700,000 community health trust fund and \$700,000 federal funds)		1,400,000	1,400,000
Basic care funding methodology study (community health trust fund)		600,000	600,000
State hospital design (SIIF)		12,500,000	12,500,000
Southeast Human Service Center deferred maintenance (SIIF)		735,154	735,154
Law enforcement telehealth services (State Fiscal Recovery Fund)		2,650,000	2,650,000
Child care and workforce initiative (House Bill No. 1540)	19,000,000		19,000,000
Family caregiver service pilot project (Senate Bill No. 2276)	2,500,000		2,500,000
State Hospital building demolition (Senate Bill No. 2026)	4,000,000		4,000,000
Total	\$39,682,172	\$112,002,326	\$151,684,498

Other Sections in Senate Bill No. 2012

Clinical integrated network grant - Section 3 provides a \$3.5 million appropriation from the community health trust fund to the University of North Dakota School of Medicine and Health Sciences to award a grant to a clinically integrated network.

Deficiency appropriation - Section 4 provides a \$4,500 deficiency appropriation from other funds to DHHS for the repayments of funds withheld from unemployment benefits for child support purposes.

Transfers - Sections 5 and 6 authorize DHHS to transfer appropriation authority between line items in Senate Bill No. 2012 and House Bill No. 1004 and to combine all appropriation authority for DHHS in one budget.

FTE position block grant program - Section 7 authorizes DHHS to adjust FTE positions subject to the availability of funds.

Strategic investment and improvements fund transfer - Section 8 transfers \$26,950,000 from SIIF to the human service finance fund.

Human service finance fund - Section 9 identifies \$226,950,000 of funding in the budget is from the human service finance fund for the county social and human service finance project.

Community health trust fund - Section 10 identifies \$24,317,500 from the community health trust fund for the child support case management system replacement project, 988 hotline, and cross-disability advisory council.

Health care trust fund - Section 11 identifies \$500,000 from the health care trust fund for basic care facility bad debt expense.

State Fiscal Recovery Fund - Section 12 identifies \$3,235,000 from the State Fiscal Recovery Fund for rural law enforcement behavioral health programs, homeless crisis organizations, and ecumenical ministry organizations.

Charitable gaming operating fund - Section 13 identifies \$500,000 from the charitable gaming operating fund for costs of gambling disorder prevention services.

Strategic investment and improvements fund - Section 14 identifies \$25,235,154 from SIIF for a new procurement and grants system (\$11,000,000), the design of a new state hospital (\$12,500,000), pregnant and parenting women residential facility (\$1,000,000), and capital projects at the Southeast Human Service Center (\$735,154).

Behavioral health facility grants - Section 15 identifies \$1,950,000 to provide a one-time behavioral health facility grant to establish a behavioral health facility in the Northwest Human Service Center region.

Health Care Task Force - Section 16 identifies \$750,000 in funding to provide for expenses of the Health Care Task Force.

Special assessments - Section 17 authorizes DHHS to pay special assessments at the State Hospital, Southeast Human Service Center, and Life Skills and Transition Center.

Capital projects - Section 18 authorizes DHHS to proceed with capital projects at the State Hospital.

Child care financial assistance - Section 19 authorizes DHHS to provide financial assistance to beneficiaries related to child care services.

Permanent supportive housing grants - Section 20 identifies \$4,672,536 from the general fund for permanent supportive housing grants.

State hospital project - Section 21 identifies \$12.5 million for the design of a new state hospital and the development of a statewide acute psychiatric needs plan.

Medicaid Expansion - Section 22 provides DHHS may not spend more for the Medicaid Expansion program than the amount appropriated in the bill with certain exceptions.

Public and parenting resource website - Section 23 directs DHHS to develop and maintain a state Internet website to provide information and links for expectant families and new parents.

Quarterly budget and utilization reports - Section 24 requires DHHS to make quarterly reports available that detail the status of the department's budget and the utilization rates of programs.

Fitness to proceed - Section 25 requires a fitness examination occur within 15 days from receipt of material necessary to examine the fitness of the individual and notice of entry of the order served upon the tier 1a mental health professional.

Human service zone board membership - Section 26 requires at least one member of the Legislative Assembly be appointed to each human service zone board.

Substance use disorder voucher program moratorium - Section 27 removes the moratorium on new substance use disorder voucher program providers.

North Dakota Legislative Health Care Task Force - Section 28 establishes the North Dakota Legislative Health Care Task Force to study North Dakota health care and requires the task force to submit a yearly report to Legislative Management.

Early childhood grant for best in class 4-year old experiences - Sections 29 through 32 remove the July 1, 2025, expiration date for the early childhood grant for best in class 4-year old experiences program.

Recovery from estate of medical assistance recipient - Section 33 creates a rebuttable presumption that a claim against an estate is allowable and was paid on behalf of the recipient of medical assistance.

Medicaid autism waiver age - Section 34 increases the eligible age for the Medicaid autism waiver from 16 to 18 years of age.

Open records - Section 35 identifies managed care organization reimbursement rate information received or held by the department as an open record.

Basic care rates - Section 36 requires the department to determine basic care rate limits every 4 years, requires the direct care limit be the median plus 18 percent, increases rates and limits by 3.5 percent for inflation for 2023 and 2024, provides an increase of \$5 per day for the period beginning July 1, 2023, and ending June 30, 2025, and increases the uncompensated care expense from 180 to 365 days.

Children's health insurance program - Section 37 provides the statutory changes needed to increase the eligibility level of the children's health insurance program from 175 to 210 percent of the federal poverty level.

Health insurance coverage of insulin - Section 38 provides clarification regarding the coverage of insulin by health insurance plans as approved in Senate Bill No. 2140.

Autism spectrum disorder voucher program - Section 39 repeals the statutory provisions related to the autism spectrum disorder voucher program.

Building leases - Section 40 authorizes DHHS to enter agreements for the lease of facilities for human service centers.

State Hospital land lease - Section 41 authorizes DHHS and the National Guard to lease up to 20 acres of real property at the State Hospital to the Adjutant General for the National Guard to construct a training and storage facility.

Provider outcomes - Section 42 requires providers to submit process and outcome measures as requested by DHHS.

Certified community behavioral health clinic - Section 43 requires DHHS to develop a process to allow one human service center to become a certified behavioral health clinic, authorizes the department to consider including certain providers when creating any certified community behavioral health clinic, grants the department carryover authority for 2021-23 biennium appropriations for the substance use disorder treatment voucher program, and authorizes the use of up to \$4,150,000 of the carryover authority for defraying the expenses of adding additional clinics at other locations.

Carryover exemptions - Section 44 authorizes DHHS to continue unexpended appropriations for various purposes into the 2023-25 biennium.

Early childhood information systems - Section 45 exempts DHHS from state procurement practices for selecting a vendor to develop early childhood information systems.

Purchase of consumables - Section 46 exempts DHHS from state procurement practices for the purchase of consumables at residential facilities during low-population times.

Utilization rate adjustments - Section 47 provides legislative intent that DHHS seek a deficiency appropriation from the 69th Legislative Assembly if utilization rates exceed estimates used in the budget.

Provider inflation increases - Section 48 provides for providers to receive an inflationary increase of 3 percent each year of the 2023-25 biennium except for developmental disability service payments, long-term care facilities, and prospective payment system hospitals.

Developmental disability provider adjustment - Section 49 requires a \$1 per hour increase for direct care staff and indirect program support staff and requires developmental disability providers provide a report to DHHS at the discretion of DHHS.

Federal funding appeal limitation - Section 50 provides an individual may not appeal a denial of service by DHHS due to the unavailability of federal coronavirus relief funding.

Early childhood programs study - Section 51 provides for a Legislative Management study of early childhood programs.

Social work licensure study - Section 52 provides for a Legislative Management study of the social work licensure compact.

Medicaid provider reimbursement study - Section 53 provides for a Legislative Management study of Medicaid provider reimbursement arrangements.

Intermediate care facility rate formula study - Section 54 provides for a Legislative Management study of the intermediate care facility rate formula.

Wellness court study - Section 55 provides for a Supreme Court study of whether the term wellness court should be adopted to replace drug court.

Early childhood program reports - Section 56 requires DHHS to provide reports to the Legislative Management regarding early childhood programs.

Related Legislation

House Bill No. 1026 (2023) - Legislative Management study - Provides for a Legislative Management study regarding the implementation of behavioral health and acute psychiatric treatment recommendations.

House Bill No. 1028 - Community health worker task force - Creates a community health worker task force and provides an appropriation to allow the task force to contract with a third party to provide services to the task force.

House Bill No. 1043 (2023) - Psychiatric residential treatment facility - Adjusts the admissions requirements for psychiatric residential treatment facilities.

House Bill No. 1044 (2023) - Medical assistance primary care provider - Requires DHHS to eliminate the primary care provider case management system effective January 1, 2024.

House Bill No. 1045 (2023) - Health care facility survey - Allows the use of a third-party reviewer for health care facility surveys.

House Bill No. 1046 (2023) - Human service zone indirect costs - Adjusts the allowable indirect cost payments that may be paid to a human service zone.

House Bill No. 1047 (2023) - Health insurance information - Updates the information that needs to be provided to DHHS from health insurers.

House Bill No. 1048 (2023) - Developmental disability program administration - Adjusts the duties of DHHS relating to developmental disabilities services, including the requirement for the department to establish funding for family members and corporate guardianships.

House Bill No. 1049 (2023) - Adult foster home zoning - Requires adult foster homes to be considered a permitted use in a single-family or equivalent least-density residential zone.

House Bill No. 1050 (2023) - Substance use disorder language - Updates language regarding substance use disorder programs.

House Bill No. 1051 (2023) - Field services meals - Allows DHHS to provide meals at a fair value or without a charge to employees at the State Hospital, Life Skills and Transition Center, and continually staffed residential units at human service centers.

House Bill No. 1091 (2023) - Family foster care for children - Allows for the certification of kinship relatives to provide foster care to children.

House Bill No. 1290 (2023) - Long-term care bed moratorium - Extends the moratorium on the establishment of new beds for long-term care facilities.

House Bill No. 1375 - Child-planning home study reports - Provides an appropriation to DHHS for costs associated with completing home study reports for the placement of children.

House Bill No. 1390 - Suicide fatality review commission - Provides an appropriation to DHHS to establish a suicide fatality review commission.

House Bill No. 1418 (2023) - Brain Injury Advisory Council - Adjusts the membership of the Brain Injury Advisory Council.

House Bill No. 1447 - Opioid settlement fund - Creates an opioid settlement fund and appropriates money from the fund to DHHS for opioid remediation and abatement efforts.

House Bill No. 1480 (2023) - Pay for success fund - Provides a transfer from SIIF to establish a pay for success fund to improve department programs.

House Bill No. 1530 (2023) - Medical assistance coverage - Requires the medical assistance program to cover family adaptive behavioral treatment and dental services.

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$2,096,709, of which \$1,265,293 is from the general fund and \$831,416 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023); and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2026 - State Hospital building demolition - Appropriates funding to demolish buildings at the State Hospital.

Senate Bill No. 2030 (2023) - Value-based purchasing - Requires DHHS to participate in rebate and value-based purchasing programs.

Senate Bill No. 2034 (2023) - Children's Cabinet membership - Adjusts the legislative membership of the Children's Cabinet and adds the Commissioner of DHHS to the membership of the cabinet.

Senate Bill No. 2051 (2023) - Criminal history record checks - Adjusts the requirements of DHHS to conduct criminal history record checks.

Senate Bill No. 2052 (2023) - Life Skills and Transition Center - Adjusts the duties and requirements to access services at the Life Skills and Transition Center.

Senate Bill No. 2077 (2023) - Gambling disorder prevention - Allows DHHS to administer a gambling disorder program rather than contracting for services.

Senate Bill No. 2083 (2023) - Behavioral health collaborative care - Authorizes the State Hospital and human service centers to provide behavioral health collaborative care and consultation services.

Senate Bill No. 2129 - Alternatives-to-abortion program - Provides an appropriation to DHHS for costs associated with the alternatives-to-abortion program.

Senate Bill No. 2139 (2023) - Indigent burial expenses - Increases the benefit level for indigent burial expenses.

Senate Bill No. 2155 - Federally qualified health center grants - Provides an appropriation to DHHS for grants to federally qualified health centers.

Senate Bill No. 2181 (2023) - Medical assistance for pregnant women - Increases the Medicaid eligibility level for pregnant women from 162 to 175 percent of the federal poverty level.

Senate Bill No. 2248 (2023) - Illegal drug penalty - Imposes a special penalty for individuals who cause the death or injury of another person through the distribution of illegal drugs.

Senate Bill No. 2265 - Medicare and Medicaid dual-eligible recipients - Provides an appropriation for DHHS to establish a Medicare and Medicaid dual-eligible special needs plan.

Senate Bill No. 2276 - Medicaid primary caregiver and cross-disability advisory council - Authorizes a new Medicaid service to allow reimbursement of an individual's primary caregiver for services provided to the waiver recipient and created the cross-disability advisory council.

Senate Bill No. 2291 (2023) - Study of the TANF program - Provides for a Legislative Management study of the use of funds received for the TANF program.

Senate Bill No. 2345 (2023) - Task force on guardianship monitoring - Provides for the establishment of a task force for guardianship monitoring and provides an appropriation to the judicial branch for costs of the task force.

Senate Concurrent Resolution No. 4001 (2023) - Public institutions terminology - Adjusts the terminology used in the constitution for public institutions, including the State Hospital and Life Skills and Transition Center.

Department of Health and Human Services - Public Health Division
Budget No. 325
House Bill Nos. 1004 and 1477; Senate Bill No. 2344

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	215.50	\$44,782,455	\$305,304,218	\$350,086,673
2023-25 base budget	210.50	38,575,155	129,409,112	167,984,267
Legislative increase (decrease) to base budget	5.00	\$6,207,300	\$175,895,106	\$182,102,406

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$44,782,455	\$0	\$44,782,455
2021-23 legislative appropriations	38,575,155	5,528,276	44,103,431
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$6,207,300	(\$5,528,276)	\$679,024
Percentage increase (decrease) to 2021-23 appropriations	16.1%	(100.0%)	1.5%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$103,733	\$216,068	\$319,801
Adjusted funding for base budget changes, including federal funds and adjustments to transfer funding between the former State Department of Health and former Department of Human Services budgets		1,692,991	106,147,341	107,840,332
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		656,026	2,019,554	2,675,580
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		260,470	846,616	1,107,086
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)		(634,154)	(1,804,873)	(2,439,027)
Added funding to convert 1 temporary position to 1 FTE autopsy technician IV position	1.00	65,094		65,094

Added funding to convert 4 temporary positions to 4 FTE program management III positions	4.00		50,008	50,008
Added funding for Information Technology Department rate increases		191,302	1,050,392	1,241,694
Increased funding for operating expenses in injury prevention		31,000		31,000
Increased funding to maintain public health registries		701,553		701,553
Added funding to expand the biomedical cache		20,000		20,000
Added funding for emergency response and preparedness training and exercise		385,000		385,000
Added funding from the community health trust fund to increase 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			2,750,000	2,750,000
Increased funding for domestic violence prevention to provide a total of \$5,936,285, of which \$4,596,285 is from the general fund, \$1,000,000 is from the community health trust fund, and \$340,000 is from the domestic violence and sexual assault prevention fund		2,686,285	1,000,000	3,686,285
Increased funding from the community health trust fund for domestic violence offender treatment to provide a total of \$1 million from the community health trust fund			700,000	700,000
Added funding from the community health trust fund for a NDQuits cessation program with pharmacies			500,000	500,000
Added funding from the community health trust fund for youth vaping prevention grants			300,000	300,000
Added one-time funding from the federal State Fiscal Recovery Fund for a new laboratory building shared with the Department of Environmental Quality			55,120,000	55,120,000
Added funding from the community health trust fund to aid the functions and operations of rural emergency medical services and rural ambulance service districts (House Bill No. 1477)			7,000,000	7,000,000
Added funding for 4 slots for registered nurses in the health care professional student loan repayment program (Senate Bill No. 2344)		48,000		48,000
Total	<u>5.00</u>	<u>\$6,207,300</u>	<u>\$175,895,106</u>	<u>\$182,102,406</u>

FTE Changes

The Legislative Assembly approved 215.5 FTE positions for the Department of Health and Human Services (DHHS) - Public Health Division for the 2023-25 biennium, an increase of 5 FTE positions from the 2021-23 biennium. The Legislative Assembly converted 5 temporary positions to 1 FTE autopsy technician IV position and 4 FTE program management III positions.

One-Time Funding

In Section 2 of House Bill No. 1004, the Legislative Assembly identified \$55.12 million of one-time funding from the State Fiscal Recovery Fund for a new laboratory building shared with the Department of Environmental Quality.

Emergency Medical Services Funding

The base budget for the 2023-25 biennium for DHHS - Public Health Division included a total of \$7,721,000, of which \$6,596,000 is from the general fund and \$1,125,000 is from the insurance tax distribution fund, for rural emergency medical services grants, including emergency medical services rural assistance grants of \$6,875,000, of which \$5,750,000 is from the general fund and \$1,125,000 is from the insurance tax distribution fund, and emergency medical services training grants of \$846,000 from the general fund. The Legislative Assembly, in House Bill No. 1477 increased funding for emergency medical services by providing \$7,000,000 from the community health trust fund to aid the functions and operations of rural emergency medical services and rural ambulance service districts, to provide a total of \$14,721,000 for emergency medical services, of which \$6,596,000 is from the general fund, \$7,000,000 is from the community health trust fund, and \$1,125,000 is from the insurance tax distribution fund, for the 2023-25 biennium.

Tobacco Prevention and Control Funding

The Legislative Assembly, in House Bill No. 1004 provided \$14,224,257, of which \$75,000 is from the general fund, \$12,093,000 is from the community health trust fund, and \$2,056,257 is from federal funds, for tobacco prevention and control, \$814,235 more than the 2021-23 biennium. This level of funding represents an increase from the from the community health trust fund of \$800,000 and from federal funds of \$14,235. The Legislative Assembly added funding from the community health trust fund for a NDQuits cessation program with pharmacies (\$500,000) and youth vaping prevention grants (\$300,000). In addition, funding from the community health trust fund provides \$6,250,000 for grants to local public health units for tobacco prevention and control programs and \$5,043,000 for community health tobacco programs, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses.

Local Public Health Unit Funding

The Legislative Assembly provided 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, for grants to local public health units. The Legislative Assembly provided \$2,750,000 more from the community health trust fund for grants to local public health units compared to the 2021-23 biennium appropriation of \$4,725,000 from the general fund and \$525,000 from the community health trust fund.

Medical Marijuana Division

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required DHHS to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The department must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly does not include an appropriation for the Medical Marijuana Division in DHHS's budget. The department presented a budget, funded through the continuing appropriation, totaling \$1,746,384, including 5 FTE positions for the 2023-25 biennium. The Legislative Assembly approved health insurance increases and salary adjustments of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, totaling \$95,747. In addition, the Legislative Assembly also approved Senate Bill No. 2201 (2023) which decreased revenue by \$45,000 and increased expenditures by \$26,400 during the 2023-25 biennium. Indirect cost allocations were also increased by \$2,499 from the proposed budget. Expenditures from the medical marijuana fund are estimated to total \$1,871,030 for the 2023-25 biennium.

Loan Repayment Programs

The Legislative Assembly provided funding as follows for various professional loan repayment programs administered by DHHS during the 2023-25 biennium:

Loan Repayment Program	General Fund	Special Funds (Community Health Trust Fund)	Federal Funds	Total
Dental loan repayment program	\$225,200	\$360,000		\$585,200
Medical personnel loan repayment program	645,500			645,500
Behavioral health loan repayment program	293,980	234,500		528,480
Veterinarian loan repayment program	480,000			480,000
Registered nurse loan repayment program	48,000			48,000
Federal/state loan repayment program			\$1,500,000	1,500,000
Total	\$1,692,680	\$594,500	\$1,500,000	\$3,787,180

Other Sections in House Bill No. 1004

Funding transfer authorization - Line items of House Bill No. 1004 and Senate Bill No. 2012 (2023) - Section 3 provides an exemption to allow DHHS to transfer funding between line items in House Bill No. 1004, subdivisions 1, 2, and 3 of Section 1 of Senate Bill No. 2012, and any remaining appropriation authority for DHHS approved by the 68th Legislative Assembly. The department is required to notify the Legislative Council of any transfers and report to the Budget Section after June 30, 2024, any transfer made in excess of \$50,000. The department is also required to report any transfers to the 69th Legislative Assembly.

Funding transfer authorization - Line items of House Bill No. 1004 and select subdivisions of Senate Bill No. 2012 to county social services in Senate Bill No. 2012 - Section 4 provides an exemption to allow DHHS to transfer funding from the line items in House Bill No. 1004, subdivisions 1, 2, and 3 of Section 1 of Senate Bill No. 2012, and any remaining appropriation authority for DHHS approved by the 68th Legislative Assembly to subdivision 4 of Section 1 of Senate Bill No. 2012. The department is required to notify the Legislative Council of any transfers and report to the Budget Section after June 30, 2024, any transfer made in excess of \$50,000. The department is also required to report any transfers to the 69th Legislative Assembly.

Transfer of appropriation authority - Section 5 requires OMB to combine the appropriation authority contained in Section 1 of House Bill No. 1004, Section 1 of Senate Bill No. 2012, and any remaining appropriation authority for DHHS in other bills approved by the 68th Legislative Assembly, into one budget for DHHS on July 1, 2023. The section also requires DHHS to submit one budget request for the 2025-27 biennium.

Insurance tax distribution fund - Section 6 identifies \$1,125,000 from the insurance tax distribution fund for rural emergency medical services grants during the 2023-25 biennium.

Community health trust fund - Section 7 identifies \$20,072,324 provided from the community health trust fund for the following programs:

	Community Health Trust Fund 2023-25 Biennium
Behavioral risk factor survey	\$200,000
Behavioral health loan repayment	234,500
Domestic violence offender treatment	1,000,000
Domestic violence prevention	1,000,000
Women's way	329,500
Dentists' loan repayment	360,000
Local public health state aid	3,275,000
Cancer programs	580,324
Forensic examiner contract	1,000,000
Tobacco cessation grants	500,000
Youth vaping prevention grants	300,000
Tobacco prevention and control	5,043,000
Tobacco prevention and control grants to local public health units	6,250,000
Total provided to the Public Health Division from the community health trust fund	\$20,072,324

State Fiscal Recovery Fund - Public health laboratory capital project - Section 8 identifies \$55.12 million from the State Fiscal Recovery Fund for a new laboratory building shared with the Department of Environmental Quality during the 2023-25 biennium. Section 14 provides an exemption to allow the department to continue any unexpended funding provided from the State Fiscal Recovery Fund during the 2021 special legislative session for the public health laboratory capital project. The section provides any unexpended funds remaining of the \$15 million one-time funding appropriation are available for the public health laboratory capital project during the 2023-25 biennium.

JUUL Labs, Inc., settlement funds - Community health trust fund - Section 9 provides the statutory changes to require 80 percent of the funds received by the state as a result of the JUUL Labs, Inc., settlement be deposited in the community health trust fund.

JUUL Labs, Inc., settlement funds - Community health trust fund transfer - Section 10 requires the Attorney General transfer 80 percent of the JUUL Labs, Inc., settlement proceeds received during the 2021-23 biennium and deposited in the Attorney General refund fund to the community health trust fund.

Federal COVID-19 public health crisis response grant - Use of funds - Section 11 requires the department to first make available \$870,000 from the federal COVID-19 public health crisis response grant to local public health units. Funding not requested by December 31, 2023, will be available to the department for workforce efforts pursuant to grant guidance.

Laboratory Building Steering Committee membership - Section 12 provides the Laboratory Building Steering Committee include representation from DHHS, Department of Environmental Quality, OMB, the Governor's office, and the Legislative Assembly. Legislative Assembly members assigned to the committee must include one member of the Senate, appointed by the Senate Majority Leader; one member of the House, appointed by the House Majority Leader; and one member of the minority party from either the Senate or the House, appointed by the Minority Leaders of the Senate and House.

Exemption - Statewide health strategies initiative - 2021-23 biennium carryover - Section 13 provides an exemption to allow the department to continue \$3 million of one-time funding, of which \$1.5 million is from the community health trust fund and \$1.5 million is from other funds secured as matching funds, provided for a statewide health strategies initiative during the 2021-23 biennium to the 2023-25 biennium. The amount appropriated from the community health trust fund is contingent on the department securing dollar-for-dollar matching funds.

Related Legislation

House Bill No. 1207 (2023) - Vaccine adverse event reporting system - Requires DHHS prominently display, on a website maintained by the department, a link to the federal vaccine adverse event reporting system, along with instructions regarding how to report an adverse event and how to access state-specific data.

House Bill No. 1294 (2023) - Ambulance service operations state financial assistance distribution - Provides for the distribution of state financial assistance to eligible ambulance service operations.

House Bill No. 1365 (2023) - Emergency medical services and county emergency medical service levies - Relates to state financial assistance for emergency medical services and county emergency medical service levies.

House Bill No. 1477 - Rural emergency medical services and rural ambulance service district grants - Appropriates \$7 million from the community health trust fund to DHHS for grants to rural emergency medical services and rural ambulance service districts.

House Bill No. 1478 (2023) - Medical use of marijuana - Allows an individual admitted into the hospice program to submit medical records in place of a written certification in the online qualifying patient application for medical use of marijuana.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which DHHS - Public Health Division may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$205,479, of which \$49,333 is from the general fund and \$156,146 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2153 (2023) - Local public health units - Requires local public health units to provide certain services.

Senate Bill No. 2201 - Medical marijuana program fees - Reduces the maximum qualifying patient application fee, reduces the fee for additional plants, requires DHHS to pay the costs of criminal history record checks, modifies fee language, and includes a possible study of the administrative costs of certifying a compassion center. A fiscal note prepared by DHHS estimates medical marijuana fees would be reduced by \$45,000 and expenses would be increased by \$26,400.

Senate Bill No. 2227 (2023) - Health Council - Adjusts the membership of the state Health Council.

Senate Bill No. 2344 (2023) - Health care professional student loan repayment program - Appropriates \$48,000 from the general fund to DHHS for the health care professional student loan repayment program. Funding is provided for four registered nurse loan slots.

SECTION H - OTHER AGENCIES

ADJUTANT GENERAL	H-119
ADMINISTRATIVE HEARINGS, OFFICE OF	H-18
AERONAUTICS COMMISSION	H-85
AGRICULTURAL EXPERIMENT STATION	H-145
AGRONOMY SEED FARM	H-148
ARTS, COUNCIL ON THE	H-157
BANK OF NORTH DAKOTA	H-91
BOARD OF UNIVERSITY AND SCHOOL LANDS	H-43
BRANCH RESEARCH CENTERS	H-138
CAREER AND TECHNICAL EDUCATION, DEPARTMENT OF	H-55
CARRINGTON RESEARCH EXTENSION CENTER	H-138
CENTRAL GRASSLANDS RESEARCH EXTENSION CENTER	H-138
COMMERCE, DEPARTMENT OF	H-124
COMMISSION ON LEGAL COUNSEL FOR INDIGENTS	H-29
CORRECTIONS AND REHABILITATION, DEPARTMENT OF	H-112
COUNCIL ON THE ARTS	H-157
DICKINSON RESEARCH EXTENSION CENTER	H-138
DISTANCE EDUCATION, CENTER FOR	H-40
DISTRICT COURT	H-25
EMERGENCY SERVICES, DEPARTMENT OF - SEE ADJUTANT GENERAL	H-119

ENVIRONMENTAL QUALITY, DEPARTMENT OF	H-61
ETHICS COMMISSION	H-38
FAIR, STATE	H-150
FINANCIAL INSTITUTIONS, DEPARTMENT OF	H-87
GAME AND FISH DEPARTMENT	H-160
HETTINGER RESEARCH EXTENSION CENTER	H-138
HIGHWAY PATROL	H-109
HISTORICAL SOCIETY	H-153
HOMESTEAD TAX CREDIT - SEE TAX COMMISSIONER IN ELECTED OFFICIALS SECTION	
HOUSING FINANCE AGENCY	H-96
INDIAN AFFAIRS COMMISSION	H-68
INDUSTRIAL COMMISSION	H-79
INFORMATION TECHNOLOGY DEPARTMENT	H-9
INTERNATIONAL PEACE GARDEN - SEE PARKS AND RECREATION DEPARTMENT	H-163
JOB SERVICE NORTH DAKOTA	H-76
JUDICIAL BRANCH	H-25
JUDICIAL CONDUCT COMMISSION	H-25
LABOR AND HUMAN RIGHTS, DEPARTMENT OF	H-83
LAND DEPARTMENT	H-43
LANGDON RESEARCH EXTENSION CENTER	H-138

LEGISLATIVE ASSEMBLY	H-19
LEGISLATIVE COUNCIL	H-22
MAIN RESEARCH CENTER	H-145
MANAGEMENT AND BUDGET, OFFICE OF	H-1
MILL AND ELEVATOR	H-103
MINERAL RESOURCES	H-99
NDSU EXTENSION SERVICE	H-141
NORTH CENTRAL RESEARCH EXTENSION CENTER	H-138
NORTHERN CROPS INSTITUTE	H-143
OFFICE OF MANAGEMENT AND BUDGET	H-1
PARKS AND RECREATION DEPARTMENT	H-163
PEACE GARDEN - SEE PARKS AND RECREATION DEPARTMENT	H-163
PROTECTION AND ADVOCACY PROJECT	H-74
PUBLIC EMPLOYEES RETIREMENT SYSTEM	H-34
RACING COMMISSION	H-151
RADIO COMMUNICATIONS - SEE ADJUTANT GENERAL	H-119
RETIREMENT AND INVESTMENT OFFICE	H-31
SCHOOL FOR THE BLIND	H-52
SCHOOL FOR THE DEAF	H-49
SECURITIES DEPARTMENT	H-89

STATE FAIR ASSOCIATION	H-150
STATE HISTORICAL SOCIETY	H-153
STATE LIBRARY	H-46
SUPREME COURT	H-25
TOURISM DEPARTMENT - SEE DEPARTMENT OF COMMERCE	H-124
TRANSPORTATION, DEPARTMENT OF	H-172
TRUST LANDS, DEPARTMENT OF	H-43
UPPER GREAT PLAINS TRANSPORTATION INSTITUTE	H-136
VETERANS' AFFAIRS, DEPARTMENT OF	H-70
VETERANS' HOME	H-65
VISION SERVICES - SCHOOL FOR THE BLIND	H-52
WATER RESOURCES, DEPARTMENT OF	H-167
WILLISTON RESEARCH EXTENSION CENTER	H-138
WORKFORCE SAFETY AND INSURANCE	H-106

**Office of Management and Budget
Budget No. 110
Senate Bill No. 2015; House Bill No. 1540**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations¹	110.00	\$137,320,538	\$146,004,024	\$283,324,562
2023-25 base budget	108.00	33,926,399	8,828,309	42,754,708
Legislative increase (decrease) to base budget	2.00	\$103,394,139	\$137,175,715	\$240,569,854

¹The amounts shown for the 2023-25 biennium reflect the following funding pools for distributions to state agencies:

- A targeted market equity pool, including \$45,100,000 from the general fund and \$37,400,000 from other funds;
- A new and vacant FTE funding pool, including \$40,100,000 from the general fund and \$58,100,000 from other funds;
- A retirement contribution pool, including \$5,563,709 from the general fund and \$6,975,070 from other funds; and
- A deferred maintenance funding pool of \$20,000,000 from the strategic investment and improvements fund (SIIF).

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$130,803,719	\$6,516,819	\$137,320,538
2021-23 legislative appropriations ¹	33,926,399	377,771	34,304,170
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$96,877,320	\$6,139,048	\$103,016,368
Percentage increase (decrease) to 2021-23 appropriations	285.6%	1,625.1%	300.3%

¹The 2023 Legislative Assembly provided a deficiency appropriation totaling \$277,771 of one-time funding from the general fund to the Office of Management and Budget (OMB) for judgment expenses pursuant to Senate Bill No. 2025 (2023).

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$127,384	\$24,024	\$151,408
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		1,114,907	213,216	1,328,123
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		438,312	78,190	516,502

Added 1 FTE business development position (\$190,862) and 1 FTE talent acquisition manager position (\$255,452)	2.00	446,314		446,314
Added funding to reclassify 2 existing FTE positions to 1 FTE public improvements manager position (\$198,444) and 1 FTE lease administrator position (\$198,444)			396,888	396,888
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool		(1,523,083)	(184,670)	(1,707,753)
Added funding for a targeted market equity pool		45,100,000	37,400,000	82,500,000
Added funding for a new and vacant FTE funding pool		40,100,000	58,100,000	98,200,000
Added funding for an employer retirement contribution pool		5,563,709	6,975,070	12,538,779
Added funding for operating expenses, including Information Technology Department rate increases (\$25,891), procurement software (\$1,000,000), inflationary increases (\$831,774), classification system administration contracts (\$12,000), and LinkedIn recruitment tools (\$95,000)		1,455,167	509,498	1,964,665
Adjusted funding for a new Capitol space rent model		(3,711,638)	4,101,552	389,914
Transferred \$200,000 from the capital assets line item to the operating expenses line item related to base budget adjustments				0
Decreased funding for bond payments for the final year of payments on outstanding bonds related to the installation of a fire suppression system in the Capitol		(280,640)		(280,640)
Added funding for Central Services Division software and equipment			24,480	24,480
Increased funding for guardianship grants to provide total funding of \$7.1 million		4,650,000		4,650,000
Added funding for state employee child care assistance benefits (House Bill No. 1540)		3,000,000		3,000,000
Added one-time funding for accrued leave retirement payments		74,369	26,000	100,369
Added one-time funding from the Central Services Division operating fund for inflationary increases			340,000	340,000
Added one-time funding for operating expenses, including Capitol accessibility consulting (\$50,000), a state employee leave management system (\$335,000) and a cash management study (\$450,000)		835,000		835,000

Added one-time funding for capital assets, including procurement software (\$400,000) and Capitol space utilization improvements (\$2,500,000)	2,900,000		2,900,000
Added one-time funding for Central Services Division software and equipment, including \$358,800 from the Central Services Division operating fund	215,000	358,800	573,800
Added one-time funding from the Capitol building fund for accessibility improvements in legislative areas of the Capitol (\$150,000), a building automation project (\$800,000), extraordinary repairs related to electrical and mechanical repairs (\$250,000), security improvements at the Governor's residence (\$100,000), a remodeling project in the Brynhild Haugland Room in the Capitol (\$250,000), and a Capitol window replacement project (\$4,000,000)		5,550,000	5,550,000
Added one-time funding from SIIF for a deferred maintenance funding pool		20,000,000	20,000,000
Added one-time funding for Prairie Public Broadcasting grants	1,792,450		1,792,450
Added one-time funding for the state student internship program	500,000		500,000
Added one-time funding for an infrastructure grant for a rural senior center in Wells County	200,000		200,000
Added one-time funding from the federal Governor's Emergency Education Relief (GEER) Fund for education grants		3,659,555	3,659,555
Total	2.00	\$103,394,139	\$137,175,715
	2.00	\$103,394,139	\$137,175,715
		\$240,569,854	\$240,569,854

FTE Changes

The Legislative Assembly approved 110 FTE positions for OMB for the 2023-25 biennium, an increase of 2 FTE positions from the 2021-23 biennium authorized level of 110 FTE positions. The Legislative Assembly authorized 1 FTE business development position and 1 FTE talent acquisition manager position.

Deficiency Appropriations

Senate Bill No. 2025 provides a deficiency appropriation of \$277,771 from the general fund to OMB for judgment expenses.

One-Time Funding

One-time appropriations for the 2023-25 biennium for OMB include the following:

	General Fund	Other Funds	Total
Accrued leave retirement payouts	\$74,369	\$26,000	\$100,369
Inflationary increases		340,000	340,000
Capitol accessibility consulting	50,000		50,000
Accessibility improvements in legislative areas of the Capitol (Capitol building fund)		150,000	150,000
State employee leave management system	335,000		335,000
Cash management study	450,000		450,000
Procurement software	400,000		400,000
Building automation upgrades in the Capitol (Capitol building fund)		800,000	800,000
Extraordinary repairs - electrical and mechanical repairs (Capitol building fund)		250,000	250,000
Capitol space utilization improvements	2,500,000		2,500,000
Central Services Division software and equipment	215,000	358,800	573,800
Governor's residence improvements (Capitol building fund)		100,000	100,000
Brynhild Haugland Room remodeling project (Capitol building fund)		250,000	250,000
Capitol window replacement project (Capitol building fund)		4,000,000	4,000,000
Deferred maintenance projects (SIIF)		20,000,000	20,000,000
Prairie Public Broadcasting grants	1,792,450		1,792,450
State student internship program	500,000		500,000
Governor's Emergency Education Relief - education grants (federal funds)		3,659,555	3,659,555
Infrastructure grant for Wells County	200,000		200,000
Total	\$6,516,819	\$29,934,355	\$36,451,174

Capital Improvements

In House Bill No. 1015, the Legislative Assembly provided \$20 million from SIIF for deferred maintenance projects, including \$12 million for a boiler replacement project and \$700,000 for a water mitigation project at the Liberty Memorial Building. The Legislative Assembly also provided \$5.55 million from the Capitol building fund for capital improvements, including \$500,000 for accessibility improvements in legislative areas of the Capitol, \$800,000 for a building automation project, \$250,000 for extraordinary repairs related to electrical and mechanical repairs, \$100,000 for security improvements at the Governor's residence, \$250,000 for a remodeling project in the Brynhild Haugland Room in the Capitol, and \$4 million for a Capitol window replacement project.

Statewide Memberships

The schedule below provides information on statewide dues and memberships for the 2021-23 and 2023-25 bienniums.

	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues)	\$148,000	\$162,800	\$14,800
Council of State Governments	230,889	240,125	9,236
Western Governors' Association	79,200	83,160	3,960
National Governors Association	75,800	79,590	3,790
National Lieutenant Governors Association	2,000	2,100	100
Education Commission of the States	106,200	117,882	11,682
Western Interstate Commission for Higher Education ¹	0	0	0
Total dues and memberships	\$642,089	\$685,657	\$43,568

¹Funding for the Western Interstate Commission for Higher Education is included in the higher education budget. The 2023-25 biennium includes \$330,000 compared to \$294,000 in the 2021-23 biennium.

Budget Stabilization Fund Transfer

North Dakota Century Code Chapter 54-27.2 provides any amount in the general fund at the end of the biennium in excess of \$65,000,000 must be transferred to the budget stabilization fund. The estimated transfer from the general fund to the budget stabilization fund at the end of the 2021-23 biennium totals \$194,429,031. After the transfer, the June 30, 2023, estimated general fund balance is \$1,198,158,717, and the June 30, 2023, estimated budget stabilization fund balance is \$914,429,031. However, if the interest earnings of the budget stabilization fund bring the balance of the budget stabilization fund to the 15 percent limit, the transfer from the general fund to the budget stabilization fund may be reduced or may not be required.

Special Fund Transfers

Tax relief fund or social services fund transfer - Section 11 of Senate Bill No. 2015 provides for a transfer of \$200 million from the tax relief fund or social services fund to the human service finance fund for the 2023-25 biennium.

Strategic investment and improvements fund transfers - Section 13 of Senate Bill No. 2015 provides for a transfer of \$50 million from SIIF to the general fund for the 2023-25 biennium. Section 14 of Senate Bill No. 2015 provides for a transfer of \$30 million from SIIF to the North Dakota Development Fund.

Budgetary Changes for Other State Agencies in Senate Bill No. 2015

Governor's office - Section 4 provides a 2021-23 biennium deficiency appropriation of \$6,500 from other funds for the salaries and wages line item.

Legislative Assembly - Section 4 provides a 2021-23 biennium deficiency appropriation of \$5,000 from the general fund for International Legislators' Forum dues.

Adjutant General - Section 5 provides a 2021-23 biennium deficiency appropriation of \$5 million from the state disaster relief fund for additional full-season emergency snow removal grants to tribal governments, counties, cities, and townships.

Legislative Council - Section 6 appropriates \$500,000 of one-time funding from the general fund to contract for a performance audit of the State Auditor and other consulting services of interim committees.

Department of Environmental Quality - Section 6 appropriates \$40,000 from the general fund for meeting expense reimbursement to members of the Onsite Wastewater Recycling Technical Committee.

Department of Labor and Human Rights - Section 6 appropriates \$50,000 of one-time funding from the general fund for analyzing the administration of occupational and professional boards.

Department of Public Instruction - Section 6 appropriates \$3 million from the general fund for integrated formula payments related to the phase out of transition minimum adjustments.

Department of Commerce - Section 6 appropriates \$500,000 of one-time funding from the general fund for workforce development grants to a tribally controlled community college in the Turtle Mountain area.

Department of Commerce - Section 6 appropriates \$2 million of one-time funding from the general fund for the Office of Legal Immigration.

Department of Health and Human Services - Section 7 appropriates \$8.25 million of one-time funding from SIIF for a behavioral health facility grant to establish a facility in the Badlands Human Service Center service region.

Department of Career and Technical Education - Section 7 appropriates \$26.5 million of one-time funding from SIIF for inflationary costs of existing projects approved under the statewide area career center initiative grant program.

Judicial branch - Section 8 appropriates \$347,518, of which \$343,245 is from the general fund and \$4,273 is from other funds, for the cost of the 1 percent employer retirement contribution increase.

Legislative Council - Section 9 appropriates \$58,283 from the general fund for the cost of the 1 percent employer retirement contribution increase.

Department of Corrections and Rehabilitation - Section 10 authorizes OMB to transfer any December 1, 2024, uncommitted federal State Fiscal Recovery Fund appropriation authority to the Department of Corrections and Rehabilitation for salaries and wages and other operating costs of the department to replace the department's general fund appropriation authority.

State Employee Compensation

Section 20 of Senate Bill No. 2015 provides guidelines for targeted market equity compensation adjustments for executive branch state employees based on a statewide plan prepared by OMB to address occupational market disparities, recruitment and retention challenges, and external pay inequities for critical employees. The salary equity increases must be provided by July 1, 2023, and the funding must be used for the cost to continue the salary increase, including the effect of regular salary increases authorized by the Legislative Assembly. Section 68 of the bill includes an emergency clause for the targeted market equity pool.

Section 21 of Senate Bill No. 2015 provides guidelines for the 2023-25 biennium state employee compensation adjustments. The salary increases are to average 6 percent for eligible state employees in the 1st year and are to average 4 percent for eligible state employees in the 2nd year of the biennium. The Office of Management and Budget is required to develop guidelines for the compensation adjustments for classified employees. Employees whose documented performance does not meet standards are not be eligible for compensation adjustments.

Section 22 of Senate Bill No. 2015 provides guidelines for a new and vacant FTE funding pool for executive branch state employees, excluding higher education and the non-Public Health divisions of the Department of Health and Human Services. Funding was decreased in state agency budgets, and the Legislative Assembly included 70 percent of the estimated vacancy funding and 90 percent of the funding for new FTE positions in the funding pool. Agencies may request funding from OMB, up to the amount of funding removed from the agencies' budgets, when hiring new FTE positions or if the agencies do not realize sufficient savings from vacant positions.

Section 23 of Senate Bill No. 2015 provides guidelines for an employer retirement contribution pool for executive branch state employees related to a 1 percent employer retirement contribution increase in House Bill No. 1040 (2023) and related to retirement contribution increases for peace officers employed by the state in House Bill Nos. 1183 and 1309 (2023). Pursuant to Section 23, OMB is to receive \$112,176, of which \$95,753 is from the general fund and \$16,423 is from other funds.

Legislative Management Studies in Senate Bill No. 2015

State fire and tornado fund and state bonding fund study - Section 63 provides for a Legislative Management study regarding the administration of the state fire and tornado fund and the state bonding fund.

Management and maintenance of state facilities study - Section 64 provides for a Legislative Management study regarding the policies and procedures of state agencies, excluding institutions of higher education, for managing, maintaining, and leasing state facilities.

Guardianship programs study - Section 65 requires the Legislative Management to study the state's guardianship programs.

Other Sections in Senate Bill No. 2015

Community service supervision fund - Section 3 appropriates any funding in the community service supervision fund to OMB for distributions to community corrections association regions.

State student internship program - Section 12 authorizes OMB to transfer student internship funding to other state agencies.

Strategic investment and improvements fund - Section 15 identifies \$20 million from SIIF for a deferred maintenance funding pool, of which up to \$12 million may be used for a boiler replacement project and up to \$700,000 may be used for a water mitigation project at the Liberty Memorial Building. Section 68 includes an emergency clause for the deferred maintenance funding pool.

Capitol building fund - Section 16 identifies \$5.55 million from the Capitol building fund, including \$150,000 for accessibility improvements in legislative areas of the Capitol, \$800,000 for a building automation project, \$250,000 for extraordinary repairs related to electrical and mechanical repairs, \$100,000 for security improvements at the Governor's residence, \$250,000 for a remodeling project in the Brynhild Haugland Room in the Capitol, and \$4 million for a Capitol window replacement project.

Cash management study - Section 17 identifies \$450,000 for procuring consulting services to conduct a study and develop recommendations for improvement of the cash management practices of the state.

Rural senior center infrastructure grant - Section 18 identifies \$200,000 for a rural senior center infrastructure grant to an organization in Wells County.

Grant and expense designations - Section 19 designates the funding for unemployment insurance (\$1.8 million), the Capitol Grounds Planning Commission (\$25,000), and statewide memberships and dues (\$685,657).

North Dakota Development Fund project approval - Section 24 creates a new subsection to Section 10-30.5-02 requiring the Clean Sustainable Energy Authority to approve projects for financing from the North Dakota Development Fund if the projects enhance the production of clean sustainable energy.

K-12 education funding formula transition minimum adjustments - Section 25 amends Section 15.1-27-04.1, as amended in Senate Bill No. 2284, to change the phase out of transition minimum adjustments in the K-12 education funding formula.

School construction loans - Sections 26 and 27 amend Section 15.1-36-02 relating to school construction loans from the coal development trust fund for unanticipated construction projects to increase the maximum loan amount from \$2 million to \$5 million and to allow school districts to apply for loans for inflationary costs if the school construction project is bid after January 1, 2021, and before June 30, 2024. Section 28 amends Section 15.1-36-04 to clarify school construction loans are evidences of indebtedness, which are a general obligation of the school district. Section 67 includes an effective date of July 1, 2024, related to Section 27 of the bill.

Controlled substance distribution penalty - Section 29 amends a new section to Chapter 19-03.1, as created in Senate Bill No. 2248 (2023), to clarify the penalty for delivering a controlled substance that results in death or serious injury.

Legacy fund earnings - Section 30 changes the definition of legacy fund earnings, as amended in Senate Bill No. 2330 (2023), increasing the earnings from 7 to 8 percent of the 5-year average value of the fund. However, the Governor vetoed this section.

Flexible transportation fund - Section 31 amends the flexible transportation fund, as amended in House Bill No. 1012 (2023), to require Budget Section approval for any project that uses more than \$10 million from the fund, except for projects with federal or private matching funds.

Capitol building fund continuing appropriation authority - Section 32 clarifies the continuing appropriation authority from the Capitol building fund may be used only for remodeling projects. However, the Governor vetoed this section.

State leave sharing program - Section 33 amends Section 54-06-14.7 to allow probationary employees to participate in the state leave sharing program.

Capitol space rent model - Section 34 amends Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by executive branch agencies receiving general fund appropriations. Section 35 creates a new subsection to Section 54-44-11 to authorize OMB to create an operating fund for facility management operations to fund the operations of the Facility Management Division for a new Capitol space rent model.

Defined benefit retirement plan closure - Sections 36 through 40 and 44 through 50 amend various sections of law, as amended in House Bill No. 1040, to close the main system defined benefit plan on December 31, 2023, 1 year earlier than the provisions of House Bill No. 1040, if the Retirement Board certifies the Public Employees Retirement System (PERS) is prepared to close the plan on that date pursuant to a contingent effective date in Section 66 of the bill. Section 56 prohibits the Retirement Board from reducing the actuarial rate of return assumption for the investment of the PERS main system defined benefit plan below 6.5 percent. Section 57 directs PERS to conduct an informational campaign to educate current and prospective state employees of the transition from the defined benefit retirement plan to the defined contribution retirement plan.

Retirement Board membership - Section 41 amends Section 54-52-03 to increase the size of the Retirement Board from 9 to 11 members. Section 67 includes an effective date for the membership change, and Section 68 includes an emergency clause for the change.

Peace officer retirement plan - Section 42 amends Section 54-52-06.4, as amended in House Bill No. 1309, to include other state peace officers in the peace officer retirement plan. Section 43 amends Section 54-52-17, as amended in House Bill No. 1183, to increase the retirement multiplier from 2 to 3 percent for eligible peace officers in the peace officer retirement plan.

Fertilizer development incentive program - Section 51 amends Section 54-63.1-04 to require the Clean Sustainable Energy Authority to develop a fertilizer development incentive program, including guidelines to provide loan forgiveness upon the completion of the development of a fertilizer production facility, and to require the authority to request an appropriation to provide funding for the incentives.

Joint water resource boards - Section 52 amends a new subsection to Section 61-16.1-11, as created by Senate Bill No. 2372 (2023), allowing certain counties to levy 2 mills of property tax rather than requiring the counties to levy the property tax.

Property tax exemption - Section 53 amends an effective date section in House Bill No. 1438 (2023) to apply the effective date retroactively for tax year 2022 related to a property tax exemption for hospital property. However, the Governor vetoed this section.

Water infrastructure revolving loan fund - Section 54 repeals a transfer of \$100 million of Bank of North Dakota profits to the water infrastructure revolving loan fund in Senate Bill No. 2020 (2023). Section 55 provides a line of credit of up to \$100 million to the Department of Water Resources for a transfer to the water infrastructure revolving loan fund.

Infrastructure revolving loan fund - Section 58 provides an exemption allowing a park district to apply for a loan from the infrastructure revolving loan fund to refinance an outstanding loan for a project and to pay the outstanding balance of any special assessments associated with the project.

Employee Benefits Programs Committee exemption - Section 59 exempts sections in the bill related to the defined benefit retirement plan closure and peace officer retirement plan changes from the requirement to have an actuarial analysis.

Fiscal management exemption - Section 60 allows 2021-23 biennium appropriation authority for the Fiscal Management Division of OMB to continue into the 2023-25 biennium.

Unexpended appropriations exemption - Section 61 allows 2019-21 biennium appropriation authority from SIIF for an assessment of state lands and facilities and 2021-23 biennium appropriation authority from the Capitol building fund for a facility consolidation study to continue into the 2023-25 biennium.

Legacy fund earnings report - Section 62 requires the Retirement and Investment Office to provide a report each biennium regarding the amount of legacy fund earnings above the percent of market value that would have been transferred to the legacy earnings fund if Senate Bill No. 2330 had not been approved by the 2023 Legislative Assembly.

Emergency clause - Section 68 provides an emergency clause for Section 4 of Senate Bill No. 2012 relating to child support payments and for Senate Bill No. 2024 (2023) relating to the budget for the Ethics Commission.

Related Legislation

House Bill No. 1056 (2023)- Printing services - Changes the requirement for state agencies to purchase printing services from OMB allowing state agencies to use the most cost-effective printing option.

House Bill No. 1088 (2023) - Board membership - Replaces the Insurance Commissioner with the Director of OMB as a member of the State Investment Board and the Legacy and Budget Stabilization Fund Advisory Board.

House Bill No. 1540 - Child care assistance payments - Expands the eligibility for child care assistance payments and provides an appropriation to OMB for state employee child care assistance payments.

Senate Bill No. 2042 (2023) - Procurement process - Clarifies the procurement process and requires bidders to register with the Secretary of State prior to the contract award.

**Information Technology Department
Budget No. 112
House Bill Nos. 1021, 1225, and 1242**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	507.00	\$43,360,845	\$512,937,379	\$556,298,224
2023-25 base budget	479.00	28,975,953	233,670,105	262,646,058
Legislative increase (decrease) to base budget	28.00	\$14,384,892	\$279,267,274	\$293,652,166

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$38,548,325	\$4,812,520	\$43,360,845
2021-23 legislative appropriations	28,975,953	0	28,975,953
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$9,572,372	\$4,812,520	\$14,384,892
Percentage increase (decrease) to 2021-23 appropriations	33.0%	N/A	49.6%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$120,798	\$726,602	\$847,400
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		1,262,863	6,794,769	8,057,632
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		289,572	2,013,036	2,302,608
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)		(3,467,729)	(10,418,391)	(13,886,120)
Transferred \$41,791 from the operating expenses line item to the salaries and wages line item for an existing 0.50 FTE position			0	0
Added funding for 2 FTE customer success management program positions (\$518,816) and adjusts funding for 6 existing FTE customer success management program positions from the Information Technology Department's (ITD) operating service fund to the general fund (\$2,050,884)	2.00	2,569,700	(2,050,884)	518,816

<p>Added funding for an enterprise digitization project to modernize state government technology, of which \$981,138 is from the ITD operating service fund for salaries and wages of 5 FTE positions and \$9,115,000 is for operating expenses, including information technology (IT) data processing, software, and professional services and fees. Of the total for operating expenses, \$2,115,000 is ongoing funding, of which \$2,000,000 is from the general fund and \$115,000 is from the ITD operating service fund, and \$7,000,000 is one-time funding from the strategic investment and improvements fund (SIIF).</p>	5.00	2,000,000	8,096,138	10,096,138
<p>Added ongoing funding of \$298,868 from the general fund for salaries and wages of 1 FTE position and one-time funding of \$5,456,876, including \$600,000 from the general fund for software licensing fees and \$4,856,876 from the ITD operating service fund for IT contractual services and repairs, for governance, risk, and compliance costs and the Department of Public Instruction (DPI) lighthouse project. Section 7 identifies \$300,000 of the \$4,856,876 from the ITD operating service fund for a choice ready dashboard expansion project.</p>	1.00	898,868	4,856,876	5,755,744
<p>Added funding for a business gateway - enterprise customer relationship management program, of which \$1,477,694 is for salaries and wages of 6 FTE positions, including \$975,886 for 4 FTE positions from the general fund and \$501,808 for 2 FTE positions from the ITD operating service fund, and \$6,364,000 is for operating expenses. Of the total for operating expenses, \$1,364,000 is ongoing funding from the general fund for software licensing costs and \$5,000,000 is one-time funding from SIIF for professional services and fees.</p>	6.00	2,339,886	5,501,808	7,841,694
<p>Added funding for 11 FTE positions for additional support of state agency IT systems, of which \$1,707,170 is for salaries and wages and \$260,172 is for operating expenses. Of the total, \$222,129 is for 1 FTE position from the general fund and \$1,745,213 is for 10 FTE positions from the ITD operating service fund.</p>	11.00	222,129	1,745,213	1,967,342
<p>Transferred funding for 3 FTE positions for the IT unification initiative, including 2 FTE positions from the Department of Corrections and Rehabilitation and 1 FTE position from the Insurance Commissioner. Funding is added for salaries and wages (\$488,920) and operating expenses (\$70,956) from the ITD operating service fund.</p>	3.00		559,876	559,876

Added funding for a universal vulnerability management project to address the backlog of cybersecurity risks and concerns in state IT systems, of which \$500,000 is ongoing funding from the general fund for IT software costs and \$1 million is one-time funding from the federal State Fiscal Recovery Fund for third-party contract service costs	500,000	1,000,000	1,500,000
Added funding for a Capitol security software upgrade and fiber replacement project, of which \$226,900 is ongoing funding from the general fund for software maintenance and upgrades and \$2,499,467 is one-time funding from the State Fiscal Recovery Fund. Of the one-time funding, \$2,032,805 is for operating expenses and \$466,662 is for capital assets.	226,900	2,499,467	2,726,367
Added funding for IT rate increases	9,385	5,284	14,669
Added funding for the K-12 ClassLink project for IT software and supplies to provide a single sign-on system for participating school districts	1,200,000		1,200,000
Adjusted funding for the North Dakota Health Information Network (NDHIN) by reducing ongoing federal funds (\$6 million), adding ongoing funding from the general fund (\$2 million) and fees collected from NDHIN users and providers deposited in the electronic health information exchange fund (\$1 million), and added one-time funding transferred from the health information technology planning loan fund to the electronic health information exchange fund (\$3 million). Total funding for the Health Information Technology Office and NDHIN is \$8,742,111, of which \$2,000,000 is from the general fund and \$6,742,111 is from the electronic health information exchange fund.	2,000,000	(2,000,000)	0
Added ongoing funding from the statewide interoperable radio network (SIRN) fund for the SIRN project, including \$500,000 for IT equipment, \$2,700,000 for tower lease agreements, and \$1,000,000 for network connectivity and IT data processing costs, to provide a total of \$18,401,469 in the SIRN line item, of which \$16,543,229 is from the SIRN fund and \$1,858,240 is from the general fund		4,200,000	4,200,000
Added one-time funding from SIIF for an ITD call center software upgrade project		3,000,000	3,000,000
Added one-time funding for IT inflationary increases, including \$325,000 from the PowerSchool fund and \$4.65 million from the ITD operating service fund	2,350,000	4,975,000	7,325,000

Added one-time funding for IT equipment and contractual services and repairs of the statewide longitudinal data system to provide a total of \$5,582,678, of which \$5,082,678 is from the general fund and \$500,000 is from federal funds	1,075,000		1,075,000
Added one-time funding from federal funds for the broadband, equity, access, and deployment program and matching funds from the general fund for the state and local cybersecurity grant program	487,520	147,762,480	148,250,000
Added one-time funding for grants to counties for expenses related to an online portal or online access to electronically accessible property and property tax information (House Bill No. 1225)	300,000		300,000
Added one-time funding for the SIRN project, including \$20 million transferred from Bank of North Dakota profits to the SIRN fund to repay a Bank line of credit authorized by the 2019 Legislative Assembly and \$80 million from the State Fiscal Recovery Fund (House Bill No. 1242)		100,000,000	100,000,000
Total	28.00	\$14,384,892	\$279,267,274

FTE Changes

The Legislative Assembly approved 507 FTE positions for ITD for the 2023-25 biennium, an increase of 28 FTE positions from the 2021-23 biennium authorized level of 479 FTE positions. The Legislative Assembly added the following FTE positions:

FTE Position Description or Related Program	FTE Position Authorization
Customer success management program	2.00
Enterprise digitization project to modernization state technology	5.00
Governance, risk, and compliance costs and the DPI lighthouse project	1.00
Business gateway - Enterprise customer relationship management program	6.00
Additional support of state agency IT systems, including:	
Apprenticeship positions	6.00
Desktop support position	1.00
Public safety support position	1.00
Transportation support position	1.00
Network technician position	1.00
Cybersecurity position	1.00
IT unification positions transferred from:	
Department of Corrections and Rehabilitation	2.00
Insurance Commissioner	1.00
Total	28.00

One-Time Funding

The Legislative Assembly appropriated \$283.9 million of one-time funding to ITD for the 2023-25 biennium as follows:

	General Fund	Other Funds	Total
Enterprise digitization project ¹	\$0	\$7,000,000	\$7,000,000
Call center software upgrade project ¹	0	3,000,000	3,000,000
Governance, risk, and compliance costs and the DPI lighthouse project ²	600,000	4,856,876	5,456,876
Business gateway - Enterprise customer relationship management program ¹	0	5,000,000	5,000,000
Universal vulnerability management project ³	0	1,000,000	1,000,000
Capitol security software upgrade and fiber replacement project ³	0	2,499,467	2,499,467
IT inflationary increases ⁴	2,350,000	4,975,000	7,325,000
Statewide longitudinal data system	1,075,000	0	1,075,000
NDHIN ⁵	0	3,000,000	3,000,000
Broadband, equity, access, and deployment program ⁶	0	147,762,480	147,762,480
State and local cybersecurity grant program matching funds	487,520	0	487,520
Grants to counties for an online property tax information portal (House Bill No. 1225)	300,000	0	300,000
SIRN project (House Bill No. 1242) ⁷	0	100,000,000	100,000,000
Total	\$4,812,520	\$279,093,823	\$283,906,343

¹Funding for these items is from SIIF.

²During the November 2021 special legislative session, the Legislative Assembly appropriated \$10 million of other funds derived from reimbursements withheld from certain school districts' integrated formula payments and deposited in the public instruction fund for IT project upgrades to the state automated reporting system (STARS) and the statewide longitudinal data system. The 2023 Legislative Assembly appropriated \$4,856,876 from the ITD operating service fund to ITD to allow ITD to bill DPI for costs related to the lighthouse project during the 2023-25 biennium. The Department of Public Instruction will use a portion of the funding appropriated during the November 2021 special legislative session to pay ITD. Section 7 identifies \$300,000 of the \$4,856,876 from the ITD operating service fund for DPI projects is designated for a choice ready dashboard expansion project.

³Funding for these items is from the State Fiscal Recovery Fund.

⁴Other funds appropriated for IT inflationary increases is from the PowerSchool fund (\$325,000) and the ITD operating service fund (\$4.65 million).

⁵One-time funding appropriated for NDHIN is derived from a transfer from the health information technology planning loan fund to the electronic health information exchange fund.

⁶Funding for the broadband, equity, access, and deployment program is derived from federal funds available as a result of the Infrastructure Investment and Jobs Act.

⁷Funding appropriated in House Bill No. 1242 for the SIRN project includes \$80 million from the State Fiscal Recovery Fund and \$20 million transferred from Bank of North Dakota profits to the SIRN fund to repay a Bank line of credit authorized by the 2019 Legislative Assembly.

IT Unification Initiative

The 2019 Legislative Assembly approved a shared services unification of certain agencies' IT resources and personnel, including the transfer of 96 FTE IT positions from 5 agencies to ITD. The 2021 and 2023 Legislative Assemblies approved additional unification of state government IT resources and personnel, including the transfer of 56 FTE IT positions from 11 agencies to ITD, resulting in 152 FTE positions transferred during the 2019-21, 2021-23, and 2023-25 bienniums, as follows:

Agency	FTE Transferred			Total
	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	
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
401 - Insurance Commissioner			1.00	1.00
471 - Bank of North Dakota		16.00		16.00
504 - Highway Patrol		2.00		2.00
530 - Department of Corrections and Rehabilitation		6.00	2.00	8.00
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	3.00	152.00

The following is a summary of funding changes approved as a result of the IT unification initiatives authorized for the 2019-21, 2021-23, and 2023-25 bienniums. Funding is provided from the ITD operating service fund.

	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	Total
Salaries for FTE positions transferred to ITD	\$18,266,327	\$11,128,805	\$488,920	\$29,884,052
Temporary salaries	544,896	0	0	544,896
Operating expenses for transferred FTE positions and other ITD services no longer performed by agencies	8,835,127	17,515,243	70,956	26,421,326
Total	\$27,646,350	\$28,644,048	\$559,876	\$56,850,274

Cybersecurity

The Legislative Assembly added \$1,722,129 for cybersecurity initiatives during the 2023-25 biennium, including \$222,129 from the general fund for salaries and wages and related operating expenses for 1 FTE cybersecurity position and \$1,500,000 for the universal vulnerability management project to address the backlog of cybersecurity risks and concerns in state IT systems, of which \$500,000 is ongoing funding from the general fund for IT software costs and \$1,000,000 is one-time funding from the State Fiscal Recovery Fund for third-party contract service costs.

Health Information Network Expansion

2017-19 Biennium

Section 1 of Senate Bill No. 2021 (2017) included \$43.6 million for the NDHIN expansion project, a project designed to provide for the secure exchange of health information to enable clinical users, such as providers, nurses, and clerical staff to easily and efficiently view information relating to a patient's electronic medical records. The project was intended to enhance the functionality of NDHIN by allowing Medicaid providers options to meet specific measures and objectives to

achieve meaningful use and promote comprehensive interoperability between all providers throughout the state. The project was to enhance existing NDHIN infrastructure and allow for statewide repositories for analytics, care coordination, credentialing, advanced directives, and provide for necessary connections between providers.

Of the amount appropriated to ITD, \$40.5 million is from federal funds distributed by the federal Centers for Medicare and Medicaid Services to the Department of Human Services. Federal funds were available through a Medicaid advanced planning document and required a 10 percent or 15 percent match. The matching funds were to be generated from billings to providers, payers, and the state match from the electronic health information exchange fund. Funding was to be available for the project through the anticipated completion date of September 2021.

2019-21 Biennium

In Section 5 of House Bill No. 1021 (2019), the Legislative Assembly authorized ITD to continue the funding appropriated for the NDHIN expansion and care coordination project for the 2017-19 biennium into the 2019-21 biennium.

2021-23 Biennium

As a result of changes made by the federal government, federal funding for NDHIN became limited starting in the 2021-23 biennium, as the Centers for Medicare and Medicaid Services changed procedures to allow a match of up to 15 percent of funding spent for state health information networks, rather than 85 to 90 percent. The 2021 Legislative Assembly added \$5.5 million of federal funds, resulting in a total of \$6 million of federal funds spending authority available to ITD for the 2021-23 biennium.

In Section 3 of Senate Bill No. 2021 (2021), the Legislative Assembly identified an additional \$6 million of one-time funding is included in Section 1 from the health information technology planning loan fund, which the Bank of North Dakota is required to transfer, at the request of the Chief Information Officer, to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and NDHIN during the 2021-23 biennium. Legislative intent was provided that the funding from the information technology planning loan fund be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and NDHIN during the 2021-23 biennium.

The Chief Information Officer requested the Bank transfer the entire \$6 million of funding from the health information technology planning loan fund to the electronic health information exchange fund during the 2021-23 biennium.

2023-25 Biennium

Transfer - In Section 3 of House Bill No. 1021 (2023), the Legislative Assembly provided for a one-time transfer of \$3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2023-25 biennium.

The Legislative Assembly also reduced ongoing federal funds by \$6 million, added \$2 million of ongoing funding from the general fund, and added \$1 million from fees collected from NDHIN users and providers deposited in the electronic health information exchange fund for the Health Information Technology Office and NDHIN. An additional \$16,240 was added from the electronic health information exchange fund for employee compensation.

Funding for the Health Information Technology Office and NDHIN for the 2021-23 biennium and 2023-25 biennium is as follows:

Biennium	General Fund	Federal Funds	Health Information Technology Planning Loan Fund Transfers ¹	Electronic Health Information Exchange Fund ²	Total
2023-25	\$2,000,000	\$0	\$3,000,000	\$3,742,111	\$8,742,111
2021-23	0	6,000,000	6,000,000	2,725,871	14,725,871
Increase (decrease)	\$2,000,000	(\$6,000,000)	(\$3,000,000)	\$1,016,240	(\$5,983,760)

¹Funding from the health information technology planning loan fund is provided through one-time transfers to the electronic health information exchange fund.

²Funding in the electronic health information exchange fund consists primarily of payments made by providers for participation in the health information network.

Statewide Interoperable Radio Network

2019-21 Biennium

In House Bill No. 1435 (2019), the Legislative Assembly appropriated \$120 million to ITD for the SIRN project, of which \$80 million was from a Bank of North Dakota line of credit, \$20 million was from Bank profits, and \$20 million was from SIIF. House Bill No. 1014 (2019) and Senate Bill No. 2015 (2019) amended Section 8 of House Bill No. 1435 to delay the transfer of Bank profits until after \$25 million of the line of credit is used. The funding from SIIF was spent during the 2019-21 biennium. The department did not use any of the \$80 million line of credit during the 2019-21 biennium, resulting in the \$20 million appropriation from Bank profits being canceled at the end of the biennium.

2021-23 Biennium

In Section 9 of Senate Bill No. 2021 (2021), the Legislative Assembly provided an exemption to allow ITD to continue \$20 million appropriated from SIIF for the SIRN project for the 2019-21 biennium into the 2021-23 biennium.

2023-25 Biennium

In House Bill No. 1242 (2023), the Legislative Assembly appropriated \$100 million of one-time funding for the SIRN project, of which \$20 million is transferred from Bank of North Dakota profits to the SIRN fund to repay funding utilized by ITD from the Bank line of credit authorized by the 2019 Legislative Assembly and \$80 million is from the State Fiscal Recovery Fund.

Other Sections in House Bill No. 1021

Transfers - Section 4 authorizes OMB to make transfers of funds between line items of ITD as may be requested by the Chief Information Officer as necessary for the development and implementation of IT projects.

Strategic investment and improvements fund - Section 5 identifies \$15 million in Section 1 from SIIF, of which \$7 million is for the enterprise digitization project, \$3 million is for an ITD call center software upgrade project, and \$5 million is for the business gateway - customer relationship management program.

State Fiscal Recovery Fund - Section 6 identifies \$3,499,467 in Section 1 from the State Fiscal Recovery Fund, of which \$2,499,467 is for the Capitol security software upgrade and fiber replacement project and \$1,000,000 is for the universal vulnerability management project.

Choice ready dashboard expansion project - Section 7 identifies \$300,000 of the \$4,856,876 from the ITD operating services fund for DPI projects for a choice ready dashboard expansion project.

Final disposition of records - Section 8 amends House Bill No. 1528, as approved by the 68th Legislative Assembly, to remove "and personal file storage" as a technical correction related to the determination necessary for final disposition of records.

Exemption - Federal Coronavirus Capital Projects Fund - Broadband infrastructure grants - Section 9 provides ITD an exemption to continue the \$45 million appropriated from the Coronavirus Capital Projects Fund during the November 2021 special legislative session for broadband infrastructure grants into the 2023-25 biennium. The department is required to approve any grant application that includes the use or implementation of fiber-optic cable in the proposed service area unless fiber-optic cable currently serves the proposed service area. Section 12 declares section 9 to be an emergency measure.

Exemption - Broadband infrastructure grants - Transfer of appropriation authority - Section 10 requires OMB to transfer any uncommitted Coronavirus Capital Projects Fund appropriation authority from ITD to the Department of Career and Technical Education (CTE) for the purpose of career academy inflationary costs during the 2023-25 biennium. The funding may only be spent by CTE if the federal government approves a state plan amendment on the planned use of money in the fund. If the state plan amendment is not approved, OMB shall transfer the uncommitted funding to ITD for broadband infrastructure grants. The Department of Career and Technical Education is required to report to the Legislative Management on the use of this funding and OMB is required to report to the Legislative Management regarding appropriation authority transferred pursuant to this section. Section 12 declares Section 10 to be an emergency measure.

Exemption - North Dakota Stockmen's Association branding inspection system - Section 11 provides ITD an exemption to continue \$401,000 appropriated from the State Fiscal Recovery Fund during the November 2021 special legislative session to convert a North Dakota Stockmen's Association paper-based branding system to an electronic system into the 2023-25 biennium.

Related Legislation

House Bill No. 1159 (2023) - State Information Technology Advisory Committee - Repeals the State Information Technology Advisory Committee.

House Bill No. 1528 (2023) - Final disposition of records - Relates to the final disposition of records, mandatory records retention policies for state agencies, and the administration of employee accounts upon employee departure from an agency. The bill amends requirements for the state records administrator, which is the Chief Information Officer of ITD or the Chief Information Officer's designee.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which ITD is to receive \$629,528, including \$104,514 from the general fund and \$525,014 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Office of Administrative Hearings
Budget No. 140
House Bill No. 1017**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	5.00	\$0	\$3,000,409	\$3,000,409
2023-25 base budget	5.00	0	2,881,529	2,881,529
Legislative increase (decrease) to base budget	0.00	\$0	\$118,880	\$118,880

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$0	\$10,983	\$10,983
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			92,633	92,633
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			25,720	25,720
Transferred funding for estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(20,058)	(20,058)
Increased funding for information technology expenses			2,962	2,962
Increased funding for office rent			6,640	6,640
Total	<u>0.00</u>	<u>\$0</u>	<u>\$118,880</u>	<u>\$118,880</u>

FTE Changes

The Legislative Assembly approved 5 FTE positions for the Office of Administrative Hearings for the 2023-25 biennium, the same as the 2021-23 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$7,135 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Legislative Assembly
Budget No. 150
House Bill No. 1001**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	0.00	\$23,716,396	\$0	\$23,716,396
2023-25 base budget	0.00	17,926,180	0	17,926,180
Legislative increase (decrease) to base budget	0.00	\$5,790,216	\$0	\$5,790,216

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$18,011,846	\$5,704,550	\$23,716,396
2021-23 legislative appropriations ¹	17,926,180	1,771,284	19,697,464
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$85,666	\$3,933,266	\$4,018,932
Percentage increase (decrease) to 2021-23 appropriations	0.5%	222.1%	20.4%

¹The 2021-23 one-time general fund appropriation has been increased by \$5,000 for a deficiency appropriation to pay for International Legislators' Forum dues during the 2021-23 biennium (Senate Bill No. 2015 (2023))

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for cost-to-continue 2021-23 biennium compensation increases		\$20,553		\$20,553
Added funding for 2023-25 biennium legislative compensation adjustments of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, for regular and organizational sessions, legislators' monthly compensation, and additional monthly compensation for legislative leaders		580,081		580,081
Increased funding for temporary salaries during the 2025 legislative session		236,751		236,751
Added funding for legislator health insurance premiums to reflect a revised premium estimate of \$1,643 per month		683,088		683,088

Added funding to increase the maximum monthly lodging expense reimbursement to \$1,852 anticipated for the 2025 legislative session. The maximum monthly lodging reimbursement was \$1,814 for the 2023 session.	10,650	10,650
Increased funding for operating expenses related to anticipated mileage rate increases	8,901	8,901
Increased funding for the International Legislators' Forum	10,000	10,000
Adjusted funding for operating expenses related to information technology	(1,778,017)	(1,778,017)
Decreased funding for other operating expenses	(70,318)	(70,318)
Added funding to increase legislators' technology stipend from \$90 to \$200 per month	372,240	372,240
Increased funding for National Conference of State Legislatures dues	11,737	11,737
Added one-time funding for capital assets for Propylon Core upgrade	4,816,600	4,816,600
Added one-time funding for capital assets for increased storage capacity for audio and video	110,000	110,000
Added one-time funding for operating expenses related to laptop and iPad replacement	557,950	557,950
Added one-time funding for operating expenses related to chamber upgrades, including chairs, carpet, and woodwork	220,000	220,000
Total	0.00	\$5,790,216

One-Time Funding

The following is a summary of one-time funding items for the Legislative Assembly for the 2023-25 biennium:

	General Fund	Other Funds	Total
Propylon Core upgrade	\$4,816,600		\$4,816,600
Audio and video storage	110,000		110,000
Computer and iPad replacement	557,950		557,950
Chamber upgrades	220,000		220,000
Total	\$5,704,550	\$0	\$5,704,550

Legislative Pay Increases

The Legislative Assembly approved House Bill No. 1001 providing for legislative pay increases. Section 7 increases legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 6 percent on July 1, 2023, and 4 percent on July 1, 2024. Section 8 of the bill increases legislators' interim meeting pay by 6 percent on July 1, 2023, and 4 percent on July 1, 2024. The compensation adjustments are as follows:

	Current Compensation Rate	Rate Effective July 1, 2023	Rate Effective July 1, 2024
Monthly compensation	\$537	\$569	\$592
Leaders' additional monthly compensation	\$385	\$408	\$424
Daily session pay	\$193	\$205	\$213
Interim meeting pay	\$193	\$205	\$213

Other Sections in House Bill No. 1001

Transfers - Section 4 allows transfers of funds between line items of appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council.

Continuation of appropriation authority - Section 5 allows transfers of funds between line items of the 2021-23 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council. The section also provides unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2021-23 biennium be continued and that unexpended appropriations enacted prior to the 2021-23 biennium may be canceled as directed by the Chairman of the Legislative Management or the Director of the Legislative Council.

Compensation of members of the Legislative Assembly - Section 7 increases legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 6 percent on July 1, 2023, and 4 percent on July 1, 2024. Section 8 increases legislators' interim meeting pay by 6 percent on July 1, 2023, and 4 percent on July 1, 2024.

Emergency - Section 9 declares Sections 1 through 5 of the Act an emergency measure.

Related Legislation

House Bill No. 1313 (2023) - Legislative Management Chairman - Relates to determining the Legislative Management Chairman and Vice Chairman and limits the terms.

House Bill No. 1485 (2023) - Conflict of interest rules - Requires each Legislative Assembly to adopt conflict of interest rules.

House Concurrent Resolution No. 3003 (2023) - 2023 legislative session employees and compensation - Designates House and Senate employment positions and fixes compensation for the 2023 legislative session.

Senate Bill No. 2124 (2023) - Daily in-state meal allowance - Changes the daily in-state meal allowance from \$35 per day to \$45 per day for state employees and legislators.

Senate Bill No. 2192 (2023) - Term limit study - Provides for a Legislative Management study relating to the impact of term limits on the Legislative Assembly.

**Legislative Council
Budget No. 160
House Bill No. 1001; Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	45.00	\$19,655,209	\$88,000	\$19,743,209
2023-25 base budget	44.00	15,672,410	70,000	15,742,410
Legislative increase (decrease) to base budget	1.00	\$3,982,799	\$18,000	\$4,000,799

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$18,879,709	\$775,500	\$19,655,209
2021-23 legislative appropriations	15,672,410	698,000	16,370,410
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$3,207,299	\$77,500	\$3,284,799
Percentage increase (decrease) to 2021-23 appropriations	20.5%	11.1%	20.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$233,217		\$233,217
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		778,944		778,944
Added funding for the cost of the 1 percent employer retirement contribution increase included in House Bill No. 1040 (2023) (Senate Bill No. 2015)		58,283		58,283
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		221,192		221,192
Added funding for salary equity		800,000		800,000
Added funding for 2023-25 biennium legislative compensation adjustments of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, for legislators' attendance at interim meetings		72,045		72,045
Added 1 FTE attorney position	1.00	270,000		270,000

Restored funding for an office assistant position	180,000		180,000
Increased funding for overtime salaries	4,338		4,338
Removed salary funding for new FTE positions and estimated savings for vacant FTE positions and provided a portion of the funding in a new and vacant FTE funding pool line item	(128,202)		(128,202)
Decreased funding for travel resulting from continued savings related to reduced committee sizes during the 2023-25 biennium	(76,717)		(76,717)
Increased funding for travel for increases in out-of-state travel fees, lodging, and mileage rates	38,407		38,407
Increased funding for operating expenses related to information technology	565,876		565,876
Increased funding for other operating expenses	124,916	18,000	142,916
Increased funding for professional services to provide a total of \$270,000	65,000		65,000
Reallocated \$35,000 from travel expense to conference expense for costs associated with hosting the Energy Council conference in North Dakota	0		0
Added one-time funding for operating expenses related to computer and iPad replacement	155,500		155,500
Added one-time funding for capital assets for secondary and backup servers	120,000		120,000
Added one-time funding to contract for a performance audit of the State Auditor and other consulting services of interim committees (Senate Bill No. 2015)	500,000		500,000
Total	<u>1.00</u>	<u>\$3,982,799</u>	<u>\$4,000,799</u>

FTE Changes

The Legislative Assembly approved 45 FTE positions for the Legislative Council for the 2023-25 biennium, an increase of 1 FTE position from the 2021-23 biennium. The Legislative Assembly added 1 FTE attorney position.

One-Time Funding

The following is a summary of one-time funding items for the Legislative Council for the 2023-25 biennium:

	General Fund	Other Funds	Total
Computer and iPad replacement	\$155,500		\$155,500
Secondary and backup servers	120,000		120,000
Performance audit of the State Auditor's office	500,000		500,000
Total	\$775,500	\$0	\$775,500

Legislative Pay Increases

The Legislative Assembly approved House Bill No. 1001 providing for legislative pay increases. Section 7 increases legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 6 percent on July 1, 2023, and 4 percent on July 1, 2024. Section 8 of the bill increases legislators' interim meeting pay by 6 percent on July 1, 2023, and 4 percent on July 1, 2024. The compensation adjustments are as follows:

	Current Compensation Rate	Rate Effective July 1, 2023	Rate Effective July 1, 2024
Monthly compensation	\$537	\$569	\$592
Leaders' additional monthly compensation	\$385	\$408	\$424
Daily session pay	\$193	\$205	\$213
Interim meeting pay	\$193	\$205	\$213

Other Sections in House Bill No. 1001

Transfers - Section 4 allows transfers of funds between line items of appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council.

Continuation of appropriation authority - Section 5 allows transfers of funds between line items of the 2021-23 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council. The section also provides unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2021-23 biennium be continued and that unexpended appropriations enacted prior to the 2021-23 biennium may be canceled as directed by the Chairman of the Legislative Management or the Director of the Legislative Council.

Funding pool - Section 6 provides for the transfer funds in the Legislative Council budget from the new and vacant FTE funding pool line item to the salaries and wages line item as necessary to provide funding to fill a new or vacant FTE position or if actual salaries and wages savings from vacant positions are less than the estimate used by the 68th Legislative Assembly in the development of the appropriation. The section also requires the Legislative Council to report to the Budget Section regarding the use of funding in the pool. If funding in the funding pool line item is insufficient to provide the necessary salaries and wages funding for the biennium, the Legislative Council may request a deficiency appropriation from the 69th Legislative Assembly.

Compensation of members of the Legislative Assembly - Section 7 increases legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 6 percent on July 1, 2023, and 4 percent on July 1, 2024. Section 8 increases legislators' interim meeting pay by 6 percent on July 1, 2023, and 4 percent on July 1, 2024.

Emergency - Section 9 declares Sections 1 through 5 of the Act an emergency measure.

Related Legislation

House Bill No. 1313 (2023) - Legislative Management Chairman - Relates to determining the Legislative Management Chairman and Vice Chairman and limits the terms.

House Bill No. 1485 (2023) - Conflict of interest rules - Requires each Legislative Assembly to adopt conflict of interest rules.

House Concurrent Resolution No. 3003 (2023) - 2023 legislative session employees and compensation - Designates House and Senate employment positions and fixes compensation for the 2023 legislative session.

Senate Bill No. 2015 - Performance audit of the State Auditor and employer retirement contribution - Provides, in Sections 6 and 9 of the bill, appropriations totaling of \$558,283 from the general fund to the Legislative Council to contract for a performance audit of the State Auditor and other consulting services of interim committees (\$500,000) and funding for the cost of the 1 percent employer retirement contribution increase (\$58,283) included in House Bill No. 1040 (2023).

Senate Bill No. 2124 (2023) - Daily in-state meal allowance - Changes the daily in-state meal allowance from \$35 per day to \$45 per day for state employees and legislators.

Senate Bill No. 2192 (2023) - Term limit study - Provides for a Legislative Management study relating to the impact of term limits on the Legislative Assembly.

**Judicial Branch
Budget No. 180
House Bill No. 1002 and Senate Bill Nos. 2015 and 2345**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	384.00	\$129,410,704	\$1,828,428	\$131,239,132
2023-25 base budget	362.00	110,312,790	1,259,463	111,572,253
Legislative increase (decrease) to base budget	22.00	\$19,097,914	\$568,965	\$19,666,879

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$128,256,984	\$1,153,720	\$129,410,704
2021-23 legislative appropriations	110,312,790	2,000,000	112,312,790
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$17,944,194	(\$846,280)	\$17,097,914
Percentage increase (decrease) to 2021-23 appropriations	16.3%	(42.3%)	15.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$467,705	\$3,270	\$470,975
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		6,490,627	55,451	6,546,078
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		1,976,997	20,088	1,997,085
Removed funding for new FTE positions and estimated savings from vacant FTE positions		(11,098,102)	(121,516)	(11,219,618)
Added funding for a new and vacant FTE position salary pool		8,642,421	97,793	8,740,214
Added funding for salary equity		339,090	0	339,090
Added funding for new FTE positions	19.00	4,368,738		4,368,738
Converted federally funded court improvement program temporary positions to FTE positions	2.00		63,662	63,662

Added funding to administer the guardianship monitoring program (Senate Bill No. 2345)	1.00	290,000		290,000
Added funding for the cost of the 1 percent employer retirement contribution increase included in House Bill No. 1040 (Senate Bill No. 2015)		343,245	4,273	347,518
Added funding for accrued leave payouts		369,922	7,166	377,088
Increased funding for district court judges' retirement to provide a total of \$177,340		40,094		40,094
Added funding for temporary youth coordinator positions		495,000		495,000
Added funding for drug court and veterans' court coordinators and aides		189,582		189,582
Added funding for increased jury compensation rates		960,000		960,000
Added funding for jury costs, including bailiff pay, postage, and jury fees		245,900		245,900
Added funding for increased information technology costs		2,392,995		2,392,995
Added funding for the Supreme Court Law Library		125,500		125,500
Added funding for the rural attorney recruitment grant program		36,000		36,000
Added funding for travel and professional development		653,287		653,287
Added funding for the family mediation program		282,800		282,800
Added funding for office equipment and furniture		178,880		178,880
Removed funding for youth cultural achievement programs		(252,000)		(252,000)
Added funding for youth restorative justice and other juvenile court services and program costs		151,774		151,774
Added funding for other base budget adjustments		253,739	50,778	304,517
Added one-time funding for Supreme Court equipment, including a microfiche machine and copy machines		28,500		28,500
Added one-time funding for district courts equipment, including copy machines, courtroom video systems, and server equipment		1,125,220		1,125,220
Added one-time funding from a federal Department of Justice grant to reduce delays in criminal case processing			388,000	388,000
Total	<u>22.00</u>	<u>\$19,097,914</u>	<u>\$568,965</u>	<u>\$19,666,879</u>

FTE Changes

The Legislative Assembly approved 384 FTE positions for the judicial branch for the 2023-25 biennium, an increase of 22 FTE positions from the 2021-23 biennium authorized level of 362 FTE positions. The Legislative Assembly converted 2 federally funded court improvement program temporary positions to FTE positions and added:

- 1 FTE assistant state court administrator position;
- 3 FTE district court judges positions;
- 4 FTE district court staff attorneys positions;
- 11 FTE district court clerks of court positions; and
- 1 FTE guardianship monitoring program position.

One-Time Funding

The following is a summary of one-time funding items for the judicial branch for the 2023-25 biennium:

	General Fund	Other Funds	Total
Supreme Court equipment, including a microfiche machine and copy machines	\$28,500		\$28,500
District courts equipment, including copy machines, courtroom video equipment, and server equipment	1,125,220		1,125,220
Funding to reduce delays in criminal case processing (federal funds)		\$388,000	388,000
Total	\$1,153,720	\$388,000	\$1,541,720

Other Sections in House Bill No. 1002

Appropriation - Section 3 appropriates to the judicial branch all funds received pursuant to federal acts and private gifts, grants, and donations, for the purpose as designated in the federal acts or private gifts, grants, and donations, for the period beginning July 1, 2023, and ending June 30, 2025.

Line item transfers - Section 4 requires the Director of the Office of Management and Budget to transfer appropriation authority between line items and subdivisions for the judicial branch as requested by the Supreme Court.

New and vacant FTE funding pool - Section 5 provides requirements for a new and vacant FTE funding pool, including a reporting requirement.

Supreme Court justices' salaries - Section 6 provides the statutory changes to increase Supreme Court justices' salaries by 6 percent on July 1, 2023, and by 4 percent on July 1, 2024. Supreme Court justices' annual salaries would be increased from the current level of \$169,162 to \$179,312 effective July 1, 2023, and \$186,484 effective July 1, 2024. The Chief Justice of the Supreme Court is entitled to receive an additional \$5,071 per annum effective July 1, 2023, and an additional \$5,274 per annum effective July 1, 2024, an increase from the current additional amount for the Chief Justice of \$4,784 per annum.

District court judges' salaries - Section 7 provides the statutory changes to increase district court judges' salaries by 6 percent on July 1, 2023, and by 4 percent on July 1, 2024. District court judges' annual salaries would be increased from the current level of \$155,219 to \$164,532 effective July 1, 2023, and \$171,113 effective July 1, 2024. A presiding judge of a judicial district is entitled to receive an additional \$4,675 per annum effective July 1, 2023, and an additional \$4,862 per annum effective July 1, 2024, an increase from the current additional amount for presiding judges of \$4,410 per annum.

Juror compensation - Section 8 provides the statutory changes to increase jury compensation by 100 percent, from \$50 per day to \$100. Compensation for a juror in attendance for 4 hours or less on the 1st day would increase from \$25 to \$50.

Related Legislation

House Bill No. 1138 (2023) - Provides for a mental health court pilot program in the Southeast Judicial District.

House Bill No. 1289 (2023) - Provides for the court to waive unpaid fines and fees upon completion of a drug court program.

Senate Bill No. 2015 - Provides an appropriation for the cost of the 1 percent employer retirement contribution increase included in House Bill No. 1040 (2023).

Senate Bill No. 2267 (2023) - Expands the rural attorney recruitment program from 4 to 8 attorneys.

Senate Bill No. 2345 - Provides an appropriation for a guardianship monitoring task force established by the Supreme Court.

House Concurrent Resolution No. 3025 (2023) - Provides for a Legislative Management study of the feasibility and desirability of renovating and constructing an addition to the Liberty Memorial Building or constructing a new building on the grounds of the Capitol to serve as a new Supreme Court building.

**Commission on Legal Counsel for Indigents
Budget No. 188
House Bill No. 1022**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	41.00	\$20,608,898	\$2,011,222	\$22,620,120
2023-25 base budget	40.00	19,294,363	1,994,850	21,289,213
Legislative increase (decrease) to base budget	1.00	\$1,314,535	\$16,372	\$1,330,907

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$20,608,898	\$0	\$20,608,898
2021-23 legislative appropriations	19,294,363	0	19,294,363
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,314,535	\$0	\$1,314,535
Percentage increase (decrease) to 2021-23 appropriations	6.8%	N/A	6.8%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$52,209	\$1,890	\$54,099
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		565,473	16,472	581,945
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		156,438	5,144	161,582
Added funding for 1 FTE investigator position	1.00	137,781		137,781
Added funding to reduce employee turnover		150,000		150,000
Added funding to increase the legal fee rate from \$75 per hour to \$80 per hour		630,453		630,453
Added funding for Information Technology Department rate increases		13,556		13,556

Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget	(391,375)	(7,134)	(398,509)
Total	<u>1.00</u>	<u>\$1,314,535</u>	<u>\$16,372</u>
			<u>\$1,330,907</u>

FTE Changes

The Legislative Assembly approved 41 FTE positions for the Commission on Legal Counsel for Indigents for the 2023-25 biennium, an increase of 1 FTE position from the 2021-23 biennium authorized level of 40 FTE positions. The Legislative Assembly added 1 FTE investigator position.

Related Legislation

House Bill No. 1289 (2023) - Unpaid fees and fines waiver - Provides for the court to waive unpaid fines and fees upon completion of a drug court program, including the court administration fee, a portion of which is deposited in the indigent defense administration fund.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the Commission on Legal Counsel for Indigents may receive allocations, including the:

- Employer retirement contribution pool from which the Commission on Legal Counsel for Indigents is to receive \$46,379, of which \$45,111 is from the general fund and \$1,268 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the Commission on Legal Counsel for Indigents may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Retirement and Investment Office
Budget No. 190
Senate Bill No. 2022**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	34.00	\$0	\$11,979,984	\$11,979,984
2023-25 base budget	25.00	0	8,209,367	8,209,367
Legislative increase (decrease) to base budget	9.00	\$0	\$3,770,617	\$3,770,617

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$41,345	\$41,345
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			549,864	549,864
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			128,580	128,580
Added 2 FTE investment assistant positions	2.00		374,621	374,621
Added 7 FTE positions with funding for the 2 nd year of the biennium for an internal investment management program, including 5 FTE investment positions, 1 FTE fiscal position, and 1 FTE administrative position	7.00		1,173,326	1,173,326
Added funding for other salary adjustments, including \$506,929 related to FTE positions approved during the November 2021 special legislative session, \$383,540 for salary equity increases, and \$122,358 for other salary increases and internships			1,012,827	1,012,827
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(1,786,076)	(1,786,076)
Transferred \$143,721 of other funds appropriation authority from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries			0	0
Added funding for operating expenses, including \$6,721 for Information Technology Department rate increases, \$100,000 for executive search expenses, \$167,500 for inflationary			1,551,230	1,551,230

increases, \$977,419 for pension administration software fees, \$32,750 for staff development and marketing materials, and \$266,840 for other operating expense increases related to rent, travel, and data processing

Increased funding for contingencies to provide total funding of \$200,000			100,000	100,000
Added one-time funding , including \$436,000 for temporary salaries to implement new pension administration software, \$50,000 for additional temporary salaries, and \$138,900 for operating expenses related to the implementation of new pension administration software			624,900	624,900
Total	9.00	\$0	\$3,770,617	\$3,770,617

FTE Changes

The Legislative Assembly approved 34 FTE positions for the Retirement and Investment Office for the 2023-25 biennium, an increase of 9 FTE positions from the 2021-23 biennium authorized level of 25 FTE positions. The Legislative Assembly added 2 FTE investment assistant positions, 5 FTE investment positions, 1 FTE fiscal position, and 1 FTE administrative position.

One-Time Funding

The Legislative Assembly provided \$624,900 of one-time funding from other funds for temporary salaries to implement new pension administration software (\$436,000), additional temporary salaries (\$50,000), and operating expenses related to the implementation of new pension administration software (\$138,900).

Other Sections in Senate Bill No. 2022

Incentive compensation - Section 3 amends North Dakota Century Code Section 54-44.3-20 to exempt investment and fiscal operations positions of the Retirement and Investment Office staff from the state employee classification system. Section 5 creates a new section to Chapter 54-52.5 relating to an incentive compensation program for investment and fiscal operations positions. Section 7 requires the Retirement and Investment Office to report to the Budget Section prior to the implementation of the incentive compensation program, and Section 8 provides an emergency clause related to the report.

Agency operating costs - Section 4 amends Section 54-52.5-03 to clarify the Retirement and Investment Office administrative expenses are from the earnings available from the funds under management.

Exemption for information technology project - Section 6 provides an exemption to continue unspent prior biennium appropriations into the 2023-25 biennium related to an information technology project.

Related Legislation

House Bill No. 1227 (2023) - Requires the Retirement and Investment Office to arrange for a cost-benefit analysis of any measures affecting the asset allocation or investment policy of the legacy fund and requires the Legislative Management to adopt a procedure for identifying measures and proposed measures affecting the legacy fund.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$42,355 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and

- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - Legacy fund earnings report - Section 62 of Senate Bill No. 2015 requires the Retirement and Investment Office to provide a report regarding the amount of legacy fund earnings above the percent of market value that would have been transferred to the legacy earnings fund had Senate Bill No. 2330 (2023) not been approved by the 68th Legislative Assembly.

Senate Bill No. 2330 - Legacy fund investments and earnings - Changes the asset allocation of the legacy fund investments from a 20 percent designation to in-state investments to a fixed amount designation of \$1.3 billion for in-state investments, including \$700 million for fixed income investments and \$600 million for equity investments, and changes the definition of legacy fund earnings from realized earnings to a percent of market value calculation based on 7 percent of the 5-year average value of the legacy fund. Senate Bill No. 2015 increased the percent of market value calculation increasing the definition from 7 to 8 percent; however, **the Governor vetoed the increase.**

**Public Employees Retirement System
Budget No. 192
Senate Bill No. 2023**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	40.50	\$0	\$10,903,218	\$10,903,218
2023-25 base budget	35.50	0	9,855,296	9,855,296
Legislative increase (decrease) to base budget	5.00	\$0	\$1,047,922	\$1,047,922

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$53,963	\$53,963
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			508,874	508,874
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			210,904	210,904
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(1,201,247)	(1,201,247)
Added funding for salary equity increases			180,000	180,000
Added funding for FTE positions, including an FTE retirement processing lead position, an FTE receptionist position, and an FTE member services representative position	3.00		503,385	503,385
Added funding for contingent FTE positions, including an FTE benefit manager position and an FTE counselor position	2.00		481,110	481,110
Reduced funding for temporary salaries to provide a total of \$100,000 from other funds			(160,368)	(160,368)
Added funding for information technology rate increases			16,301	16,301
Added one-time funding for temporary salaries to close the main system defined benefit retirement plan			200,000	200,000
Added one-time funding for third-party developer costs to upgrade the PERSLink business system			125,000	125,000

Added one-time funding for third-party developer costs to modify the PERSLink business system due to the closure of the main system defined benefit retirement plan			125,000	125,000
Added one-time funding to purchase chairs for new FTE positions			5,000	5,000
Total	<u>5.00</u>	<u>\$0</u>	<u>\$1,047,922</u>	<u>\$1,047,922</u>

FTE Changes

The Legislative Assembly approved 40.50 FTE positions for the Public Employees Retirement System (PERS) for the 2023-25 biennium, an increase of 5 FTE positions from the 2021-23 biennium, as follows:

FTE Position Description	FTE Position	Other Funds
Retirement processing lead	1.00	\$215,357
Receptionist	1.00	125,711
Member services representative	1.00	162,317
Benefit manager ¹	1.00	294,451
Counselor ¹	1.00	186,659
Total	5.00	\$984,495

¹The \$481,110 added for an FTE benefit manager position and FTE counselor position was only available if the Legislative Assembly closed the main system defined benefit retirement plan to new hires. The contingency was met as the plan was closed in House Bill No. 1040 (2023).

One-Time Funding

In Section 2 of Senate Bill No. 2023, the Legislative Assembly identified one-time funding of \$455,000 from other funds for PERS for the 2023-25 biennium, as follows:

	Other Funds
Temporary salaries to close the main system defined benefit retirement plan ¹	\$200,000
Third-party developer costs to upgrade the PERSLink business system	125,000
Third-party developer costs to modify the PERSLink business system due to the closure of the main system defined benefit retirement plan ¹	125,000
New FTE position chairs ¹	5,000
Total	\$455,000

¹The \$327,000 of one-time funding added for temporary salaries (\$200,000), third-party developer costs to modify the PERSLink business system (\$125,000), and new FTE position chairs (\$2,000 of the \$5,000) was only available if the Legislative Assembly closed the main system defined benefit retirement plan to new hires. The contingency was met as the plan was closed in House Bill No. 1040.

Other Sections in Senate Bill No. 2023

Defined benefit retirement plan closure - Contingent appropriation - Section 3 identifies \$372,027 in a newly created defined benefit plan closure line item in Section 1 is a contingent appropriation for 2 FTE positions, temporary salaries, and operating expenses that is effective only if the 2023 Legislative Assembly approves legislation to close the main system defined benefit retirement plan to new hires. The contingency was met as the plan was closed in House Bill No. 1040.

Of the amount in the defined benefit plan closure line item, \$47,027 is for a portion of salaries and wages and related operating expenses for 2 FTE positions, \$200,000 is for temporary salaries, and \$125,000 is for modification of the PERSLink business system. Of this amount, \$327,000 is considered one-time funding. In addition, PERS may request the Office of Management and Budget to transfer up to \$479,660 of additional funding from the new and vacant FTE funding pool to this line item for salaries and wages of the contingent FTE positions identified in this section.

Main System Defined Benefit Retirement Plan Closure

Plan Closure and Contribution Rate Increases

In House Bill No. 1040, the Legislative Assembly closed the main system defined benefit retirement plan to new hires beginning January 1, 2025. The bill increased employer contributions by 1 percent beginning January 1, 2024, resulting in total employer contributions of 8.12 percent for employees hired on or before December 31, 2019. For employees hired after December 31, 2019, the employer contribution rate is 9.26 percent, which includes the 1.14 percent that was reallocated from the retiree health insurance credit beginning in the 2019-21 biennium. Employee contributions remain at 7 percent, of which 4 percent is paid by the state on behalf of employees.

Beginning January 1, 2026, the employer contribution rate for state agencies will change to the actuarially determined employer contribution (ADEC) rate to address the unfunded liability of the main system defined benefit plan over a closed period of 31.5 years. The state will pay for the political subdivision portion of the unfunded liability. The estimated ADEC rate on January 1, 2026, is 30.5 percent. The employer contribution rate for political subdivisions will increase from 7.12 to 8.12 percent.

Section 17 of House Bill No. 1040 provides state employees with no more than 5 years of experience who are enrolled in the main system defined benefit retirement plan and elect to transfer to the new defined contribution plan between January 1, 2025, through March 31, 2025, are eligible for a \$3,333 additional annual contribution in January 2026, January 2027, and January 2028.

Sections 33 and 34 of House Bill No. 1040 provides for Legislative Management studies of the PERS main system retirement plan.

Section 56 of Senate Bill No. 2015 (2023) provides during the 2023-25 biennium, the retirement board may not reduce the actuarial rate of return assumption for the PERS main system defined benefit plan below 6.5 percent. Section 57 provides during the 2023-25 biennium, PERS shall conduct an informational campaign to educate current and prospective state employees of the transition from the defined benefit retirement plan to the defined contribution retirement plan.

Defined Contribution Plan

House Bill No. 1040 provides employees hired after December 31, 2024, be enrolled in a new defined contribution plan. The default employee contribution rate of the new defined contribution plan is 4 percent and the employee may elect to contribute up to an additional 3 percent. The employer is required to match the employee contribution up to 7 percent. If a state employee in the new defined contribution plan contributes less than 7 percent but participates in the PERS 457 deferred compensation plan, the state employer is required to match contributions to the deferred compensation plan up to a total of 7 percent. The deferred compensation plan option may not be available for political subdivision employees. For employees participating in the (existing) defined contribution plan before January 1, 2025, the employer contribution rate remains at 7 percent and the employer contribution rate remains at 7.12 percent.

The new defined contribution plan has an investment option that must include one or more annuity products as part of the investment menu. The existing defined contribution plan has an investment menu but does not provide for annuity products.

Funding

Section 31 of House Bill No. 1040 amends North Dakota Century Code Section 57-51.1-07.5 to provide \$65 million of the state share of oil and gas tax revenues be deposited in the PERS fund for the main system plan beginning in the 2023-25 biennium. Section 35 of the bill provides for a \$135 million transfer from the strategic investment and improvements fund to the PERS fund for the purpose of reducing the unfunded liability of the PERS main system plan during the 2023-25 biennium.

In House Bill No. 1379 (2023), Section 6-09.4-10.1 was amended to remove the statutory transfer of funding from the legacy sinking and interest fund to the PERS fund. The estimated transfer at the end of the 2021-23 biennium would have been approximately \$48 million.

In Section 1 of Senate Bill No. 2015, the Legislative Assembly appropriated \$12.5 million, of which \$5.5 million is from the general fund and \$7 million is from other funds, for an employer retirement contribution pool, related to the increased cost of employer contribution increases in House Bill No. 1040, House Bill No. 1183 (2023), and House Bill No. 1309 (2023). Section 23 of Senate Bill No. 2015 identifies the additional contributions for each agency. Of the total, \$10 million, including \$4.2 million from the general fund and \$5.8 million from other funds, relates to House Bill No. 1040. Section 8 of the bill appropriates \$347,518, of which \$343,245 is from the general fund and \$4,273 is from other funds, to the judicial branch for the cost of the 1 percent employer retirement contribution increase in House Bill No. 1040. Section 9 of the bill appropriates \$58,283 from the general fund to the Legislative Council for the cost of the 1 percent employer retirement contribution increase in House Bill No. 1040.

The Public Employees Retirement System estimates the cost to continue reducing the unfunded liability based on the estimated ADEC rate of 30.5 percent during the 2025-27 biennium is approximately \$402 million, of which \$154 million is from the general fund and \$248 million is from other funds. This total includes the \$65 million of ongoing funding provided from oil and gas tax revenues and funding necessary for 6 months of the 1 percent employer retirement contribution increase through December 31, 2025, after which the ADEC rate will be applied.

Contingent Effective Date

In Sections 36 through 40 and Sections 44 through 50 of Senate Bill No. 2015, the Legislative Assembly amended House Bill No. 1040 to provide the PERS main system defined benefit retirement plan be closed to new hires beginning January 1, 2024, instead of January 1, 2025. Section 66 of Senate Bill No. 2015 provides these sections are effective only if the PERS board certifies to the Legislative Council before January 1, 2024, that PERS is prepared to close the main system defined benefit retirement plan on December 31, 2023, and to open the new defined contribution retirement plan on January 1, 2024.

Related Legislation

House Bill No. 1183 - Peace officer retirement - Expands the definition of peace officer to individuals employed by the state, allowing peace officers to transfer from the PERS main system defined benefit retirement plan to the public safety defined benefit retirement plan. This bill does not include peace officers employed by the Highway Patrol who are enrolled in the Highway Patrol defined benefit retirement plan.

House Bill No. 1309 - Peace officer retirement - Adjusts retirement vesting and multiplier provisions for peace officers of the public safety defined benefit plan.

House Bill No. 1411 (2023) - Prosthetic limb coverage - Expands the PERS health insurance plan to provide coverage for prosthetic limbs, sockets, and other related services.

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$36,736 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040;
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2140 (2023) - Insulin drug and medical supplies benefits - Expands the PERS health insurance plan to provide coverage for insulin drug and medical supplies benefits. The bill provides out-of-pocket costs for a 30-day supply of covered insulin drugs or covered medical supplies is limited to \$25 per pharmacy or distributor.

**Ethics Commission
Budget No. 195
Senate Bill No. 2024**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	3.00	\$1,138,242	\$0	\$1,138,242
2023-25 base budget	1.00	623,984	0	623,984
Legislative increase (decrease) to base budget	2.00	\$514,258	\$0	\$514,258

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$1,039,417	\$98,825	\$1,138,242
2021-23 legislative appropriations	623,984	0	623,984
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$415,433	\$98,825	\$514,258
Percentage increase (decrease) to 2021-23 appropriations	66.6%	N/A	82.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$3,072		\$3,072
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		36,410		36,410
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		5,144		5,144
Added an education and training FTE position	1.00	266,318		266,318
Converted a temporary position to an FTE executive assistant position	1.00	60,798		60,798
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(71,907)		(71,907)
Increased funding for temporary salaries		50,000		50,000
Increased funding for information technology costs		8,874		8,874

Increased funding for travel costs		6,724		6,724
Added funding for contingencies		50,000		50,000
Added one-time funding for professional fees		72,000		72,000
Added one-time funding for office relocation costs		25,000		25,000
Added one-time funding for new position startup costs		1,825		1,825
Total	2.00	\$514,258	\$0	\$514,258

FTE Changes

The Legislative Assembly approved 3 FTE positions for the Ethics Commission for the 2023-25 biennium, an increase of 2 FTE positions compared to the 2021-23 biennium. The Legislative Assembly added 1 FTE education and outreach position and converted a temporary position to an FTE executive assistant position.

One-Time Funding

The following is a summary of one-time funding items for the Ethics Commission for the 2023-25 biennium:

	General Fund	Other Funds	Total
Professional fees	\$72,000	\$0	\$72,000
Office relocation costs	25,000	0	25,000
New position startup costs	1,825	0	1,825
Total	\$98,825	\$0	\$98,825

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$1,957 from the general fund for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - Emergency - Provides for Senate Bill No. 2024, the Ethics Commission appropriation bill to be an emergency measure.

**Center for Distance Education
Budget No. 204
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	30.80	\$6,797,980	\$4,550,000	\$11,347,980
2023-25 base budget ¹	0.00	0	0	0
Legislative increase (decrease) to base budget	30.80	\$6,797,980	\$4,550,000	\$11,347,980

¹The base budget for the Center for Distance Education (CDE) is included in the base budget for the Department of Career and Technical Education (CTE) (House Bill No. 1019).

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$6,797,980	\$0	\$6,797,980
2021-23 legislative appropriations ¹	0	0	0
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$6,797,980	\$0	\$6,797,980
Percentage increase (decrease) to 2021-23 appropriations	N/A	N/A	N/A

¹The 2021-23 legislative appropriation for the CDE is included in the 2021-23 legislative appropriation for CTE (Senate Bill No. 2019 (2021)).

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Transferred base funding appropriation from CTE to a new agency budget for CDE	28.80	\$6,411,254	\$3,050,000	\$9,461,254
Adjusted funding for base payroll changes		13,100		13,100
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		378,835		378,835
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		159,446		159,446
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(485,655)		(485,655)

Added 1 FTE elementary teacher position	1.00	165,000		165,000
Added 1 FTE information technology position	1.00	156,000		156,000
Added funding from special funds derived from tuition for CDE teacher salaries and operating expenses			1,500,000	1,500,000
Total	30.80	\$6,797,980	\$4,550,000	\$11,347,980

FTE Changes

The Legislative Assembly approved 30.80 FTE positions for CDE for the 2023-25 biennium, an increase of 2 FTE positions from the 2021-23 biennium. The Legislative Assembly added 1 FTE elementary teacher position and 1 FTE information technology position.

Center for Distance Education Transfer from the Department of Career and Technical Education

The 2021 Legislative Assembly appropriated \$9,461,254 for CDE, of which \$6,411,254 was from the general fund and \$3,050,000 was from the independent study operating fund, including 28.80 FTE positions for the 2021-23 biennium. Of the total, \$6,088,495 was for salaries and wages from the general fund and \$3,372,759 was for operating expenses, of which \$322,759 was from the general fund.

In Senate Bill No. 2269 (2023), the Legislative Assembly amended North Dakota Century Code Chapters 15-19 and 15-20.1 to transfer supervisory authority of CDE from CTE to the Department of Public Instruction (DPI) beginning during the 2023-25 biennium. Section 3 of the bill provides CDE must have a separate budget and a separate staff from DPI, resulting in CDE becoming a separate state agency. In House Bill No. 1019 (2023), the Legislative Assembly removed 28.80 FTE positions and \$9,461,254 of funding for CDE, including \$6,411,254 from the general fund and \$3,050,000 from the independent study operating fund.

See the Budget No. 270 - Department of Career and Technical Education section.

The Legislative Assembly provided funding for the 2023-25 biennium as follows:

CDE	FTE	General Fund	Independent Study Operating Fund	Total
2023-25 Biennium				
Salaries and wages	30.80	\$6,797,980	\$0	\$6,797,980
Operating expenses		0	4,550,000	4,550,000
Subtotal	30.80	\$6,797,980	\$4,550,000	\$11,347,980
2021-23 Biennium - CTE				
Salaries and wages	28.80	\$6,088,495	\$0	\$6,088,495
Operating expenses		322,759	3,050,000	3,372,759
Subtotal	28.80	\$6,411,254	\$3,050,000	\$9,461,254
Change from 2021-23 Biennium to 2023-25 Biennium				
Salaries and wages increase (decrease)	2.00	\$709,485	\$0	\$709,485
Operating expenses increase (decrease)		(322,759)	1,500,000	1,177,241
Total increase (decrease)	2.00	\$386,726	\$1,500,000	\$1,886,726

Other Sections in Senate Bill No. 2013

Effective date - Senate Bill No. 2269 - Section 23 provides Senate Bill No. 2269, related to the transfer of CDE to DPI, becomes effective July 1, 2023.

Emergency clause - Senate Bill No. 2269 - Section 24 declares Senate Bill No. 2269, related to the transfer of CDE to DPI, an emergency measure.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$9,799 from the general fund in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);

- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2269 - CDE transfer - Provides the statutory changes necessary to transfer supervisory authority of CDE from CTE to DPI.

Department of Trust Lands
 Budget No. 226
 House Bill No. 1013

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	33.00	\$0	\$14,342,415	\$14,342,415
2023-25 base budget	30.00	0	8,802,999	8,802,999
Legislative increase (decrease) to base budget	3.00	\$0	\$5,539,416	\$5,539,416

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$50,995	\$50,995
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			531,600	531,600
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			159,446	159,446
Added 1 FTE investment analyst position (\$334,842) and related operating expenses (\$9,100)	1.00		343,942	343,942
Added 1 FTE mineral specialist position (\$239,104) and related operating expenses (\$14,600)	1.00		253,704	253,704
Added 1 FTE unclaimed property position	1.00		165,786	165,786
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(969,957)	(969,957)
Transferred \$538,878 of other funds appropriation authority from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries			0	0
Added funding for shared software and service rate changes related to information technology expenses			49,000	49,000
Added one-time funding from the state lands maintenance fund for information technology equipment for new FTE positions			5,400	5,400

Added one-time funding from the state lands maintenance fund to complete an information technology project initially approved by the 2019 Legislative Assembly			4,900,000	4,900,000
Added one-time funding from the state lands maintenance fund for the purchase of a utility vehicle and a trailer			49,500	49,500
Total	3.00	\$0	\$5,539,416	\$5,539,416

FTE Changes

The Legislative Assembly approved 33 FTE positions for the Department of Trust Lands for the 2023-25 biennium, an increase of 3 FTE positions from the 2021-23 biennium authorized level of 30 FTE positions. The Legislative Assembly added 1 FTE investment analyst position, 1 FTE mineral specialist position, and 1 FTE unclaimed property position.

One-Time Funding

One-time funding for the 2023-25 biennium for the Department of Trust Lands totals \$4,954,900 from the state lands maintenance fund for the following:

- \$5,400 for information technology equipment for new FTE positions;
- \$4.9 million to continue development of an information technology project initially approved by the 2019 Legislative Assembly, which provides total project funding of \$10.1 million, including \$5.2 million appropriated in prior bienniums; and
- \$49,500 for the purchase of a utility vehicle and a trailer.

Oil and Gas Impact Grant Fund

North Dakota Century Code Section 57-62-03.1 establishes the oil and gas impact grant fund for grants to oil and gas development-impacted cities, counties, school districts, and other taxing districts. The Legislative Assembly did not provide any new funding for the oil and gas impact grant fund for the 2023-25 biennium and did not provide an exemption to continue any funding into the 2023-25 biennium because all the funding in the oil and gas impact grant fund is anticipated to be spent by the end of the 2021-23 biennium.

Distributions to State Institutions

Section 3 of House Bill No. 1013 provides the following distributions to state institutions for the 2023-25 biennium pursuant to Article IX of the Constitution of North Dakota:

	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)
Common schools	\$421,020,000	\$499,860,000	\$78,840,000
North Dakota State University	6,620,000	7,648,000	1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
Youth Correctional Center	2,228,000	2,662,000	434,000
School for the Deaf	2,014,000	2,198,000	184,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
State Hospital	1,673,000	1,835,700	162,700
Veterans' Home	795,000	893,700	98,700
Valley City State University	1,178,000	1,354,000	176,000
North Dakota Vision Services - School for the Blind	1,375,000	1,679,700	304,700
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$445,525,000	\$528,301,900	\$82,776,900

Related Legislation

House Bill No. 1360 (2023) - Unclaimed property - Updates provisions relating to unclaimed property to align with revisions approved by the Uniform Laws Commission.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$40,947 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - Coal development trust fund school construction loans - Increases the maximum amount of a school construction loan under the coal development trust fund from \$2 million to \$5 million and allows a school district to apply for a loan for unanticipated construction inflation costs for a school construction project bid after January 1, 2021, and before June 30, 2024.

**State Library
Budget No. 250
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	26.75	\$6,822,098	\$2,472,043	\$9,294,141
2023-25 base budget	26.75	5,831,721	2,364,417	8,196,138
Legislative increase (decrease) to base budget	0.00	\$990,377	\$107,626	\$1,098,003

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$6,489,098	\$333,000	\$6,822,098
2021-23 legislative appropriations	5,831,721	0	5,831,721
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$657,377	\$333,000	\$990,377
Percentage increase (decrease) to 2021-23 appropriations	11.3%	N/A	17.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted base funding for reductions in federal and special funds			(\$272,606)	(\$272,606)
Adjusted funding for base payroll changes		\$23,424	4,809	28,233
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		216,718	40,863	257,581
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		123,456	15,432	138,888
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(93,855)	(17,697)	(111,552)
Increased funding for operating expenses related to Information Technology Department rate increases		7,440		7,440
Increased funding for operating expenses		65,559		65,559

Added funding for operating expenses related to a new Capitol space rent model	264,635		264,635
Increased funding for operating expenses for increased federal funds		336,825	336,825
Added funding for library vision grants to tribal libraries	50,000		50,000
Added one-time funding for salaries and wages for retirement payouts	40,000		40,000
Added one-time funding for operating expenses due to reduced federal funding related to not meeting federal maintenance of effort requirements for fiscal year 2020	100,000		100,000
Added one-time funding for operating expenses for information technology equipment less than \$5,000	43,000		43,000
Added one-time funding for operating expenses for building renovations	150,000		150,000
Total	0.00	\$990,377	\$1,098,003

FTE Changes

The Legislative Assembly approved 26.75 FTE positions for the State Library for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The following is a summary of one-time funding items for the State Library for the 2023-25 biennium:

	Total General Fund
Retirement leave payouts	\$40,000
Maintenance of effort requirements	100,000
Information technology equipment less than \$5,000	43,000
Building renovations	150,000
Total	\$333,000

Other Sections in Senate Bill No. 2013

State aid to public libraries - Section 16 provides that of the \$1,737,582 provided for aid to public libraries, no more than one-half may be spent during the 1st year of the biennium.

Grants to tribal libraries - Section 22 provides statutory changes to allow the state to provide grants to tribal libraries.

Effective date - Senate Bill No. 2050 (2023) - Section 23 provides Sections 3, 4, and 7 of Senate Bill No. 2050, related to library state aid, become effective May 15, 2023.

Emergency clause - Senate Bill No. 2050 - Section 24 declares Sections 3, 4, and 7 of Senate Bill No. 2050, related to library state aid, an emergency measure.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$19,843, of which \$16,695 is from the general fund and \$3,148 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);

- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2050 - Grant payments to public libraries - Allows the State Librarian to recalculate grant payments to public libraries upon successful appeal, repeals the requirement of maintenance of local effort, and clarifies processes for public libraries and state agencies and the role of the Library Coordinating Council.

**School for the Deaf
Budget No. 252
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	45.36	\$8,099,844	\$3,665,691	\$11,765,535
2023-25 base budget	44.61	7,406,556	2,790,528	10,197,084
Legislative increase (decrease) to base budget	0.75	\$693,288	\$875,163	\$1,568,451

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$8,009,759	\$90,085	\$8,099,844
2021-23 legislative appropriations	7,406,556	0	7,406,556
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$603,203	\$90,085	\$693,288
Percentage increase (decrease) to 2021-23 appropriations	8.1%	N/A	9.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted base budget for a decrease in federal funds			(\$935)	(\$935)
Adjusted funding for base payroll changes		\$58,341	824	59,165
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		326,080	10,067	336,147
Added funding for teacher salary increases		171,890		171,890
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		245,576	6,480	252,056
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(313,978)	(14,859)	(328,837)
Added funding for a 0.75 FTE education services position	0.75	115,294		115,294

Added one-time funding , including funds from special funds available from trust fund distributions, rents, and service revenue, for inflationary increases relating to operating expenses	90,085	30,086	120,171
Added one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for boiler replacement		650,000	650,000
Added one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for pneumatic controls and fire alarm		150,000	150,000
Added one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets to replace equipment over \$5,000		43,500	43,500
Total	0.75	\$693,288	\$1,568,451

FTE Changes

The Legislative Assembly approved 45.36 FTE positions for the School for the Deaf for the 2023-25 biennium, an increase of a 0.75 FTE position from the 2021-23 biennium authorized level of 44.61 FTE positions.

One-Time Funding

The following is a summary of one-time funding items for the School for the Deaf for the 2023-25 biennium:

	General Fund	Other Funds	Total
Operating expense inflation	\$90,085	\$30,086	\$120,171
Equipment over \$5,000		43,500	43,500
Boiler replacement		650,000	650,000
Fire alarm and controls		150,000	150,000
Total	\$90,085	\$873,586	\$963,671

Extraordinary Repairs and Capital Assets

The Legislative Assembly provided a total of \$1,002,178 from special funds available from trust fund distributions, rents, and service revenue for extraordinary repairs and capital assets as follows:

	Total Special Funds
One-time funding:	
Equipment over \$5,000	\$43,500
Boiler replacement	650,000
Fire alarm and controls	150,000
Total one-time funding	\$843,500
Base budget extraordinary repairs	158,678
Total extraordinary repairs and capital assets	\$1,002,178

Other Sections in Senate Bill No. 2013

The Legislative Assembly did not include any other sections related to the School for the Deaf in Senate Bill No. 2013.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$24,716, of which \$23,099 is from the general fund and \$1,617 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Concurrent Resolution No. 4001 (2023) - Name change - If approved by voters, this resolution changes the name of the School for the Deaf in the constitution.

**North Dakota Vision Services - School for the Blind
Budget No. 253
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	27.75	\$5,059,580	\$1,660,711	\$6,720,291
2023-25 base budget	27.75	4,761,879	1,062,178	5,824,057
Legislative increase (decrease) to base budget	0.00	\$297,701	\$598,533	\$896,234

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$5,059,580	\$0	\$5,059,580
2021-23 legislative appropriations	4,761,879	0	4,761,879
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$297,701	\$0	\$297,701
Percentage increase (decrease) to 2021-23 appropriations	6.3%	N/A	6.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$36,145	\$921	\$37,066
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		158,296	17,930	176,226
Added funding for teacher salary increases		93,838		93,838
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		133,744	15,432	149,176
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(124,322)	(7,765)	(132,087)
Increased funding from special funds available from trust fund distributions, rents, and service revenue for temporary salaries			30,000	30,000
Increased funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses related to Information Technology Department rate increases			7,015	7,015

Increased funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses	60,000	60,000
Added funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses for information technology related to a database	10,000	10,000
Added one-time funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses for equipment less than \$5,000	26,000	26,000
Added one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for various repairs and maintenance projects	439,000	439,000
Total	<u>0.00</u>	<u>\$297,701</u>
	<u>\$598,533</u>	<u>\$896,234</u>

FTE Changes

The Legislative Assembly approved 27.75 FTE positions for the North Dakota Vision Services - School for the Blind for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The following is a summary of one-time funding items for the North Dakota Vision Services - School for the Blind for the 2023-25 biennium:

	Total Special Funds
Equipment less than \$5,000	\$26,000
Repairs and maintenance	439,000
Total	\$465,000

Extraordinary Repairs and Capital Assets

The Legislative Assembly provided a total of \$478,192 from special funds available from trust fund distributions, rents, contributions, service revenue, and grants for extraordinary repairs and capital assets, including:

	Total Special Funds
One-time funding:	
Roof replacement and repair	\$150,000
Front entrance update	55,000
South wing gutters	50,000
Parking lot update	50,000
Student commons area update	50,000
East wing flooring and cabinets	45,000
Door and air conditioner repair	29,000
Electrical panel replacement	10,000
Total one-time funding for extraordinary repairs and equipment	\$439,000
Base budget extraordinary repairs	39,192
Total extraordinary repairs and capital assets	\$478,192

Other Sections in Senate Bill No. 2013

The Legislative Assembly did not include any other sections related to the North Dakota Vision Services - School for the Blind in Senate Bill No. 2013.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$13,577, of which \$12,195 is from the general fund and \$1,382 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Department of Career and Technical Education
Budget No. 270
House Bill Nos. 1019, 1199, 1232, and 1519 and Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	23.50	\$53,200,708	\$110,744,848	\$163,945,556
2023-25 base budget	50.30	41,735,063	15,019,817	56,754,880
Legislative increase (decrease) to base budget	(26.80)	\$11,465,645	\$95,725,031	\$107,190,676

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$51,200,708	\$2,000,000	\$53,200,708
2021-23 legislative appropriations	41,735,063	0	41,735,063
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$9,465,645	\$2,000,000	\$11,465,645
Percentage increase (decrease) to 2021-23 appropriations	22.7%	N/A	27.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$66,032	\$156	\$66,188
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		300,086	43,631	343,717
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		92,842	15,174	108,016
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(524,832)	(18,894)	(543,726)
Reduced federal funding for salaries and wages due to staff retirements			(28,764)	(28,764)
Added funding for FTE program supervisor positions	2.00	394,874		394,874
Added funding for a new Capitol space rent model		179,897		179,897
Added federal funding for the RUPReady career resource network			500,000	500,000
Added funding for operating expenses		168,000		168,000

Added funding for the cost to continue career and technical education reimbursement rates for schools (27 percent) and area career and technical centers (40 percent)		3,500,000		3,500,000
Added funding for new and expanding secondary career and technical education programs		9,500,000		9,500,000
Added funding for grants to schools for work-based learning coordinators. This would fund approximately 8 coordinators across the state, primarily located at area career and technical centers.		1,500,000		1,500,000
Added funding for emerging technology grants to provide a total of \$1,175,400 from the general fund		200,000		200,000
Removed funding for the Center for Distance Education (CDE) to authorize CDE to become a separate state agency under the supervision of the Superintendent of Public Instruction	(28.80)	(6,411,254)	(3,050,000)	(9,461,254)
Added funding for workforce training grants to provide a total of \$2.5 million from the general fund		500,000		500,000
Added funding from federal funds (\$2,000,000) and one-time funding from the strategic investment and improvements fund (SIIF) (\$500,000) for new and expanding secondary career and technical education programs to provide a total of \$53,545,129, including \$41,537,780 from the general fund, \$11,507,349 from federal funds, and \$500,000 from SIIF			2,500,000	2,500,000
Added one-time funding , including funding from a Bank of North Dakota line of credit, for the statewide area and career center initiative grant program (\$68,276,228) and accrued interest on the line of credit (\$2,000,000) (House Bill No. 1199)		2,000,000	68,276,228	70,276,228
Added one-time funding from the federal State Fiscal Recovery Fund to purchase career exploration virtual reality software capable of integrating with the RUPReady career resource network (House Bill No. 1232)			500,000	500,000
Added one-time funding for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants to a workforce training center serving the northwest area of the state. Of this amount, \$475,000 is from the State Fiscal Recovery Fund for grants and \$12,500 is from SIIF for administration of the program. (House Bill No. 1519)			487,500	487,500
Added one-time funding from SIIF for defraying inflationary costs of existing projects under the statewide area and career center initiative grant program (Senate Bill No. 2015)			26,500,000	26,500,000
Total	(26.80)	\$11,465,645	\$95,725,031	\$107,190,676

FTE Changes

The Legislative Assembly approved 23.50 FTE positions for the Department of Career and Technical Education for the 2023-25 biennium, a decrease of 26.80 FTE positions from the 2021-23 biennium. The Legislative Assembly added 2 FTE program supervisor positions and transferred 28.80 FTE CDE positions to its own separate state agency under the supervision of the Superintendent of Public Instruction pursuant to Senate Bill No. 2269 (2023).

One-Time Funding

The Legislative Assembly appropriated \$98.3 million of one-time funding to the Department of Career and Technical Education for the 2023-25 biennium, as follows:

	General Fund	Other Funds	Total Funds
New and expanding secondary career and technical education programs ¹		\$500,000	\$500,000
Statewide area and career center initiative grant program (House Bill No. 1199) ²	\$2,000,000	68,276,228	70,276,228
RUReady career resource network career exploration virtual reality software (House Bill No. 1232) ³		500,000	500,000
Uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants (House Bill No. 1519) ⁴		487,500	487,500
Statewide area and career center initiative grant program inflationary costs (Senate Bill No. 2015) ¹		26,500,000	26,500,000
Total	\$2,000,000	\$96,263,728	\$98,263,728

¹Funding for these items is from SIF.

²Other funds appropriated for the statewide area and career center initiative grant program in House Bill No. 1199 is from a Bank of North Dakota line of credit. The \$2 million from the general fund is to pay accrued interest on the line of credit.

³The \$500,000 appropriated in House Bill No. 1232 for the purchase of career exploration virtual reality software capable of integrating with the RUReady career resource network is from the State Fiscal Recovery Fund.

⁴Of the funding appropriated in House Bill No. 1519 for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants, \$475,000 is from the State Fiscal Recovery Fund for grants and \$12,500 is from SIF for administration of the program.

Statewide Area Career Center Initiative Grant Program

2021-23 Biennium

During the 2021 regular legislative session, the Legislative Assembly in House Bill No. 1015 appropriated \$70 million of one-time funding anticipated to be received through the American Rescue Plan Act from the federal Coronavirus Capital Projects Fund to the Department of Career and Technical Education for a statewide area career center initiative grant program. The department is required to establish the application process and develop eligibility requirements for the grant program that must include:

- Funding may be used only for career and technical education projects involving construction, addition, maintenance, and equipment for new and existing area career centers;
- Grants awarded to each recipient must be at least \$500,000, but may not exceed \$10 million;
- Grants may be awarded only to the extent a school district has secured matching funds from nonstate sources on a dollar-for-dollar basis;
- An applicant must identify sufficient future nonstate sources of funding for ongoing operating and maintenance costs associated with a new or expanded area career center;
- The application period for the grant program begins with the effective date of House Bill No. 1015 and ends on June 30, 2022. Any funding not committed by December 31, 2022, may not be spent and must be canceled at the end of the 2021-23 biennium in accordance with North Dakota Century Code Section 54-44.1-11;
- Preference must be given to school districts that collaborate with other school districts for a regional area career center facility or to school districts to create a new area career center or use an existing area career center to positively affect that region of the state; and
- Preference must be given to school districts that will promote postsecondary education and workforce training education in conjunction with secondary education.

During the November 2021 special legislative session, the Legislative Assembly in House Bill No. 1505 adjusted funding for the statewide area career center initiative grant program from \$70,000,000 from the Coronavirus Capital Projects Fund to \$88,276,228, of which \$68,276,228 is from the Coronavirus Capital Projects Fund and \$20,000,000 is from the State Fiscal Recovery Fund.

2023-25 Biennium

During the 2023 regular legislative session, the Legislative Assembly in **House Bill No. 1199** provided a one-time appropriation of **\$68,276,228 from a Bank of North Dakota line of credit** to the Department of Career and Technical Education for providing grants to entities approved by the State Board for Career and Technical Education during the 2021-23 biennium to build career academies through the statewide area and career center initiative grant program through the 2023-25 biennium. The department is required to repay the line of credit from funds available from the Coronavirus Capital Projects Fund. Section 1 of the bill includes a one-time appropriation of **\$2,000,000 from the general fund** to the department for **paying accrued interest on the line of credit**. The Bank is required to provide the line of credit at the prevailing interest rate charged to North Dakota governmental entities. House Bill No. 1199 was declared an emergency measure.

If funding from the Coronavirus Capital Projects Fund does not become available before June 30, 2025, the department is required to request a deficiency appropriation from the 69th Legislative Assembly to repay the line of credit. Through April 2023, the federal government has not released funding from the Coronavirus Capital Projects Fund for the statewide area career center initiative grant program.

Section 3 of House Bill No. 1199 provided the department an exemption to continue the \$68,276,228 appropriated from the Coronavirus Capital Projects Fund during the November 2021 special legislative session into the 2023-25 biennium. The section authorizes the department to provide funding through the exemption to foundations that are working with school districts on career academy projects approved by the State Board for Career and Technical Education.

In Subsection 2 of Section 7 of **Senate Bill No. 2015**, the Legislative Assembly provided a one-time appropriation of **\$26.5 million from SIIF** to the department for the purpose of defraying **inflationary costs of existing projects** approved under the statewide area career center initiative grant program during the 2021-23 biennium. The department is required to distribute the funding to existing career academy projects proportionally based on funding allocations provided to each project during the 2021-23 biennium. If funding approved in this subsection is provided for a career academy project and the funding becomes uncommitted during the 2023-25 biennium, the department may redistribute the funding for existing projects under the program during the 2023-25 biennium. The department is required to report to the Legislative Management during the 2023-24 interim and to the Appropriations Committees of the 69th Legislative Assembly regarding the amount of inflationary funding provided for each project and the construction status of each project.

Exemption - State Fiscal Recovery Fund - In Section 4 of House Bill No. 1019, the Legislative Assembly provided the department an exemption to continue the \$20 million appropriated from the State Fiscal Recovery Fund during the November 2021 special legislative session for the statewide career center initiative grant program into the 2023-25 biennium.

Exemption - Career academy redistribution of funding - In Section 5 of House Bill No. 1019, the Legislative Assembly provided an exemption to allow the department to redistribute the \$68,276,228 appropriated from the Coronavirus Capital Projects Fund and the \$20,000,000 appropriated from the State Fiscal Recovery Fund during the November 2021 special legislative session for existing projects under the program if any of the funding becomes uncommitted after December 31, 2022.

Secondary Funding

During the November 2016 general election, Constitutional Measure No. 2 was approved by North Dakota voters, amending Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to use any excess principal balance of the foundation aid stabilization fund for education-related purposes whenever the balance exceeds 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium.

The 2017 Legislative Assembly, in Senate Bill No. 2272 and House Bill No. 1155, amended Section 54-44.1-12 to provide any reductions to the general fund appropriations to the Department of Career and Technical Education for grants to school districts due to an allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

The 2021 Legislative Assembly provided a \$26,837,780 general fund appropriation for career and technical education grants to school districts and area centers for the 2021-23 biennium. Of this amount, \$4,025,667, or 15 percent was included when calculating the required reserve in the foundation aid stabilization fund for the 2023-25 biennium.

The 2023 Legislative Assembly provided a \$41,537,780 general fund appropriation for career and technical education grants to school districts and area centers for the 2023-25 biennium. Of this amount, \$6,230,667, or 15 percent must be included when calculating the required reserve in the foundation aid stabilization fund during the 2025-27 biennium.

Marketplace for Kids

The 2023 Legislative Assembly provided a \$300,000 general fund appropriation to the Department of Career and Technical Education for the Marketplace for Kids program for the 2023-25 biennium, the same as provided for the 2021-23 biennium.

Center for Distance Education

The 2021 Legislative Assembly appropriated \$9,461,254 for CDE, of which \$6,411,254 was from the general fund and \$3,050,000 was from the independent study operating fund, including 28.80 FTE positions for the 2021-23 biennium. Of the total, \$6,088,495 was for salaries and wages from the general fund and \$3,372,759 was for operating expenses, of which \$322,759 was from the general fund.

In Senate Bill No. 2269, the 2023 Legislative Assembly amended Chapters 15-19 and 15-20.1 to transfer supervisory authority of CDE from the Department of Career and Technical Education to the Department of Public Instruction beginning during the 2023-25 biennium. Section 3 of the bill provides CDE must have a separate budget and a separate staff from the Department of Public Instruction, resulting in CDE becoming a separate state agency. In House Bill No. 1019, the Legislative Assembly removed 28.80 FTE positions and all \$9,461,254 of funding for CDE, including \$6,411,254 from the general fund and \$3,050,000 from the independent study operating fund. In Senate Bill No. 2013, the Legislative Assembly appropriated \$11,347,980 for CDE for the 2023-25 biennium, including \$6,797,980 from the general fund and \$4,550,000 from the independent study operating fund. The Legislative Assembly approved 30.80 FTE CDE positions for the 2023-25 biennium. **See the Budget No. 204 - Center for Distance Education section.**

Other Sections in House Bill No. 1019

Strategic investment and improvements fund - Secondary career and technical education programs - Section 3 identifies \$500,000 appropriated from SIIF in Section 1 is for new and expanding secondary career and technical education programs.

Legislative intent - Workforce training grants - Section 6 provides legislative intent that of the \$2.5 million from the general fund in the workforce training line item, the Department of Career and Technical Education provide \$500,000 to eligible workforce training organizations for the purpose of defraying salaries and wages expenses of the organization's employees, as follows:

- An organization in the northwest region of the state - \$230,000
- An organization in the northeast region of the state - \$40,000
- An organization in the southwest region of the state - \$120,000
- An organization in the southeast region of the state - \$110,000

Related Legislation

House Bill No. 1156 (2023) - CDE courses - Authorizes CDE to enter an agreement with a regionally accredited postsecondary institution to provide high school and postsecondary credit for the completion of an academic course.

House Bill No. 1199 - Career academy line of credit - Provides a \$68,276,228 Bank of North Dakota line of credit and \$2,000,000 general fund appropriation for accrued interest on the line of credit to the Department of Career and Technical Education for career academies under the statewide area and career center initiative grant program.

House Bill No. 1232 - RUReady career resource network - Provides a one-time \$500,000 appropriation from the State Fiscal Recovery Fund to the Department of Career and Technical Education for the purpose of purchasing career exploration virtual reality software capable of integrating with the RUReady career resource network. This bill was declared an emergency measure.

House Bill No. 1519 - Uncrewed aircraft system grants - Provides a one-time appropriation of \$487,500 to the Department of Career and Technical Education for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants to a workforce training center serving the northwest area of the state. Of this amount, \$475,000 is from the State Fiscal Recovery Fund for grants and \$12,500 is from SIIF for administration of the program. The department may require \$1 of matching funds from the applicant for every \$4 provided by the department.

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the department is to receive \$25,022, including \$21,878 from the general fund and \$3,144 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2122 (2023) - Workforce training center funding study - Provides for a Legislative Management study of the workforce training center funding distribution model. The study must include the funding distribution model, statewide integration and alignment across workforce training centers, and awarding college credit for workforce training center-offered training.

Senate Bill No. 2269 (2023) - Transfer of CDE - Provides the statutory changes necessary to transfer supervisory authority of CDE from the Department of Career and Technical Education to the Department of Public Instruction.

**Department of Environmental Quality
Budget No. 303
House Bill No. 1024; Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	173.00	\$15,822,024	\$101,936,886	\$117,758,910
2023-25 base budget	166.00	12,661,075	46,969,930	59,631,005
Legislative increase (decrease) to base budget	7.00	\$3,160,949	\$54,966,956	\$58,127,905

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$15,634,224	\$187,800	\$15,822,024
2021-23 legislative appropriations	12,661,075	1,000,000	13,661,075
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$2,973,149	(\$812,200)	\$2,160,949
Percentage increase (decrease) to 2021-23 appropriations	23.5%	(81.2%)	15.8%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$81,541	\$149,916	\$231,457
Added funding from federal funds for base budget adjustments, including increases in salaries and wages (\$259,515), operating expenses (\$2,338,313), and grants (\$778,000) and a decrease in capital assets of \$113,700			3,262,128	3,262,128
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		673,222	1,602,721	2,275,943
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		266,594	615,676	882,270
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(947,910)	(2,795,634)	(3,743,544)
Added equity funding for salaries and wages to reclassify chemist and environmental scientist positions		2,000,000		2,000,000

Added funding from federal and special funds for 1 FTE natural resource services III position and related operating expenses of \$7,500	1.00		226,162	226,162
Added funding from federal funds for 2 FTE engineering and planning services VI positions and related operating expenses of \$97,500	2.00		608,784	608,784
Added funding, including funding from federal and special funds, for 1 FTE human resource director position in the Office of the Director and related operating expenses of \$15,165	1.00	94,718	175,903	270,621
Added funding, including funding from federal and special funds, for 1 FTE assistant director in the Office of the Director and related operating expenses of \$15,167	1.00	127,704	237,169	364,873
Added funding, including funding from federal and special funds, for 1 FTE civil rights and environmental justice position in the Office of the Director and related operating expenses of \$25,168	1.00	85,341	158,491	243,832
Added funding, including funding from federal and special funds, for 1 FTE accountant budget specialist III position in the Office of the Director and related operating expenses of \$10,500	1.00	80,141	148,835	228,976
Increased federal funding for temporary salaries related to lead line inventory			274,560	274,560
Added funding for operating expenses related to laboratory information management system maintenance and hosting		280,000		280,000
Added funding, including funding from federal and special funds, for operating expenses related to Information Technology Department rate increases		136,379	86,842	223,221
Added funding from special funds for operating expenses related to lead and copper testing			184,000	184,000
Increased federal funding for operating expenses related to printing lead and copper program materials			10,000	10,000
Added federal funding for operating expenses related to ongoing licensing and maintenance of the drinking water system database			100,000	100,000
Added federal funding for operating expenses for professional services related to a lead line service replacement project			150,000	150,000
Added funding, including federal funds, for operating expenses related to environmental data system maintenance		115,000	35,000	150,000
Removed funding, including funding from federal funds, for 2021-23 biennium bond payment		(59,581)	(60,391)	(119,972)

Added federal funding for grants related to Infrastructure Investment and Jobs Act (IIJA) municipal facilities and lead and copper programs			21,000,000	21,000,000
Added federal funding related a Climate Pollution Reduction Act grant, including funding for salaries and wages, operating expenses, and grants			2,000,000	2,000,000
Added one-time funding for operating expenses related to chemistry laboratory inflation	116,800			116,800
Added one-time funding from federal funds for operating expenses related to administering the IIJA municipal facilities revolving loan fund, including office and information technology equipment			22,350	22,350
Added one-time funding from federal funds for operating expenses to upgrade the drinking water program portal			325,000	325,000
Added one-time funding for operating expenses, including funding from federal and special funds, for environmental data system development	71,000		1,294,444	1,365,444
Added one-time funding from federal funds for equipment over \$5,000 related to administering IIJA municipal facilities revolving loan fund			155,000	155,000
Added one-time funding from federal funds for lead pipe removal and clean water project grants			25,000,000	25,000,000
Added funding for Onsite Wastewater Recycling Technical Committee meeting expense reimbursement (Senate Bill No. 2015)	40,000			40,000
Total	<u>7.00</u>	<u>\$3,160,949</u>	<u>\$54,966,956</u>	<u>\$58,127,905</u>

FTE Changes

The Legislative Assembly approved 173 FTE positions for the Department of Environmental Quality (DEQ) for the 2023-25 biennium, an increase of 7 FTE positions from the 2021-23 biennium, as follows:

FTE Position Description	FTE Position	General Fund	Other Funds	Total
Natural resource services III position	1.00		\$218,662	\$218,662
Engineering and planning services VI positions	2.00		511,284	511,284
Human resource director position	1.00	\$89,410	166,046	255,456
Assistant director position	1.00	122,397	227,309	349,706
Civil rights and environmental justice position	1.00	76,533	142,131	218,664
Accountant budget specialist III position	1.00	76,466	142,010	218,476
Total	7.00	\$364,806	\$1,407,442	\$1,772,248

One-Time Funding

The following is a summary of one-time funding items for DEQ for the 2023-25 biennium:

	General Fund	Other Funds	Total
Chemistry laboratory inflation	\$116,800		\$116,800
IIJA municipal facilities revolving loan fund administration		\$177,350	177,350
Drinking water program portal		325,000	325,000
Environmental data systems upgrade	71,000	1,294,444	1,365,444
Lead pipe removal and clean water project grants		25,000,000	25,000,000
Total	\$187,800	\$26,796,794	\$26,984,594

Other Sections in House Bill No. 1024

Lead pipe removal and clean water project grants - Section 3 appropriates \$25 million of one-time funding from federal funds, not otherwise appropriated, to DEQ for grants to political subdivisions with a population of 10,000 or less for lead pipe removal and other projects eligible for funding from the clean water state revolving loan fund. The department must require a political subdivision grant recipient to provide 25 percent matching funds and the department may not award grants in excess of \$5,000,000 to a political subdivision.

Environment and rangeland protection fund - Section 4 authorizes the department to spend \$250,000 from the environment and rangeland protection fund for ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.

Petroleum release compensation fund - Section 5 authorizes the department to spend \$723,595 from the petroleum release compensation fund for expenses related to the petroleum tank release program.

Environmental quality restoration fund and fund revenues - Sections 6 and 7 remove the balance requirement in the environmental quality restoration fund to receive deposits and 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.

Exemption - Laboratory information management system project carryover - Section 8 allows the department to continue unexpended one-time funding provided during the 2021-23 biennium for the laboratory information management system project.

Related Legislation

House Bill No. 1089 (2023) - Solid waste pilot projects - Requires DEQ to adopt rules to establish standards and requirements for solid waste pilot projects.

Senate Bill No. 2015 - Onsite Wastewater Recycling Technical Committee meeting expense reimbursement and funding pools - Section 6 provides an appropriation of \$40,000 from the general fund to DEQ for meeting expense reimbursement for members of the Onsite Wastewater Recycling Technical Committee.

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$171,256, of which \$51,295 is from the general fund and \$119,961 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2118 (2023) - Abandoned motor vehicles - Amends sections relating to abandoned motor vehicles and the abandoned motor vehicle disposal process.

**Veterans' Home
Budget No. 313
House Bill No. 1007**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	114.79	\$6,009,999	\$22,972,974	\$28,982,973
2023-25 base budget	114.79	5,780,643	19,375,840	25,156,483
Legislative increase (decrease) to base budget	0.00	\$229,356	\$3,597,134	\$3,826,490

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$6,009,999	\$0	\$6,009,999
2021-23 legislative appropriations	5,780,643	25,000	5,805,643
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$229,356	(\$25,000)	\$204,356
Percentage increase (decrease) to 2021-23 appropriations	4.0%	(100.0%)	3.5%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$96,159	\$96,159
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		\$264,409	765,644	1,030,053
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		87,962	477,876	565,838
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(229,015)	(663,198)	(892,213)
Added funding to reclassify an FTE licensed practical nurse position to an FTE registered nurse position (\$15,000) and to increase salaries of shift differential staff (\$35,000)		50,000		50,000
Added funding for increasing information technology rates			7,492	7,492

Added funding for operating expenses, including laundry supplies (\$8,500), building repairs (\$30,000), and professional services for agency staffing (\$300,000). Funding from other funds is from the Veterans' Home operating fund	30,000	308,500	338,500
Added funding for increased resident food costs, including funding from the soldiers' home fund	26,000	150,000	176,000
Adjusted funding for bond and interest payments		(19)	(19)
Added one-time funding from the Melvin Norgard memorial fund for the construction of a metal building with indoor parking spaces on the main level and storage spaces on the second level. Parking spaces and storage spaces will be available for rent to pay for ongoing maintenance of the building, which is estimated to be \$12,000 during the 2025-27 biennium and \$14,000 during the 2027-29 biennium.		750,000	750,000
Added one-time funding from the soldiers' home fund to mill, patch, and chip seal parking lots and roads on the Veterans' Home campus		1,100,000	1,100,000
Added one-time funding from the soldiers' home fund for equipment, including bed extenders and mattresses (\$11,950), refrigerators (\$4,900), a compact tractor (\$45,000), a utility task vehicle (\$30,000), commercial roll-in coolers (\$23,400), and blanket warmers for residents (\$10,500)		125,750	125,750
Added one-time funding from the federal State Fiscal Recovery Fund for a thermostat and air handling unit replacement project		478,930	478,930
Total	0.00	\$229,356	\$3,597,134

FTE Changes

The Legislative Assembly approved 114.79 FTE positions for the Veterans' Home for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

	General Fund	Other Funds	Total
Rentable indoor parking and storage building ¹		\$750,000	\$750,000
Mill, patch, and chip seal Veterans' Home parking lots and roads ²		1,100,000	1,100,000
Equipment, including bed extenders and mattresses (\$11,950), refrigerators (\$4,900), a compact tractor (\$45,000), a utility task vehicle (\$30,000), commercial roll-in coolers (\$23,400), and blanket warmers for residents (\$10,500) ²		125,750	125,750
Thermostat and air handling unit replacement project ³		478,930	478,930
Total	\$0	\$2,454,680	\$2,454,680

¹Funding for the rentable indoor parking and storage building is from the Melvin Norgard memorial fund.

²Funding for these items is from the soldiers' home fund.

³Funding for the thermostat and air handling unit replacement project is from the State Fiscal Recovery Fund.

Other Sections in House Bill No. 1007

Administrator housing stipend - Section 3 identifies \$48,000 in the operating expenses line item for a \$2,000 per month housing stipend to be provided to the Veterans' Home Administrator for housing costs off of the Veterans' Home campus.

Estimated income - State Fiscal Recovery Fund - Section 4 identifies \$478,930 in the estimated income line item in Section 1 as from the State Fiscal Recovery Fund for a thermostat and air handling unit replacement project.

Legislative Management study - Veterans' Home governance - Section 5 provides for a Legislative Management study of the governance of the Veterans' Home.

Veterans' Home strategic plan - Section 6 requires the Veterans' Home to provide a report to the Legislative Management during the 2023-24 interim and to the Appropriations Committees of the 69th Legislative Assembly regarding its progress to implement recommendations from the Veterans' Home strategic plan.

Related Legislation

House Bill No. 1290 (2023) - Bed moratoriums - Extends the moratorium on basic care and nursing facility bed capacity until July 31, 2025.

House Bill No. 1327 (2023) - Veterans' Home information technology - Removes the Veterans' Home exemption from the requirement that information technology of the Veterans' Home be provided by, supervised by, and regulated by the Information Technology Department (ITD) and removes the exemption to exclude the Veterans' Home electronic mail, file and print administration, database administration, application server, and hosting services from being required to be provided by ITD. The bill removes the requirement for ITD to consult with the Veterans' Home regarding cybersecurity strategy.

House Bill No. 1389 (2023) - Veterans' Home eligibility - Expands veteran eligibility for admission into the Veterans' Home to include veterans from other states.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$79,351, including \$20,372 from the general fund and \$58,979 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Indian Affairs Commission
Budget No. 316
House Bill No. 1005**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	4.00	\$1,200,967	\$0	\$1,200,967
2023-25 base budget	4.00	1,095,715	0	1,095,715
Legislative increase (decrease) to base budget	0.00	\$105,252	\$0	\$105,252

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$1,200,967	\$0	\$1,200,967
2021-23 legislative appropriations	1,095,715	0	1,095,715
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$105,252	\$0	\$105,252
Percentage increase (decrease) to 2021-23 appropriations	9.6%	N/A	9.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$6,785		\$6,785
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		57,817		57,817
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		20,576		20,576
Added funding for a new Capitol space rent model		32,593		32,593
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(12,519)		(12,519)
Total	0.00	\$105,252	\$0	\$105,252

FTE Changes

The Legislative Assembly approved 4 FTE positions for the Indian Affairs Commission for the 2023-25 biennium, the same as the 2021-23 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$4,454 from the general fund in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Department of Veterans' Affairs
Budget No. 321
House Bill Nos. 1025, 1157, and 1182**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	9.00	\$1,842,420	\$2,331,447	\$4,173,867
2023-25 base budget	8.00	1,570,624	1,512,150	3,082,774
Legislative increase (decrease) to base budget	1.00	\$271,796	\$819,297	\$1,091,093

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$1,823,354	\$19,066	\$1,842,420
2021-23 legislative appropriations	1,570,624	0	1,570,624
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$252,730	\$19,066	\$271,796
Percentage increase (decrease) to 2021-23 appropriations	16.1%	N/A	17.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$10,123	\$1,687	\$11,810
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		94,285	13,964	108,249
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		30,006	6,002	36,008
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(120,383)	(3,024)	(123,407)
Added funding to convert a temporary position to an FTE veterans benefit specialist position	1.00	99,966		99,966
Adjusted funding for the highly rural transportation program, including adding \$50,000 from the general fund for administration in the veterans' affairs line item and reducing federal funding for grants in the grants - transportation line item. Total federal funding in the grants - transportation program line item is \$1,126,085.		50,000	(93,915)	(43,915)

Reduced funding for operating expenses	(6)	(126)	(132)
Added funding for information technology rate increases	3,739	1,436	5,175
Added federal funding for State Approving Agency salaries and operating expenses to provide total federal funding of \$313,026 for the State Approving Agency		937	937
Removed funding for the posttraumatic stress disorder service dog program. A section is added to the bill to provide the department an exemption to continue funding remaining from prior biennium appropriations into the 2023-25 biennium for the program.	(50,000)		(50,000)
Added one-time funding from the federal State Fiscal Recovery Fund for professional services fees for a document scanning project to make paper documents available electronically		100,836	100,836
Added one-time funding for accrued leave of retiring staff	19,066		19,066
Added one-time funding , of which \$265,000 is from federal funds and \$26,500 is from the Melvin Norgard memorial fund, for the Veterans' Home cemetery grant program for the purpose of repairing and maintaining the cemetery located on the Veterans' Home campus		291,500	291,500
Added one-time funding from the State Fiscal Recovery Fund to provide a grant to assist in the construction of the Fisher House at the Fargo Veterans Affairs Medical Center (House Bill No. 1157)		500,000	500,000
Added funding to provide reimbursement to a veterans' service organization that provides funeral services pursuant to a new section created in Chapter 37-18 (House Bill No. 1182)	135,000		135,000
Total	1.00	\$819,297	\$1,091,093

FTE Changes

The Legislative Assembly approved 9 FTE positions for the Department of Veterans' Affairs for the 2023-25 biennium, an increase of 1 FTE position from the 2021-23 biennium level of 8 FTE positions. The Legislative Assembly converted a temporary position to an FTE veterans benefit specialist position.

One-Time Funding

The Legislative Assembly appropriated \$911,402 of one-time funding to the Department of Veterans' Affairs for the 2023-25 biennium, as follows:

	General Fund	Other Funds	Total Funds
Document scanning project (State Fiscal Recovery Fund)		\$100,836	\$100,836
Accrued leave of retiring staff	\$19,066		19,066
Veterans' Home cemetery grant program (\$265,000 federal funds and \$26,500 Melvin Norgard memorial fund)		291,500	291,500
Grant to assist in the construction of the Fisher House (State Fiscal Recovery Fund) (House Bill No. 1157)		500,000	500,000
Total	\$19,066	\$892,336	\$911,402

Other Sections in House Bill No. 1025

State Fiscal Recovery Fund - Document scanning project - Section 3 identifies \$100,836 appropriated in Section 1 as from the State Fiscal Recovery Fund for the purpose of a document scanning project.

Exemption - State Fiscal Recovery Fund - Section 5 provides the department an exemption to continue funding appropriated from the State Fiscal Recovery Fund for the 2021-23 biennium into the 2023-25 biennium. During the November 2021 special legislative session, the Legislative Assembly appropriated \$647,000 to the department for a grant to assist in the construction of the Fisher House at the Fargo Veterans Affairs Medical Center (\$500,000) and to improve and expand veterans' medical transportation (\$147,000). Of the \$147,000 provided for veterans' medical transportation, the department is authorized to use \$18,800 for the purchase of one nonhighly rural transport van.

Service Dogs

Service dogs exemption - Section 4 provides the department an exemption to continue the \$50,000 of funding appropriated for the 2019-21 biennium and \$50,000 appropriated for the 2021-23 biennium for the posttraumatic stress disorder service dogs program into the 2023-25 biennium. The 2023 Legislative Assembly did not provide an appropriation for this program for the 2023-25 biennium due to the availability of prior biennium appropriations. Through April 2023, the department spent \$25,000 of the \$100,000 appropriated for the 2019-21 and 2021-23 bienniums, resulting in \$75,000 available for May and June of the 2021-23 biennium and the 2023-25 biennium. The funding is for the purpose of training up to four service dogs to assist North Dakota veterans with posttraumatic stress disorder. Funding provided for training each service dog is \$12,500, or approximately 50 percent of the total cost of training.

Nonhighly Rural Transport Vans

The Legislative Assembly appropriated \$18,800 from the general fund for the purchase of one nonhighly rural transport van to transport veterans to medical appointments at the veterans' hospital in Fargo during the 2023-25 biennium, the same as provided for the 2021-23 biennium. In Section 5, the Legislative Assembly authorized the department to utilize \$18,800 of the \$147,000 appropriated from the State Fiscal Recovery Fund to the department during the November 2021 special legislative session for the purpose of purchasing an additional nonhighly rural transport van.

Highly Rural Transportation Grant Program

The highly rural transportation grant program is a federal grant program that provides funding to the Department of Veterans' Affairs to purchase transport vans and to provide transportation to medical appointments for veterans of highly rural counties. The primary purpose of using the vans must be for medical reasons, although vans are generally allowed to transport veterans to other locations, such as grocery stores or other locations, as long as the additional stop is reasonable and does not require an unreasonable amount of time. The department pays for all maintenance, gas, insurance, and other costs associated with the transport vans using federal funds.

The 2023 Legislative Assembly appropriated \$1,126,085 of federal funds to the Department of Veterans' Affairs for the highly rural transportation grant program for the 2023-25 biennium, a decrease of \$93,915 from the 2021-23 biennium appropriation of \$1,220,000. Through April 2023, the department spent \$848,579 of the \$1,220,000 appropriation for the 2021-23 biennium. During the 2019-21 biennium, the department spent \$894,626 of the \$1,200,000 authorized for the biennium.

Related Legislation

House Bill No. 1157 - Fisher House - Provides a one-time appropriation of \$500,000 from the State Fiscal Recovery Fund to the Department of Veterans' Affairs for providing a grant to assist in the construction of the Fisher House at the Fargo Veterans Affairs Medical Center during the 2023-25 biennium. The 2021 Legislative Assembly appropriated \$500,000 from the State Fiscal Recovery Fund for this purpose for the 2021-23 biennium, resulting in a total of \$1 million appropriated for the 2021-23 and 2023-25 bienniums.

House Bill No. 1182 - Military honors funerals - Provides a \$135,000 appropriation from the general fund to the Department of Veterans' Affairs for providing reimbursement to a veterans' service organization that provides a funeral service at a military honors funeral.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$8,336, including \$7,261 from the general fund and \$1,075 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2204 (2023) - Veterans aid loan program - Allows National Guard members or surviving spouses to apply for a loan under the veterans aid loan program.

**Protection and Advocacy Project
Budget No. 360
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	28.50	\$3,323,370	\$4,266,541	\$7,589,911
2023-25 base budget	28.50	3,139,350	4,263,590	7,402,940
Legislative increase (decrease) to base budget	0.00	\$184,020	\$2,951	\$186,971

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$3,323,370	\$0	\$3,323,370
2021-23 legislative appropriations	3,139,350	0	3,139,350
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$184,020	\$0	\$184,020
Percentage increase (decrease) to 2021-23 appropriations	5.9%	N/A	5.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$20,596	\$25,304	\$45,900
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		167,923	216,119	384,042
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		63,878	80,136	144,014
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(72,725)	(93,591)	(166,316)
Added funding for Information Technology Department rate increases		4,348	4,665	9,013
Decreased federal funds spending authority to reflect a decrease in estimated federal grant funding			(229,682)	(229,682)
Total	0.00	\$184,020	\$2,951	\$186,971

FTE Changes

The Legislative Assembly approved 28.50 FTE positions for the Protection and Advocacy Project for the 2023-25 biennium, the same as the 2021-23 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$29,581, of which \$12,935 is from the general fund and \$16,646 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Job Service North Dakota
Budget No. 380
House Bill No. 1016**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	158.61	\$6,578,847	\$113,594,052	\$120,172,899
2023-25 base budget	156.61	410,229	64,995,263	65,405,492
Legislative increase (decrease) to base budget	2.00	\$6,168,618	\$48,598,789	\$54,767,407

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$6,578,847	\$0	\$6,578,847
2021-23 legislative appropriations	410,229	0	410,229
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$6,168,618	\$0	\$6,168,618
Percentage increase (decrease) to 2021-23 appropriations	1,503.7%	N/A	1,503.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$393	\$204,416	\$204,809
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		24,383	1,831,620	1,856,003
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		1,286	749,706	750,992
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(460,937)	(1,587,716)	(2,048,653)
Adjusted funding for salaries and wages from federal funds to the general fund		2,500,000	(2,500,000)	0
Added funding for FTE positions for the H2A foreign agriculture workers program, of which \$439,818 is for salaries and wages and \$23,460 is for related operating expenses	2.00	463,278		463,278

Added federal funding for 9 FTE vacant unfunded positions (\$1,166,890) and temporary salaries (\$2,188,431)			3,355,321	3,355,321
Added funding for a job placement pilot program for recently released formerly incarcerated individuals, of which \$340,000 is for salaries and wages of two temporary employees and \$300,000 is for grants for basic needs, such as housing, transportation, tools, work clothing, and equipment.	640,000			640,000
Added funding for information technology (IT) rate increases	215		135,577	135,792
Added funding from the general fund for unemployment insurance administration and IT inflation costs and federal funding for IT contractual services for the unemployment insurance program	3,000,000		2,209,296	5,209,296
Adjusted federal funding for operating expenses, primarily related to a decrease in IT data processing (\$1,194,375) and increases in postage (\$413,632), printing (\$138,899), operating fees and services (\$251,792), and professional fees and services (\$240,578)			(242,766)	(242,766)
Reduces federal funding for trade adjustment assistance grants to provide a total of \$1,467,177			(526,539)	(526,539)
Reduced federal funding for the unemployment insurance system modernization project to provide a total of \$10,915,000 in the Reed Act - unemployment insurance computer modernization line item			(30,126)	(30,126)
Added one-time funding from the federal State Fiscal Recovery Fund for the unemployment insurance modernization project			45,000,000	45,000,000
Total	<u>2.00</u>	<u>\$6,168,618</u>	<u>\$48,598,789</u>	<u>\$54,767,407</u>

FTE Changes

The Legislative Assembly approved 158.61 FTE positions for Job Service North Dakota for the 2023-25 biennium, an increase of 2 FTE positions from the 2021-23 biennium level of 156.61 FTE positions. The Legislative Assembly added 2 FTE positions for the H2A foreign agriculture workers program.

One-Time Funding

In Section 2 of House Bill No. 1016, the Legislative Assembly identified \$45 million from the federal State Fiscal Recovery Fund for the unemployment insurance modernization project.

Other Sections in House Bill No. 1016

Federal funds appropriation - Section 3 provides all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1 are appropriated for the 2023-25 biennium.

Unemployment insurance computer modernization project - Reed Act Funds - Section 4 identifies \$10,915,000 of other funds appropriated in Section 1 from federal Reed Act distributions received in federal fiscal years 1957, 1958, 1999, and 2002 is for developing a modernized unemployment insurance computer system.

Unemployment insurance computer modernization project - Federal State Fiscal Recovery Fund - Section 5 identifies \$45 million of one-time funding appropriated in Section 1 is from the federal State Fiscal Recovery Fund for the unemployment insurance modernization project. The total estimated cost of the project is approximately \$75 million. Job Service North Dakota anticipates requesting additional funding for the project in future bienniums.

Related Legislation

House Bill No. 1092 (2023) - Minot regional office - Authorizes Job Service North Dakota to sell the Minot regional office.

House Bill No. 1093 (2023) - Grand Forks regional office - Authorizes Job Service North Dakota to sell a vacant lot near the Grand Forks regional office.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$140,822, including \$1,878 from the general fund and \$138,944 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Industrial Commission
Budget No. 405
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	9.75	\$4,424,856	\$131,386,713	\$135,811,569
2023-25 base budget ¹	108.25	26,489,613	24,369,185	50,858,798
Legislative increase (decrease) to base budget	(98.50)	(\$22,064,757)	\$107,017,528	\$84,952,771

¹The 2023 Legislative Assembly provided a separate budget for the Department of Mineral Resources. Prior to the 2023-25 biennium, funding for the Department of Mineral Resources was included with the Industrial Commission.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$0	\$4,424,856	\$4,424,856
2021-23 legislative appropriations ¹	26,489,613	25,183,720	51,673,333
2023-25 legislative increase (decrease) to 2021-23 appropriations	(\$26,489,613)	(\$20,758,864)	(\$47,248,477)
Percentage increase (decrease) to 2021-23 appropriations	(100.0%)	(82.4%)	(91.4%)

¹The 2023 Legislative Assembly provided a separate budget for the Department of Mineral Resources. Prior to the 2023-25 biennium, funding for the Department of Mineral Resources was included with the Industrial Commission. The amounts shown for the 2021-23 biennium reflect deficiency appropriations totaling \$77,460, including \$62,460 of one-time funding from the general fund for 3 FTE carbon capture positions and \$15,000 of one-time funding from the general fund for a transfer to the fossil excavation and restoration fund.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding to separate the Department of Mineral Resources from the Industrial Commission	(101.50)	(\$26,489,613)	(\$238,004)	(\$26,727,617)
Adjusted funding for base payroll changes			8,697	8,697
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			142,561	142,561

Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			41,146	41,146
Added 1 FTE grant administration position (\$178,958) and related operating expenses (\$3,363)	1.00		182,321	182,321
Added 1 FTE deputy director position for the Public Finance Authority	1.00		132,646	132,646
Added 1 FTE administrative assistant position (\$178,958) and related operating expenses (\$3,363)	1.00		182,321	182,321
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(520,943)	(520,943)
Transferred \$97,878 of other funds appropriation authority from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries			0	0
Added funding for operating expenses, including Information Technology Department rate increases (\$1,756) and software subscriptions (\$74,000)			75,756	75,756
Increased funding for bond payments to provide total funding of \$119,879,913			97,839,192	97,839,192
Added one-time funding for equipment for new FTE positions			12,110	12,110
Added one-time funding for record digitization (\$75,000) and inflationary costs (\$35,688)			110,688	110,688
Added one-time funding from the general fund for North Dakota Transmission Authority consulting expenses		300,000		300,000
Added one-time funding for an electric grid resilience grant, including \$1,124,856 from the general fund and \$7,499,037 from federal funds		1,124,856	7,499,037	8,623,893
Added one-time funding from the general fund for lignite litigation expenses		3,000,000		3,000,000
Added one-time funding for grant management software			1,250,000	1,250,000
Added one-time funding for carbon capture and utilization education and marketing			300,000	300,000
Total		<u>(98.50)</u>	<u>(\$22,064,757)</u>	<u>\$107,017,528</u>
			<u>\$84,952,771</u>	

FTE Changes

The Legislative Assembly authorized 9.75 FTE positions for the Industrial Commission for the 2023-25 biennium, a decrease of 98.50 FTE positions from the 2021-23 biennium authorized level of 108.25 FTE positions. The Legislative Assembly removed 101.50 FTE positions to separate the Department of Mineral Resources from the Industrial Commission and authorized 1 FTE grant administration position, 1 FTE deputy director position, and 1 FTE administrative assistant position.

One-Time Funding

One-time appropriations for the 2023-25 biennium for the Industrial Commission include the following:

	General Fund	Other Funds	Total
Equipment for new FTE positions		\$12,110	\$12,110
Operating expenses related to record digitization (\$75,000) and inflationary costs (\$35,688)		110,688	110,688
North Dakota Transmission Authority consulting expenses	\$300,000		300,000
Electric grid resilience grant	1,124,856	7,499,037	8,623,893
Lignite litigation expenses	3,000,000		3,000,000
Grant management software		1,250,000	1,250,000
Carbon capture and utilization education and marketing		300,000	300,000
Total	\$4,424,856	\$9,171,835	\$13,596,691

Lease Payments

The Legislative Assembly provided funds received from agencies for lease payments on outstanding bonded indebtedness as follows:

	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)
Infrastructure project and program bonds - Legacy sinking and interest fund		\$102,620,461	\$102,620,461
Higher education institutions	\$17,204,639	15,021,771	(2,182,868)
North Dakota University System energy conservation projects	415,114	207,649	(207,465)
Department of Corrections and Rehabilitation - State Penitentiary	492,354	143,375	(348,979)
Department of Corrections and Rehabilitation energy conservation projects	8,181		(8,181)
State Department of Health	341,365		(341,365)
Job Service North Dakota	230,600		(230,600)
Office of Management and Budget	564,515	283,875	(280,640)
Attorney General's office	648,055	330,000	(318,055)
State Historical Society	1,179,015	592,375	(586,640)
Parks and Recreation Department	66,165	30,950	(35,215)
Agriculture Research and Extension Service	483,447	242,205	(241,242)
Veterans' Home	407,271	407,252	(19)
Total	\$22,040,721	\$119,879,913	\$97,839,192

Lignite Research Funding

Lignite research grants - Section 16 of House Bill No. 1014 designates \$4.5 million from the lignite research fund for lignite marketing studies, advanced energy technology, or possible lignite-related litigation and requires the Industrial Commission to provide a report. Section 17 designates \$500,000 from the lignite research fund for a study of future lignite electrical generation facilities.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the lignite research fund.

Other Sections in House Bill No. 1014

Bond payments - Section 3 provides legislative intent for bond payments during the 2023-25 biennium.

Administration funding - Section 8 allows the Industrial Commission to transfer up to \$1,818,114 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.

Grant management software - Section 9 allows the Industrial Commission to transfer up to \$250,000 from each of the grant programs to provide a total of \$1.25 million for new grant management software.

Carbon capture education - Section 10 allows the Industrial Commission to transfer up to \$100,000 from certain programs to provide a total of \$300,000 for carbon capture and utilization education and marketing.

Pipeline leak detection and prevention program - Section 13 transfers \$3 million from the strategic investment and improvements fund (SIIF) to the oil and gas research fund for a pipeline leak detection and prevention program and \$30 million from SIIF to the clean sustainable energy fund to repay a line of credit.

Critical minerals study - Section 14 transfers \$1.5 million from SIIF to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim.

Underground energy storage research project - Section 15 transfers \$6 million from SIIF to the State Energy Research Center fund and identifies \$5.3 million from the federal State Fiscal Recovery Fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns. Section 24 amends an appropriation from the State Fiscal Recovery Fund approved during the November 2021 special legislative session to allow the funding to be used for an underground energy storage research project.

Pipeline capacity positions - Sections 18, 20, 21, and 22 authorize the North Dakota Pipeline Authority to borrow up to \$60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program. Section 30 provides an effective date of July 1, 2025, for the guarantee of the line of credit.

Clean sustainable energy fund - Section 23 increases the line of credit available to support the clean sustainable energy fund by \$140 million, from \$250 million to \$390 million.

Support for energy projects - Section 29 provides a statement of legislative intent that the state support energy development projects through the state's energy-related programs.

Emergency clause - Section 31 provides an emergency clause related to \$3 million of one-time funding from the general fund for lignite litigation, an amendment of an appropriation from the State Fiscal Recovery Fund, and Senate Bill No. 2165 (2023).

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the Industrial Commission, including the Department of Mineral Resources, is to receive \$134,641, of which \$123,610 is from the general fund and \$11,031 is from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2059 (2023) - Increases the fund balance limit from \$50 million to \$100 million for oil and gas gross production tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund.

**Department of Labor and Human Rights
Budget No. 406
Senate Bill Nos. 2007 and 2015**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	13.00	\$2,654,148	\$503,398	\$3,157,546
2023-25 base budget	13.00	2,246,469	486,868	2,733,337
Legislative increase (decrease) to base budget	0.00	\$407,679	\$16,530	\$424,209

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$2,604,148	\$50,000	\$2,654,148
2021-23 legislative appropriations	2,246,469	147,717	2,394,186
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$357,679	(\$97,717)	\$259,962
Percentage increase (decrease) to 2021-23 appropriations	15.9%	(66.2%)	10.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$16,463		\$16,463
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		150,998	\$31,808	182,806
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		41,830	9,596	51,426
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(65,389)	(13,776)	(79,165)
Added funding to reclassify an FTE compliance investigator II position to an FTE wage and hour division director position		139,510	46,630	186,140
Transferred \$34,218 from the general fund from the operating expenses line item to the salaries and wages line item and reduced federal funding for salaries and fringe benefits			(57,728)	(57,728)
Added funding for a new Capitol space rent model		74,267		74,267

Added one-time funding for expenses related to analyzing the administration of occupational and professional boards pursuant to Senate Bill No. 2249 (2023) (Senate Bill No. 2015)	50,000	50,000
Total	0.00	\$407,679
	0.00	\$16,530
	\$407,679	\$424,209

FTE Changes

The Legislative Assembly approved 13 FTE positions for the Department of Labor and Human Rights for the 2023-25 biennium, the same as the 2021-23 biennium. The Legislative Assembly did not adjust funding for a vacant FTE compliance investigator II position that was unfunded for the 2021-23 biennium.

One-Time Funding

In Senate Bill No. 2015, the Legislative Assembly appropriated \$50,000 from the general fund to the Department of Labor and Human Rights for expenses related to analyzing the administration of occupational and professional boards pursuant to Senate Bill No. 2249.

Related Legislation

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$14,084, including \$11,636 from the general fund and \$2,448 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding if sufficient savings are not realized from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2249 - Occupational boards - Requires the Department of Labor and Human Rights to gather information regarding the continuing education requirements and practice of licensing out-of-state practitioners for occupational and professional boards. The Labor Commissioner is required to analyze the information to develop and update a strategy for more efficient continuing education requirements and more efficient practices for licensing out-of-state practitioners. The Labor Commissioner is required to hold meetings with each occupational board. During the 2023-24 interim, the Labor Commissioner is required to provide periodic reports to the Legislative Management on the status of meetings and progress made with the occupational boards. The Labor Commissioner may recommend introduction of legislation to the 2025 Legislative Assembly that streamlines licensure of out-of-state practitioners and revises continuing education requirements.

**Aeronautics Commission
Budget No. 412
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	7.00	\$475,000	\$38,169,667	\$38,644,667
2023-25 base budget	7.00	475,000	30,741,987	31,216,987
Legislative increase (decrease) to base budget	0.00	\$0	\$7,427,680	\$7,427,680

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$475,000	\$0	\$475,000
2021-23 legislative appropriations	475,000	0	475,000
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$0	\$0	\$0
Percentage increase (decrease) to 2021-23 appropriations	0.0%	N/A	0.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$11,281	\$11,281
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			113,098	113,098
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			35,996	35,996
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(24,489)	(24,489)
Added funding for temporary salaries			24,471	24,471
Added funding for impact studies			767,323	767,323
Added one-time funding for International Peace Garden airport rehabilitation, including \$2,250,000 of federal funds			2,500,000	2,500,000
Added one-time funding for airport infrastructure grants			4,000,000	4,000,000
Total	0.00	\$0	\$7,427,680	\$7,427,680

FTE Changes

The Legislative Assembly approved 7 FTE positions for the Aeronautics Commission for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The following is a summary of one-time funding items for the Aeronautics Commission for the 2023-25 biennium:

	Other Funds
International Peace Garden airport rehabilitation, including \$2,250,000 of federal funds	\$2,500,000
Airport infrastructure grants	4,000,000
Total	\$6,500,000

Other Sections in House Bill No. 1006

Exemption - Airport infrastructure fund - Section 3 provides that any unexpended funds from the airport infrastructure fund are not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and any unexpended funds may be expended during the 2025-27 biennium to provide grants to airports.

Exemption - American Rescue Plan Act - Airport infrastructure grants - Section 4 allows 2021-23 biennium appropriation authority from the American Rescue Plan Act for airport infrastructure grants to continue into the 2023-25 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$8,712 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Department of Financial Institutions
Budget No. 413
House Bill Nos. 1008 and 1068**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	35.00	\$0	\$10,081,379	\$10,081,379
2023-25 base budget	31.00	0	9,106,507	9,106,507
Legislative increase (decrease) to base budget	4.00	\$0	\$974,872	\$974,872

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$55,175	\$55,175
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			541,272	541,272
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			143,118	143,118
Added 1 FTE large bank examiner position, 1 FTE mortgage servicer examiner position, and 1 FTE licensing or non-depository examiner position; of which \$626,742 is for salaries and wages and \$99,890 is for related operating expenses	3.00		726,632	726,632
Added 1 FTE mortgage servicer examiner position, of which \$200,000 is for salaries and wages and \$25,000 is for related operating expenses in (House Bill No. 1068)	1.00		225,000	225,000
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(1,066,943)	(1,066,943)
Added funding for Information Technology Department rate increase			618	618
Added funding for Attorney General fees			250,000	250,000
Added funding for Dynamics ongoing maintenance agreement			100,000	100,000
Total	4.00	\$0	\$974,872	\$974,872

FTE Changes

The Legislative Assembly approved 35 FTE positions for the Department of Financial Institutions for the 2023-25 biennium, an increase of 4 FTE positions from the 2021-23 biennium authorized level of 31 FTE positions. The Legislative Assembly added the following positions:

- 1 FTE large bank examiner position
- 2 FTE mortgage servicer examiner positions
- 1 FTE licensing or non-depository examiner position

Other Sections in House Bill No. 1008

Exemption - Line item transfers - Section 3 authorizes the Department of Financial Institutions to transfer funds between line items during the 2023-25 biennium and requires the department to report the transfers to the Legislative Council.

Legislative Management study - Appropriation procedures - Section 4 provides for a Legislative Management study to review the appropriation and management procedures for the Department of Financial Institutions.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$42,723 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2090 - Residential mortgage lenders - Creates a separate chapter in the North Dakota Century Code relating to residential mortgage lending.

Senate Bill No. 2119 - Money transmitters - Provides for the regulation of money transmitters by the Department of Financial Institutions.

**Securities Department
Budget No. 414
Senate Bill No. 2011**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	10.00	\$0	\$3,258,732	\$3,258,732
2023-25 base budget	10.00	0	2,808,984	2,808,984
Legislative increase (decrease) to base budget	0.00	\$0	\$449,748	\$449,748

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$0	\$15,806	\$15,806
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			152,770	152,770
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			36,008	36,008
Transferred funding for estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(66,162)	(66,162)
Increased funding for information technology costs			1,326	1,326
Added funding for cryptocurrency enforcement and blockchain licenses			150,000	150,000
Added funding for audit costs			10,000	10,000
Added one-time funding for case management and filing portal enhancements			150,000	150,000
Total	0.00	\$0	\$449,748	\$449,748

FTE Changes

The Legislative Assembly approved 10 FTE positions for the Securities Department for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The Legislative Assembly added one-time funding of \$150,000 from special funds for case management and filing portal enhancements.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$11,771 from the general fund in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2325 (2023) - Restitution assistance fund - Creates a restitution assistance fund, authorizes up to \$1 million of Securities Department revenues to be deposited in the fund each biennium, and provides the Securities Commissioner a continuing appropriation to spend money in the fund for providing restitution assistance for victims of securities violations.

**Bank of North Dakota
Budget No. 471
House Bill Nos. 1003 and 1014**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	187.00	\$0	\$77,077,067	\$77,077,067
2023-25 base budget	173.00	0	68,816,548	68,816,548
Legislative increase (decrease) to base budget	14.00	\$0	\$8,260,519	\$8,260,519

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$0	\$0	\$0
2021-23 legislative appropriations ¹	0	27,500,000	27,500,000
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$0	(\$27,500,000)	(\$27,500,000)
Percentage increase (decrease) to 2021-23 appropriations	N/A	(100.0%)	(100.0%)

¹Section 15 of House Bill No. 1015 (2021) included a contingent appropriation of \$17.5 million from the general fund to the Bank of North Dakota to repay the remaining balance of a loan associated with the Theodore Roosevelt Presidential Library and Museum endowment fund, which was available if the actual general fund beginning balance exceeded the forecast by at least \$17.5 million. The contingency was met and the funding was available for the repayment.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$280,646	\$280,646
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			2,685,488	2,685,488
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			863,226	863,226
Added FTE positions as follows:	14.00		3,106,682	3,106,682
• 1 FTE credit underwriter IV position (\$253,976)				
• 1 FTE agricultural valuation supervisor position (\$290,214)				
• 1 FTE credit underwriter III position (\$222,652)				

- 1 FTE commercial valuation supervisor position (\$290,214)
- 1 FTE collateral valuation III position (\$217,735)
- 1 FTE collateral valuation analyst IV position (\$253,976)
- 1 FTE collateral valuation IV position (\$253,976)
- 1 FTE loan operations supervisor position (\$222,652)
- 1 FTE loan servicing supervisor position (\$188,381)
- 1 FTE business banking associate I position (\$139,104)
- 1 FTE loan servicing associate II position (\$139,104)
- 1 FTE loan servicing associate III position (\$159,414)
- 1 FTE business banking associate II position (\$257,933)
- 1 FTE staff accountant III position (\$217,351)

Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget.			(5,429,985)	(5,429,985)
Increased funding for shared software and service rate increases (\$44,660) and Information Technology Department rate changes (\$405,524)			450,184	450,184
Added one-time funding for information technology projects			804,278	804,278
Added one-time funding from the economic diversification research fund for grants to institutions under the control of the State Board of Higher Education (House Bill No. 1003)			5,500,000	5,500,000
Total	<u>14.00</u>	<u>\$0</u>	<u>\$8,260,519</u>	<u>\$8,260,519</u>

FTE Changes

The Legislative Assembly authorized 187 FTE positions for the Bank of North Dakota for the 2023-25 biennium, an increase of 14 FTE positions from the 2021-23 biennium authorized level of 173 FTE positions. The Legislative Assembly authorized 1 FTE credit underwriter IV position, 1 FTE agricultural valuation supervisor position, 1 FTE credit underwriter III position, 1 FTE commercial valuation supervisor position, 1 FTE collateral valuation III position, 1 FTE collateral valuation analyst IV position, 1 FTE collateral valuation IV position, 1 FTE loan operations supervisor position, 1 FTE loan servicing supervisor position, 1 FTE business banking associate I position, 1 FTE loan servicing associate II position, 1 FTE loan servicing associate III position, 1 FTE business banking associate II position, and 1 FTE staff account III position.

One-Time Funding

One-time funding for the 2023-25 biennium for the Bank of North Dakota totals \$6,304,278 for the following:

- \$804,278 from Bank of North Dakota operations for information technology projects; and
- \$5,500,000 from the economic diversification fund for grants to institutions under the control of the state board of higher education.

Deficiency Appropriations

House Bill No. 1199 (2023) transfers \$20 million from the Bank's profits to the partnership in assisting community expansion (PACE) fund for the 2021-23 biennium related to additional interest buydown requests.

Estimated Capital Structure

The following schedule provides an analysis of the Bank of North Dakota's estimated capital structure for the 2023-25 biennium:

	Amount
Estimated beginning capital level (July 1, 2023)	\$997,000,000
Estimated 2023-25 biennium profits	393,000,000 ¹
Estimated capital available before transfers	\$1,390,000,000
Estimated 2023-25 biennium transfers	
Transfer to general fund (HB 1014)	(\$140,000,000)
Transfers relating to economic development (See the Economic Development section below)	(61,500,000)
Transfer to the State Board of Higher Education for a tuition scholarship program for dual-credit courses (HB 1003)	(1,500,000)
Transfer to skilled workforce student loan repayment program fund (HB 1003)	(3,400,000)
Transfer to skilled workforce student loan repayment program fund and skilled workforce scholarship fund (HB 1003)	(3,400,000)
Transfer to the statewide interoperable radio network fund (HB 1242)	(20,000,000)
Transfer to Agricultural Products Utilization Commission fund (SB 2009)	(3,000,000)
Total estimated 2023-25 biennium transfers	(\$232,800,000)
Estimated ending capital level (June 30, 2025)	\$1,157,200,000

¹Actual calendar year 2022 profits were \$191 million.

Economic Development

The Legislative Assembly provided funding from transfers of Bank of North Dakota profits for economic development programs, as follows:

	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)
PACE fund (2021 SB 2014; 2023 HB 1199 and 2023 HB 1014) ¹	\$46,000,000	\$39,000,000	(\$7,000,000)
Ag PACE fund (2021 SB 2014; 2023 HB 1014)	5,000,000	5,000,000	0
Biofuels PACE fund (2021 SB 2014; 2023 HB 1014)	1,000,000	1,000,000	0
Beginning farmer revolving loan fund (2021 SB 2014; 2023 HB 1014)	8,000,000	15,000,000	7,000,000
North Dakota small business development center (2023 HB 1014)	0	1,500,000	1,500,000
Total	\$60,000,000	\$61,500,000	\$1,500,000

¹Senate Bill No. 2014 (2021) included \$26 million for the PACE fund, and House Bill No. 1199 (2023) provides an additional \$20 million for the 2021-23 biennium. House Bill No. 1014 (2023) provides \$39 million for the PACE fund for the 2023-25 biennium.

Profits and Transfers of Profits and Accumulated Earnings

The following schedule provides information on the Bank of North Dakota's profits based on calendar years as well as transfers of profits and accumulated earnings to state funds from the 2009-11 biennium to the 2021-23 biennium:

	Based on Calendar Years	
	Bank Profits	Transfers to State Funds
2011-13 biennium - Calendar years 2011 and 2012	\$151,929,000	\$37,500,000
2013-15 biennium - Calendar years 2013 and 2014	\$205,174,000	\$40,255,000
2015-17 biennium - Calendar years 2015 and 2016	\$266,809,000	\$257,875,000
2017-19 biennium - Calendar years 2017 and 2018	\$303,792,000	\$315,547,000
2019-21 biennium - Calendar years 2019 and 2020	\$310,250,000	\$217,659,000
2021-23 biennium - Calendar years 2021 and 2022	\$335,321,000	\$209,000,000
2023-25 biennium (estimated)	\$393,000,000	\$232,800,000

Bank of North Dakota Loans

The 2023 Legislative Assembly authorized loans from the Bank of North Dakota, as follows:

Bill No.	Description
HB 1012	Department of Transportation - Provides contingent loan authorization for a contingent loan of up to \$50 million to match additional federal funds that become available for the US Highway 85 project and for a contingent loan of up to \$28.5 million for matching funds from Minnesota or other sources for northern Red River Valley transportation projects
HB 1014	Industrial Commission - Increases a line of credit up to support the clean sustainable energy fund from \$250 million to \$390 million
HB 1199	Department of Career and Technical Education - Authorizes a line of credit of up to \$68,276,228 for a statewide area and career center initiative grant program
SB 2008	Public Service Commission - Provides a line of credit of up to \$900,000 to pay any costs associated with a rail rate complaint case
SB 2015	State Water Commission - Provides a line of credit of up to \$100 million for a transfer to the water infrastructure revolving loan fund
SB 2018	State Historical Society - Authorizes a line of credit of up to \$20 million for the construction of a military museum and related expansion projects
SB 2019	Parks and Recreation Department - Provides a line of credit of up to \$70 million to support activities related to the Theodore Roosevelt Presidential Library project
SB 2020	State Water Commission - Continues the commission's authority to access a line of credit and increases the line of credit from \$50 million to \$100 million

Other Sections in House Bill No. 1014

Transfer to general fund - Section 1 provides for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund during the 2023-25 biennium.

Transfers for economic development - Section 12 provides the following transfers from the Bank's profits during the 2023-25 biennium:

- \$39 million to the PACE fund;
- \$5 million to the Ag PACE fund;
- \$1 million to the biofuels PACE fund;
- \$15 million to the beginning farmer revolving loan fund; and
- \$1.5 million to the University of North Dakota for the North Dakota small business development center for the purpose of matching federal funds.

Employee recruitment and retention incentive program study - Section 25 requires the Bank of North Dakota and Industrial Commission to study the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank and requires the Industrial Commission to provide a report to the Legislative Management by March 31, 2024.

Legislative intent for use of Bank profits - Section 28 provides a statement of legislative intent that the Legislative Assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits.

Related Legislation

House Bill No. 1003 - Skilled workforce - Transfers \$8.3 million from the Bank's profits to the North Dakota University System office for State Board of Higher Education scholarships (\$1.5 million), to the skilled workforce student loan repayment program fund (\$3.4 million), and to the skilled workforce scholarship fund (\$3.4 million).

House Bill No. 1012 (2023) - Road project contingent loan authorization - Provides contingent loan authorization to the Department of Transportation for up to \$50 million to match additional federal funds that become available for the US Highway 85 project and for up to \$28.5 million for matching funds from Minnesota or other sources for northern Red River Valley transportation projects.

House Bill No. 1199 - Career center line of credit - Authorizes the Department of Career and Technical Education to access a line of credit of up to \$68,276,228 for a statewide area and career center initiative grant program.

House Bill No. 1242 (2023) - Statewide interoperable radio network fund - Transfers \$20 million from the Bank's profits to the statewide interoperable network fund.

House Bill No. 1276 (2023) - Agriculture diversification and development fund loans - Clarifies the Bank of North Dakota's authorization to provide loans from the agriculture diversification and development fund and authorizes the Agriculture Commissioner to distribute grants from the fund.

House Bill No. 1292 (2023) - Infrastructure revolving loan fund - Expands the types of projects eligible for a loan from the infrastructure revolving loan fund to include infrastructure required to service recreation and community facility, but not the construction of a building or recreational amenity.

Senate Bill No. 2009 (2023) - Agricultural products utilization fund - Transfers \$3 million from the Bank's profits to the agricultural products utilization fund for the 2023-25 biennium.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$181,939 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - Water infrastructure revolving loan fund line of credit - Provides a line of credit to the State Water Commission of up to \$100 million for transfer to the water infrastructure revolving loan fund.

Senate Bill No. 2018 (2023) - Military museum line of credit - Authorizes a line of credit to the State Historical Society of up to \$20 million for the construction of a military museum and related expansion projects.

Senate Bill No. 2019 (2023) - Theodore Roosevelt Presidential Library line of credit - Provides a line of credit to the Parks and Recreation Department of up to \$70 million to support activities related to the Theodore Roosevelt Presidential Library project.

Senate Bill No. 2020 (2023) - Water project line of credit - Increases the line of credit available to the State Water Commission from \$50 million to \$100 million.

Senate Bill No. 2233 (2023) - Audit of Bank of North Dakota loan programs - Clarifies the provisions for auditing loan programs administered by the Bank of North Dakota.

**Housing Finance Agency
Budget No. 473
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	54.00	\$16,250,000	\$68,442,198	\$84,692,198
2023-25 base budget	49.00	0	58,890,532	58,890,532
Legislative increase (decrease) to base budget	5.00	\$16,250,000	\$9,551,666	\$25,801,666

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$2,500,000	\$13,750,000	\$16,250,000
2021-23 legislative appropriations	0	9,500,000	9,500,000
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$2,500,000	\$4,250,000	\$6,750,000
Percentage increase (decrease) to 2021-23 appropriations	N/A	44.7%	71.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$75,908	\$75,908
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			716,072	716,072
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			267,478	267,478
Added funding for 2 FTE compliance officer positions (\$437,816), 2 FTE business analyst positions (\$466,592), and 1 contingent FTE mortgage specialist position (\$82,068), which is authorized only if the agency's mortgage loan production exceeds \$435 million during fiscal year 2024	5.00		986,476	986,476
Added funding from federal funds for other salary increases (\$800,102) and temporary salaries (\$78,000)			878,102	878,102
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(1,451,641)	(1,451,641)

Transferred homeless shelter grant programs from the Department of Commerce, including \$1,147,341 of federal funds	\$1,570,212	1,147,341	2,717,553
Increased funding for operating expenses, including \$4,531,830 from the agency's operating fund for servicing premiums paid to lenders related to growth in the home loan program, \$165,642 for inflationary increases, \$21,135 from federal funds for miscellaneous increases, and \$13,413 from the agency's operating funds for shared software and service rate increases		4,732,020	4,732,020
Decreased funding from federal funds for capital assets		(130,000)	(130,000)
Added funding for grants, including \$929,788 from the general fund for homeless grants to provide total funding of \$2,500,000 from the general fund, \$1,949,910 for federal grant programs, and \$380,000 from the agency's operating funds for housing rehabilitation grants	929,788	2,329,910	3,259,698
Added one-time funding from the general fund for a transfer to the housing incentive fund	13,750,000		13,750,000
Total	<u>5.00</u>	<u>\$16,250,000</u>	<u>\$9,551,666</u>

FTE Changes

The Legislative Assembly approved 54 FTE positions for the Housing Finance Agency for the 2023-25 biennium, an increase of 5 FTE positions from the 2021-23 biennium authorized level of 49 FTE positions. The Legislative Assembly added 2 FTE compliance officer positions, 2 FTE business analyst positions, and 1 contingent FTE mortgage specialist position, which is available if the agency's mortgage loan volume exceeds \$435 million during fiscal year 2024.

Housing Incentive Fund

Senate Bill No. 2210 (2011) created a special revolving housing incentive fund and provided a continuing appropriation to the Housing Finance Agency for disbursements from the fund to address housing needs in the state. House Bill No. 1014 (2015) continued the housing incentive fund into the 2015-17 biennium and amended the fund to limit the origination fee to 5 percent per award. Senate Bill No. 2014 (2017) removed the expiration date associated with the housing incentive fund and changed the reporting requirements for the Housing Finance Agency. The report to the Budget Section was changed from a quarterly report to a biennial report. The report to the Industrial Commission was incorporated into the reporting requirements of the fund, and a separate section of North Dakota Century Code requiring the report to the Industrial Commission was repealed. House Bill No. 1014 (2019) decreased the amount of funding designated for developing communities by 10 percent, from 25 to 15 percent and removed the prioritization and reporting requirements related to essential service workers. Senate Bill No. 2014 (2021) decreased the amount of funding designated for developing communities by 5 percent, from 15 to 10 percent, and designated 10 percent for projects to prevent homelessness. House Bill No. 1014 (2023) removed the 10 percent designation for projects to prevent homelessness and expended the eligible uses of funding to include single family housing projects.

The Legislative Assembly has provided the following funding for the housing incentive fund:

	General Fund	Income Tax Credits	Bank of North Dakota Profits	Total
2011-13 biennium - Senate Bill No. 2210 (2011) and Senate Bill No. 2371 (2011) ¹		\$15,000,000		\$15,000,000
2013-15 biennium - House Bill No. 1029 (2013) and Senate Bill No. 2014 (2013) ²	\$15,400,000	20,000,000		35,400,000
2015-17 biennium - House Bill No. 1014 (2015) ³		30,000,000	\$10,000,000	40,000,000
2017-19 biennium - Senate Bill No. 2014 (2017) ⁴				
2019-21 biennium - House Bill No. 1014 (2019) ⁵	7,500,000			7,500,000
2021-23 biennium - Senate Bill No. 2014 (2021) ⁶	9,500,000			9,500,000
2023-25 biennium - House Bill No. 1014 (2023) ⁷	13,750,000			13,750,000
Total	\$46,150,000	\$65,000,000	\$10,000,000	\$121,150,000

¹Senate Bill No. 2210 (2011) authorized a tax credit for income tax purposes for contributions to the fund, not to exceed an aggregate amount of \$4 million per biennium for all eligible contributors. Senate Bill No. 2371 (2011) increased the aggregate tax credit limit to \$15 million per biennium.

²Senate Bill No. 2014 (2013) provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund. The bill continued the housing incentive fund tax credit through the first 2 taxable years after December 31, 2012, and increased the aggregate amount of tax credits allowed to all eligible contributors from \$15 million to \$20 million per biennium. Similar provisions were also included in House Bill No. 1029 (2013).

³House Bill No. 1014 (2015) provided for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund with an emergency clause. The bill also provided a contingent transfer of \$5 million from the Bank's profits to the housing incentive fund if the Bank's profits exceeded \$130 million during calendar year 2015. The contingency was met, and the \$5 million was transferred to the housing incentive fund. The Legislative Assembly increased the funding available to the housing incentive fund through income tax credits from \$20 million to \$30 million.

⁴The 2017 Legislative Assembly did not provide any new funding for the housing incentive fund for the 2017-19 biennium.

⁵House Bill No. 1014 (2019) transferred \$7.5 million from the general fund to the housing incentive fund for the 2019-21 biennium.

⁶Senate Bill No. 2014 (2021) transferred \$9.5 million from the general fund to the housing incentive fund for the 2021-23 biennium.

⁷House Bill No. 1014 (2023) transfers \$13.75 million from the general fund to the housing incentive fund for the 2023-25 biennium.

Other Sections in House Bill No. 1014

Additional income - Section 4 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2023-25 biennium. The section also requires the Housing Finance Agency to notify the Office of Management and Budget and the Legislative Council of additional income received resulting in an increase in appropriation authority.

Transfer to housing incentive fund - Section 6 transfers \$13.75 million from the general fund to the housing incentive fund for the 2023-25 biennium.

Contingent funding and FTE position - Section 7 authorizes \$82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding \$435 million during fiscal year 2024.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$53,004 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Department of Mineral Resources
Budget No. 474
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	108.00	\$32,444,371	\$2,568,000	\$35,012,371
2023-25 base budget ¹	0.00	0	0	0
Legislative increase (decrease) to base budget	108.00	\$32,444,371	\$2,568,000	\$35,012,371

¹The 2023 Legislative Assembly provided a separate budget for the Department of Mineral Resources. Prior to the 2023-25 biennium, funding for the Department of Mineral Resources was included with the Industrial Commission.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$27,975,520	\$4,468,851	\$32,444,371
2021-23 legislative appropriations ¹	0	0	0
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$27,975,520	\$4,468,851	\$32,444,371
Percentage increase (decrease) to 2021-23 appropriations	N/A	N/A	N/A

¹The 2023 Legislative Assembly provided a separate budget for the Department of Mineral Resources. Prior to the 2023-25 biennium, funding for the Department of Mineral Resources was included with the Industrial Commission.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding to separate the Department of Mineral Resources from the Industrial Commission	101.50	\$26,489,613	\$238,004	\$26,727,617
Adjusted funding for base payroll changes		167,219		167,219
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		1,604,665		1,604,665
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		564,010		564,010

Added 3 FTE carbon capture positions (\$715,134) and related operating expenses (\$45,777)	3.00	760,911		760,911
Added 1 FTE paleontology position (\$167,102) and related operating expenses (\$29,508)	1.00	196,610		196,610
Added 1 FTE critical minerals position (\$216,028) and related operating expenses (\$60,495)	1.00	276,523		276,523
Added 1 FTE subsurface geologist position (\$119,695) and related operating expenses (\$17,783)	1.00	137,478		137,478
Added 0.5 FTE records management position (\$66,334) and related operating expenses (\$3,163)	0.5	69,497		69,497
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(2,674,149)		(2,674,149)
Transferred \$6,907 of general fund appropriation authority from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries		0		0
Added funding from the general fund for temporary salaries (\$45,000) and from federal funds for other salary adjustments (\$29,996)		45,000	29,996	74,996
Added funding for operating expenses for Information Technology Department rate increases (\$3,143), computer server transition costs (\$230,000), and professional membership dues (\$105,000)		338,143		338,143
Added one-time funding from the general fund for equipment for new FTE positions (\$68,335), inflationary increases (\$886,868), core and mineral analyses (\$100,000), drones and computers (\$83,648), computer server transition costs (\$80,000), and oil and gas litigation (\$3 million)		4,218,851		4,218,851
Added one-time funding from the federal funds for administrative costs related to an abandoned well reclamation program			2,300,000	2,300,000
Added one-time funding from the general fund for a transfer to the fossil excavation and restoration fund pursuant to Section 6 of House Bill No. 1014		250,000		250,000
Total	108.00	\$32,444,371	\$2,568,000	\$35,012,371

FTE Changes

The Legislative Assembly authorized 108 FTE positions for the Industrial Commission for the 2023-25 biennium, an increase of 108 FTE positions from the 2021-23 biennium. The Legislative Assembly transferred 101.50 FTE positions from the Industrial Commission to the Department of Mineral Resources to separate the agencies and authorized 3 FTE carbon capture positions, 1 FTE paleontology position, 1 FTE critical minerals position, 1 FTE subsurface geologist position, and 0.5 FTE records management position.

Deficiency Appropriations

Section 5 of House Bill No. 1014 provides a deficiency appropriation of \$62,460 from the general fund to the Department of Mineral Resources for employing 3 FTE carbon capture positions and provides a deficiency appropriation of \$15,000 from the general fund for a transfer to the fossil excavation and restoration fund. These amounts are reflected in the Industrial Commission budget for the 2021-23 biennium.

One-Time Funding

One-time appropriations for the 2023-25 biennium for the Department of Mineral Resources include the following:

	General Fund	Other Funds	Total
Equipment for new FTE positions	\$68,335		\$68,335
Inflationary increases	886,868		886,868
Core and mineral analyses	100,000		100,000
Drones and computer equipment	83,648		83,648
Computer server transition costs	80,000		80,000
Administrative costs related to an abandoned well reclamation program (federal funds)		\$2,300,000	2,300,000
Oil and gas litigation	3,000,000		3,000,000
Transfer to the fossil excavation and restoration fund (Section 6 of House Bill No. 1014)	250,000		250,000
Total	\$4,468,851	\$2,300,000	\$6,768,851

Other Sections in House Bill No. 1014

Fossil restoration fund - Section 6 transfers \$250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.

North Dakota outdoor heritage fund - Section 26 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from \$20 million per fiscal year to \$7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.

Oil and gas research fund - Section 26 increases the allocations to the oil and gas research fund by \$7.5 million, from \$10 million to \$17.5 million for the 2023-25 biennium, an increase of \$3 million from the 2021-23 biennium.

Federal State Fiscal Recovery Fund exemption - Section 27 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program (\$3.2 million).

Survey review exemption - Section 27 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review into the 2023-25 biennium.

Emergency clause - Section 31 includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of \$15,000 to the fossil restoration fund, \$3 million for oil and gas litigation expenses, and \$310,000 for computer server transition.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023), and the funding for the Department of Mineral Resources is included with the funding for the Industrial Commission;

- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2059 (2023) - Increases the fund balance limit from \$50 million to \$100 million for oil and gas gross production tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund.

**Mill and Elevator Association
Budget No. 475
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	170.00	\$0	\$97,242,033	\$97,242,033
2023-25 base budget	156.00	0	88,377,209	88,377,209
Legislative increase (decrease) to base budget	14.00	\$0	\$8,864,824	\$8,864,824

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$198,797	\$198,797
Provided funding for salary increases subject to union negotiations			2,723,414	2,723,414
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			771,600	771,600
Added new undesignated FTE positions for increased milling capacity	14.00		2,367,332	2,367,332
Increased funding for overtime to provide total funding of \$11,434,121			1,352,923	1,352,923
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(4,123,895)	(4,123,895)
Increased funding for operating expenses for inflationary costs and mill capacity growth, primarily related to utilities, supplies, insurance, and repairs			5,569,550	5,569,550
Added funding for Information Technology Department rate increases			5,103	5,103
Total	14.00	\$0	\$8,864,824	\$8,864,824

FTE Changes

The Legislative Assembly approved 170 FTE positions for the Mill and Elevator Association for the 2023-25 biennium, an increase of 14 FTE positions from the 2021-23 biennium authorized level of 156 FTE positions. The Legislative Assembly approved 14 undesignated FTE positions for increased milling capacity.

Gain-Sharing Program

The gain-sharing program was implemented in 1990 with the primary goal of incentivizing employees to maximize profits and production through teamwork while maintaining a safe working environment. Each year, the Industrial Commission reviews and approves the criteria for the program. The following schedule provides information on the Mill and Elevator Association's profits and the gain-sharing program from fiscal year 2012 to fiscal year 2022:

	Profits (Losses) ¹	Gain-Sharing Payout to Employees	Gain-Sharing as a Percentage of Employees' Wages
2011-13 biennium - Fiscal year 2012	\$8,048,398	\$970,081	13.26%
2011-13 biennium - Fiscal year 2013	\$11,907,227	\$1,300,138	17.52%
2013-15 biennium - Fiscal year 2014	\$13,351,343	\$1,389,214	18.09%
2013-15 biennium - Fiscal year 2015	\$16,675,348	\$1,805,863	21.84%
2015-17 biennium - Fiscal year 2016	\$9,336,618	\$1,274,309	14.86%
2015-17 biennium - Fiscal year 2017	\$9,719,163	\$1,487,019	15.50%
2017-19 biennium - Fiscal year 2018	\$14,188,276	\$2,191,199	20.82%
2017-19 biennium - Fiscal year 2019	\$10,622,211	\$1,670,277	15.63%
2019-21 biennium - Fiscal year 2020	\$11,418,612	\$2,016,447	18.99%
2019-21 biennium - Fiscal year 2021	\$13,460,320	\$2,742,209	24.62%
2021-23 biennium - Fiscal year 2022	\$14,677,789	\$2,764,190	22.47%

¹The amounts shown for profits and losses reflect the Mill and Elevator Association's profits after any gain-sharing payouts but before any transfers to state funds.

Major Expansion and Renovation Projects

The Mill and Elevator Association regularly undertakes various capital projects that are financed through a line of credit and loans at the Bank of North Dakota. The repayments are deducted prior to determining the Mill and Elevator Association's profits. The schedule below provides information on major expansion and renovation projects:

Fiscal Year	Project Description	Cost
2007	Constructed a new C mill to increase spring wheat milling capacity	\$6.3 million
2009	Constructed a new E mill resulting in a production capacity increase of 1,000 hundredweights (cwt) per day of spring wheat	\$2.4 million
2010	Expanded the D mill resulting in a production capacity increase of 1,000 cwt per day of durum wheat	\$2.4 million
2013	Three phase renovation and expansion of the K mill	\$8.4 million
2015	Construction of a new G mill and additional flour storage	\$38.7 million
2016	Constructed a high-speed truck and rail unloading system to receive wheat	\$9.3 million
2018	Phase 2 high-speed rail unloading system and increased grain storage	\$24.7 million
2020	Terminal receiving scales and conveyors	\$8.5 million
2021	Automated flour packing system	\$4.7 million
2022	Construction of new H and I mills to increase spring wheat capacity by 8,000 cwt per day and durum wheat capacity by 3,000 cwt per day	\$24.5 million
Under construction	Phase 1 wheat middlings storage and handling facility	\$34 million
Potential future projects	Phase 2 wheat middlings storage and handling facility (\$8 million); Phase 3 wheat middlings storage and handling facility (\$7 million); Durum wheat truck loading bins (\$4 million); Increase whole wheat milling capacity (\$3 million)	\$22 million

Profits and Transfers of Profits

Beginning in the 2009-11 biennium, 5 percent of the Mill and Elevator Association's annual profits are transferred to the agricultural products utilization fund and 50 percent of the remaining annual profits are transferred to the general fund pursuant to North Dakota Century Code Sections 54-18-19 and 54-18-21. The 2013 Legislative Assembly limited the transfers from the Mill and Elevator Association's profits to the general fund to \$6,817,200 for the 2013-15 biennium. Section 20 of Senate Bill No. 2014 (2017) increased the transfer of annual profits to the general fund from 50 to 75 percent, and pursuant to the expiration date in Section 32 of the bill, the increase was effective only for the 2017-19 biennium.

The following schedule provides information on the Mill and Elevator Association's profits and the transfer of profits to state funds from the 2011-13 biennium to the 2023-25 biennium:

	Profits (Losses) ¹	Transfers to State Funds
2011-13 biennium	\$19,955,625	\$10,506,703
2013-15 biennium	\$30,026,691	\$8,318,534
2015-17 biennium	\$19,055,782	\$10,004,285
2017-19 biennium	\$24,810,487	\$18,917,997
2019-21 biennium	\$24,878,932	\$13,061,439
2021-23 biennium (estimated)	\$30,250,000	\$15,400,000
2023-25 biennium (estimated)	\$30,250,000	\$15,400,000

¹The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$168,887 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Workforce Safety and Insurance
Budget No. 485
Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	260.14	\$0	\$72,023,722	\$72,023,722
2023-25 base budget	260.14	0	62,122,928	62,122,928
Legislative increase (decrease) to base budget	0.00	\$0	\$9,900,794	\$9,900,794

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$379,160	\$379,160
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			3,418,583	3,418,583
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			1,189,468	1,189,468
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(3,701,233)	(3,701,233)
Added funding for information technology rate increases			197,244	197,244
Added funding for information technology contractual services for software support			1,637,572	1,637,572
Added one-time funding for the claims and policy system replacement project			4,950,000	4,950,000
Added one-time funding for the myWSI enhancement project			1,830,000	1,830,000
Total	<u>0.00</u>	<u>\$0</u>	<u>\$9,900,794</u>	<u>\$9,900,794</u>

FTE Changes

The Legislative Assembly approved 260.14 FTE positions for Workforce Safety and Insurance (WSI) for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2021, the Legislative Assembly identified \$6,780,000 of one-time funding for WSI for the 2023-25 biennium, of which \$4,950,000 is for the claims and policy system replacement project and \$1,830,000 is for the myWSI enhancement project.

Other Sections in Senate Bill No. 2021

Section 3 provides WSI an exemption to continue the \$291,000 transferred from the Office of Management and Budget to WSI from the federal State Fiscal Recovery Fund during the November 2021 special legislative session for deferred maintenance of the WSI building into the 2023-25 biennium.

Claims and Policy System

The claims and policy system is a program designed to replace core WSI business systems, which support injury services and employer services, with current industry web-based technology in order to improve customer service, enhance system maintainability, and provide enhanced reporting and accessibility to information. The claims and policy system program consists of 5 phases and 20 smaller projects, or releases, as shown in the schedule below.

Phase	Number of Releases	Status	Completion Date
Planning and analysis		Complete	June 2015
Shared components refacing	3	Complete	February 2017
Policyholder services application refacing	6	Complete	August 2022
Claims management system refacing	11	Incomplete	May 2031 (Projected)
Program finalization		Incomplete	May 2031 (Projected)

The schedule below provides the legislative appropriations from the WSI fund for the claims and policy system project.

Biennium	Releases	Appropriations	Expenditures
2015-17	1 - 3	\$6,000,000	\$4,560,510
2017-19	4 - 6	8,120,097	5,052,599
2019-21	7 - 10 ¹	7,010,000	4,464,467
2021-23	9 - 10 ¹	7,500,000	3,746,274 ²
2023-25	11 - 12	4,950,000	N/A
Total		\$33,580,097	N/A

¹The COVID-19 pandemic delayed the progress of Releases 9 and 10 during the 2019-21 biennium, resulting in the releases being rescheduled for the 2021-23 biennium.
²Expenditures listed for the 2021-23 biennium include actual expenditures through April 2023 and estimates expenditures for May and June 2023.

Workforce Safety and Insurance anticipates additional funding of approximately \$14 million will be needed in the 2025-27, 2027-29, and 2029-31 bienniums to complete the project and meet the May 2031 projected completion date. Workforce Safety and Insurance estimates total expenditures for the project will be approximately \$36.8 million.

MyWSI Enhancement Project

The myWSI enhancement project was approved by the 2017 Legislative Assembly to create a secure extranet portal for injured workers, employers, and medical providers. The project will add functionality to the existing extranet, integrate claims and policy documents, add forms for collecting information, and add dashboards to access information. The project includes nine releases. The schedule below provides the legislative appropriations from the WSI fund for the myWSI enhancement project.

Biennium	Releases	Appropriations	Expenditures
2015-17	0	\$0	\$469,031 ¹
2017-19	1 - 2	538,500	948,829 ²
2019-21	3 - 4	850,000	843,890
2021-23	5 - 6	3,050,000	2,438,445 ³
2023-25	7 - 8	1,830,000	N/A
Total		\$6,268,500	N/A

¹During the 2015-17 biennium, WSI used \$469,031 of savings from the claims and policy system project to begin the planning phase of the myWSI enhancement project for extranet infrastructure analysis.
²In addition to the \$538,500 appropriated for the myWSI enhancement project for the 2017-19 biennium, WSI spent \$410,329 on the project by using savings from the claims and policy system project, resulting in a total of \$948,829 spent on the project during the 2017-19 biennium.
³Expenditures listed for the 2021-23 biennium include actual expenditures through April 2023 and estimates expenditures for May and June 2023.

Workforce Safety and Insurance anticipates additional funding of approximately \$200,000 will be needed to complete Release 9 and the entire project during the 2025-27 biennium. Workforce Safety and Insurance anticipates the project will be completed in September 2026 at a total cost of approximately \$6.7 million.

Related Legislation

House Bill No. 1279 (2023) - Law enforcement eligibility - Provides the 5-year continuous service requirement for full-time paid law enforcement and paid firefighter personnel for eligibility for conditions covered under the presumption clause can include full-time paid service from outside of the state. The bill adjusts requirements related to periodic medical examinations, extends presumption coverage to full-time paid law enforcement and paid firefighter personnel with less than 5 years of continuous service for cardiac-related events that result from strenuous activity and occur within 48 hours of engaging or participating in that activity, and provides for retroactive application for claims filed after October 1, 2021.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$254,365 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2038 (2023) - Performance evaluation - Repeals North Dakota Century Code Section 65-02-30, which provides money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

Senate Bill No. 2040 (2023) - Workers' Compensation Review Committee - Repeals the Workers' Compensation Review Committee.

**Highway Patrol
Budget No. 504
House Bill No. 1011**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	205.00	\$49,438,826	\$21,750,362	\$71,189,188
2023-25 base budget	193.00	36,327,762	25,785,652	62,113,414
Legislative increase (decrease) to base budget	12.00	\$13,111,064	(\$4,035,290)	\$9,075,774

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$46,606,242	\$2,832,584	\$49,438,826
2021-23 legislative appropriations	36,327,762	0	36,327,762
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$10,278,480	\$2,832,584	\$13,111,064
Percentage increase (decrease) to 2021-23 appropriations	28.3%	N/A	36.1%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$460,502	\$227,861	\$688,363
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		2,420,528	849,722	3,270,250
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		700,371	259,724	960,095
Added funding for increased contribution rates to the Highway Patrolmen's retirement fund approved by the Legislative Assembly in 2021		335,523	54,620	390,143
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(3,724,768)	(1,595,167)	(5,319,935)
Restored general fund and special fund salaries paid from federal COVID-19 relief funds during the 2021-23 biennium		6,966,000	(6,966,000)	0

Added criminal interdiction FTE trooper positions	8.00	2,005,189	326,423	2,331,612
Added a capitol security FTE trooper position	1.00	244,533	39,552	284,085
Added a drug recognition FTE trooper position	1.00		284,082	284,082
Added motor carrier FTE trooper positions	2.00	33,708	640,650	674,358
Added per diem funding for the new trooper positions		45,408	7,392	52,800
Added funding for on-call and overtime pay		246,642	170,305	416,947
Increased funding for office leases		106,000	17,000	123,000
Increased funding for warehouse leases		106,000	17,000	123,000
Added funding for a new Capitol space rent model		74,274		74,274
Increased funding for the unmanned aerial vehicle program		1,000		1,000
Added funding for technology enhancements		225,320	36,680	262,000
Added funding for a recruitment and advertising initiative		32,250	5,250	37,500
Added one-time funding for new trooper startup costs		514,584	121,416	636,000
Added one-time funding for state fleet mileage increases		1,706,000	336,000	2,042,000
Added one-time funding for inflationary increases		448,000	72,000	520,000
Added one-time funding to purchase narcotics testers		52,000	8,000	60,000
Added one-time funding for the unmanned aerial vehicle program		89,000	15,000	104,000
Added one-time funding for motor carrier program enhancements		23,000	404,000	427,000
Added one-time funding for technology enhancements			283,200	283,200
Added one-time funding for the commercial vehicle information window program			150,000	150,000
Added one-time funding for shooting range upgrades			200,000	200,000
Total	<u>12.00</u>	<u>\$13,111,064</u>	<u>(\$4,035,290)</u>	<u>\$9,075,774</u>

FTE Changes

The Legislative Assembly approved 205 FTE positions for the Highway Patrol for the 2023-25 biennium, an increase of 12 FTE positions from the 2021-23 biennium. The Legislative Assembly added 8 criminal interdiction FTE troopers, 1 capitol security FTE trooper, 1 drug recognition FTE trooper, and 2 motor carrier FTE troopers.

One-Time Funding

The following is a summary of one-time funding items for the Highway Patrol for the 2023-25 biennium:

	General Fund	Other Funds	Total
New trooper startup costs	\$514,584	\$121,416	\$636,000
State fleet mileage increases	1,706,000	336,000	2,042,000
Inflationary increases	448,000	72,000	520,000
Narcotics testers	52,000	8,000	60,000
Unmanned aerial vehicle program enhancements	89,000	15,000	104,000
Motor carrier program enhancements	23,000	404,000	427,000
Technology enhancements		283,200	283,200
Commercial motor vehicle information exchange window system		150,000	150,000
Shooting range upgrades		200,000	200,000
Total	\$2,832,584	\$1,589,616	\$4,422,200

Other Sections in House Bill No. 1011

Highway tax distribution fund - Section 3 identifies \$11,256,381 of special funds from the highway tax distribution fund to be used for Highway Patrol operations.

Motor carrier electronic permit transaction fund - Section 4 identifies \$1,633,648 of special funds from the motor carrier electronic permit fund to be used for Highway Patrol operations.

Retirement fund transfer - Section 5 transfers \$3 million from the motor carrier electronic permit fund to the Highway Patrolmen's retirement fund.

Carryover authority - Section 6 authorizes the continuation of 2021-23 biennium funding for the Law Enforcement Training Academy project and technology projects. Section 9 authorizes the Highway Patrol to request carryover authority for deferred maintenance projects.

Highway Patrol officer per diem - Section 7 provides for Highway Patrol officer per diem of \$200 per month during the 2023-25 biennium, the same as provided during the 2021-23 biennium. The per diem payments are in lieu of reimbursement for meals and other expenses while in travel status within the state.

Federal assets forfeiture funds - Section 8 adds a new section to statute to establish a fund to deposit funds received through federal asset forfeitures.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$29,903, of which \$15,723 is from the general fund and \$14,180 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase for employees covered under the Public Employees Retirement System main retirement plan as provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2053 (2023) - Terminology - Adjusts terminology in statute relating to Highway Patrol troopers and motor vehicle crashes.

Senate Bill No. 2054 (2023) - Duties - Clarifies the powers and duties of Highway Patrol troopers and adjusts language relating to Capitol grounds and Capitol security.

**Department of Corrections and Rehabilitation
Budget No. 530
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	929.79	\$255,467,963	\$190,317,124	\$445,785,087
2023-25 base budget	907.79	217,859,809	64,865,627	282,725,436
Legislative increase (decrease) to base budget	22.00	\$37,608,154	\$125,451,497	\$163,059,651

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$241,755,509	\$13,712,454	\$255,467,963
2021-23 legislative appropriations	217,859,809	306,000	218,165,809
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$23,895,700	\$13,406,454	\$37,302,154
Percentage increase (decrease) to 2021-23 appropriations	11.0%	4,381.2%	17.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$3,277,174	\$49,473	\$3,326,647
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		9,947,193	526,054	10,473,247
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		3,889,515	254,632	4,144,147
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)		(13,436,071)	(569,031)	(14,005,102)
Adjusted funding to restore funding from the general fund that was replaced by funding from the federal Coronavirus Relief Fund for payroll costs of law enforcement-related employees for July through December 2021		18,371,718	(18,371,718)	0
Added funding for teacher salaries to comply with the Teacher Composite Schedule		269,082		269,082

Converted temporary positions to FTE positions	5.00	80,687		80,687
Added parole and probation FTE positions, including \$136,301 for associated operating costs	6.00	939,058		939,058
Added pretrial services FTE positions, including \$99,430 for associated operating costs	4.00	592,827		592,827
Added inmate case manager positions, including \$52,201 for associated operating costs	6.00	825,475		825,475
Added Heart River Correctional Center (HRCC) positions, including \$17,696 for operating costs	3.00	471,858		471,858
Added funding for information technology (IT) unification, including the transfer of 2 FTE positions to the Information Technology Department and the addition of funding for electronic health records, facility offender management system, and community offender management system support	(2.00)	700,000		700,000
Added funding for IT data processing		2,040,121	11,673	2,051,794
Added funding for electronic medical records system maintenance and support		546,700		546,700
Added funding for juvenile contract housing		1,681,300		1,681,300
Added funding for a treatment recovery impact program for 20 females		1,973,700		1,973,700
Removed passthrough funding for the free through recovery program, to provide a total of \$354,760 for free through recovery program costs and \$826,380 for other operations within the agency's budget		(6,818,860)		(6,818,860)
Added funding to expand community behavioral telehealth services		750,000		750,000
Added funding for adult education and career readiness programming		306,300		306,300
Adjusted funding for other base budget changes, including reductions to operating fees and services and professional fees and services		(2,163,098)	(1,073,666)	(3,236,764)
Reduced funding for debt service		(348,979)	(8,181)	(357,160)
Added one-time funding for inflationary costs, including food, medical, clothing, and resident payroll		3,478,998		3,478,998

Added one-time funding for transitional facility contract inflation	2,759,222		2,759,222
Added one-time funding for the Dakota Women's Correctional and Rehabilitation Center (DWCRC) contract to provide a total of \$13.75 million	2,450,000		2,450,000
Added one-time funding to contract for 16 female beds at the Dickinson Adult Detention Center	1,003,434		1,003,434
Added one-time funding for staff and resident training and development	100,000		100,000
Added one-time funding to contract for a consultant review of the offender management system	500,000		500,000
Added one-time funding for 30 new cameras	275,000		275,000
Added one-time funding for equipment	1,145,800	75,000	1,220,800
Added one-time funding for maintenance and extraordinary repairs	2,000,000		2,000,000
Added one-time funding from the strategic investment and improvements fund (SIIF) for the Department of Corrections Subject Tracking and Reporting System (DOCSTARS) maintenance		307,000	307,000
Added one-time funding from SIIF for a new HRCC female facility		131,200,000	131,200,000
Added one-time funding from SIIF for a new James River Correctional Center (JRCC) maintenance shop		1,550,000	1,550,000
Added one-time funding from SIIF for software		2,000,000	2,000,000
Added one-time funding from grant funds to remodel the sixth floor of the JRCC		255,500	255,500
Added one-time funding for Roughrider Industries (RRI) supplies		4,083,681	4,083,681
Added one-time funding for RRI equipment		2,019,000	2,019,000
Added one-time funding for RRI IT costs		642,080	642,080
Added one-time funding for RRI cold storage		200,000	200,000
Added one-time funding for RRI paint line replacement		2,300,000	2,300,000
Total	<u>22.00</u>	<u>\$37,608,154</u>	<u>\$125,451,497</u>
			<u>\$163,059,651</u>

FTE Changes

The Legislative Assembly approved 929.79 FTE positions for the Department of Corrections and Rehabilitation (DOCR) for the 2023-25 biennium, an increase of 22 FTE positions from the 2021-23 biennium authorized amount of 907.79 FTE positions. The Legislative Assembly transferred 2 FTE positions to the Information Technology Department for IT unification and added 24 FTE positions as follows:

- 5 FTE converted from temporary positions;
- 6 FTE parole and probation positions;
- 4 FTE pretrial services positions;
- 6 FTE inmate case manager positions;
- 2 FTE HRCC residential treatment positions; and
- 1 FTE HRCC behavioral health position.

One-Time Funding

The following is a summary of one-time funding items for DOCR for the 2023-25 biennium:

	General Fund	Other Funds	Total
Inflationary costs, including food, medical, clothing, and resident payroll	\$3,478,998		\$3,478,998
Transitional facility contract inflation	2,759,222		2,759,222
DWCRC contract	2,450,000		2,450,000
Contract for 16 female beds at the Dickinson Adult Detention Center	1,003,434		1,003,434
Staff and resident training and development	100,000		100,000
Contract for a consultant review of the offender management system	500,000		500,000
New cameras	275,000		275,000
Equipment, including washing machines, kitchen equipment, other equipment, and a federally funded tattoo removal machine	1,145,800	\$75,000	1,220,800
Maintenance and extraordinary repairs	2,000,000		2,000,000
DOCSTARS maintenance (SIIF)		307,000	307,000
HRCC female facility project		131,200,000	131,200,000
JRCC maintenance shop		1,550,000	1,550,000
Software		2,000,000	2,000,000
JRCC remodeling project		255,500	255,500
RRI supplies		4,083,681	4,083,681
RRI equipment		2,019,000	2,019,000
RRI IT costs		642,080	642,080
RRI cold storage		200,000	200,000
RRI paint line replacement		2,300,000	2,300,000
Total	\$13,712,454	\$144,632,261	\$158,344,715

Inmate Population

The following table summarizes the 2023-25 biennium inmate population projections used to develop the legislative appropriation:

	Male	Female	Total
Fiscal year 2024			
July	1,528	223	1,751
August	1,529	223	1,752
September	1,530	224	1,754
October	1,530	224	1,754
November	1,531	225	1,756
December	1,532	226	1,758
January	1,533	226	1,759
February	1,533	227	1,760
March	1,534	227	1,761
April	1,535	228	1,763
May	1,536	228	1,764
June	1,536	229	1,765
Fiscal year 2025			
July	1,538	229	1,767
August	1,540	230	1,770
September	1,541	230	1,771
October	1,543	231	1,774
November	1,545	232	1,777
December	1,547	232	1,779
January	1,549	233	1,782
February	1,551	233	1,784
March	1,552	234	1,786
April	1,554	234	1,788
May	1,556	234	1,790
June	1,558	234	1,792

The following table shows the estimated and actual average male and female inmate populations for the 2021-23 biennium to date:

	Male Inmate Population Estimated Versus Actual			Female Inmate Population Estimated Versus Actual		
	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate
Fiscal year 2022						
July	1,451	1,454	3	182	191	9
August	1,454	1,464	10	183	190	7
September	1,457	1,476	19	184	187	3
October	1,460	1,484	24	185	195	10
November	1,463	1,489	26	185	202	17
December	1,466	1,493	27	186	197	11
January	1,469	1,494	25	187	193	6
February	1,472	1,501	29	188	201	13
March	1,475	1,506	31	188	205	17
April	1,478	1,531	53	189	208	19
May	1,482	1,534	52	190	214	24
June	1,485	1,524	39	191	213	22
Fiscal year 2023						
July	1,488	1,535	47	191	216	25
August	1,491	1,532	41	192	208	16
September	1,494	1,543	49	193	202	9
October	1,497	1,565	68	194	213	19
November	1,500	1,565	65	194	214	20
December	1,503	1,582	79	195	224	29
January	1,506	1,575	69	196	234	38
February	1,508	1,586	78	196	236	40
March	1,511	1,599	88	197	250	53
April	1,514			198		
May	1,517			198		
June	1,520			199		

Dakota Women's Correctional and Rehabilitation Center

The Legislative Assembly provided \$13.75 million from the general fund for a contract to house female inmates at DWCRC in New England, an increase of \$2.45 million from the 2021-23 biennium contract of \$11.3 million.

Other Sections in House Bill No. 1015

Operating fund authority - Section 3 provides authority for DOCR to deposit in and spend from its operating fund pursuant to legislative appropriation any money received from correctional supervision, electronic monitoring, and detention; reimbursements from other agencies; profits received from the DOCR commissary; miscellaneous revenue, including offender fines, fees, restitution, and medical copayments; and from the Youth Correctional Center (YCC) permanent fund.

Strategic investment and improvements fund - Section 4 provides that \$135,057,000, including \$2,307,000 for IT projects, \$131,200,000 for the HRCC project, and \$1,550,000 for a new JRCC maintenance shop, is from SIIF.

Heart River Correctional Center facility - Section 5 provides legislative intent that the 69th Legislative Assembly appropriate \$30 million to complete the construction of the new women's prison facility at HRCC. Section 6 provides for legislative membership on a steering committee for the design and construction of the new HRCC facility.

Exemption - Community behavioral health program - Section 7 provides that any unexpended general fund appropriation authority relating to the \$8 million appropriated for the community behavioral health program for the 2021-23 biennium is not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and may be continued and expended during the 2023-25 biennium.

Exemption - Deferred maintenance and extraordinary repairs - Section 8 provides that any unexpended general fund appropriation authority relating to the \$6 million continued in Section 9 of Chapter 43 of the 2021 Session Laws for deferred maintenance and extraordinary repairs for the 2021-23 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2023-25 biennium.

Exemption - American Rescue Plan Act - Sections 9 and 10 provide any unexpended federal funds appropriation authority relating to the allocation to DOCR from the \$10 million appropriated to OMB for deferred maintenance in subsection 10 and up to \$990,000 appropriated to DOCR for stipends to county jails for deferred admissions in subsection 4 of Section 1 of Chapter 550 of the 2021 Special Session Session Laws is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2023-25 biennium.

Related Legislation

House Bill No. 1013 (2023) - Permanent funds distributions - Provides a distribution of \$2,662,000 to YCC from a permanent fund established for the benefit of the institution.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which DOCR is to receive \$786,759, of which \$747,240 is from the general fund and \$39,519 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and \$384,652, of which \$364,288 is from the general fund and \$20,364 is from other funds for the employer retirement contribution increase relating to peace officers provided for in House Bill No. 1183 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - Unspent federal State Fiscal Recovery Fund money - Provides that OMB shall transfer any uncommitted State Fiscal Recovery Fund accumulated interest or appropriation authority to DOCR to defray the expenses of salaries and wages and other operating costs of the agency.

Senate Bill No. 2026 (2023) - Appropriates \$4 million from the general fund to the Department of Health and Human Services to demolish unused buildings on the State Hospital campus.

Senate Bill No. 2248 (2023) - Provides a penalty for individuals who cause the death or injury of another person through the distribution of illegal drugs and provides for the Department of Health and Human Services to expand statewide awareness of fentanyl.

**Adjutant General, including the National Guard and the Department of Emergency Services
Budget No. 540
Senate Bill No. 2016**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	233.00	\$26,285,648	\$344,504,073	\$370,789,721
2023-25 base budget	222.00	22,882,232	135,478,358	158,360,590
Legislative increase (decrease) to base budget	11.00	\$3,403,416	\$209,025,715	\$212,429,131

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$24,661,648	\$1,624,000	\$26,285,648
2021-23 legislative appropriations ¹	22,882,232	22,006,656	44,888,888
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,779,416	(\$20,382,656)	(\$18,603,240)
Percentage increase (decrease) to 2021-23 appropriations	7.8%	(92.6%)	(41.4%)

¹The 2021-23 general fund appropriation has been increased by \$20,026,656 for a \$26,656 deficiency appropriation to transfer funds to the Veterans' Cemetery trust fund and \$20,000,000 for snow removal grants to tribal governments, counties, cities, and townships.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$91,390	\$194,853	\$286,243
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		935,408	1,750,286	2,685,694
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		332,474	737,408	1,069,882
Added 1 FTE operations and training manager position, 6 FTE watch center positions, 1 FTE physical plant director position, 1 FTE maintenance supervisor II position, 1 FTE general trades maintenance position, and 1 FTE national guard security position	11.00	1,372,635	391,849	1,764,484

Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)	(1,870,255)	(1,823,975)	(3,694,230)
Adjusted funding for State Radio FTE cost to continue	168,286	(168,286)	0
Added funding for Information Technology Department rate increases	8,787	18,670	27,457
Adjusted funding for base budget changes		(1)	(1)
Added funding for increase in armory rent	259,776		259,776
Added funding for Civil Air Patrol 3 percent operating costs increase	4,915		4,915
Added funding for ND1000 recruiting program	320,000		320,000
Added funding for increased information technology unification costs	156,000		156,000
Added funding for homeland security grants from federal funds		13,240,000	13,240,000
Added funding for disaster grants from federal funds		22,732,411	22,732,411
Added one-time funding for accrued leave payouts for retirements	100,000	175,000	275,000
Added one-time funding for statewide interoperable radio network equipment from the federal State Fiscal Recovery Fund		2,700,000	2,700,000
Added one-time funding for Camp Grafton fitness facility project from the State Fiscal Recovery Fund		9,000,000	9,000,000
Added one-time funding for Dickinson Readiness Center from the State Fiscal Recovery Fund		8,900,000	8,900,000
Added one-time funding for maintenance and repairs	1,000,000		1,000,000
Added one-time funding for Minot hangar purchase	60,000		60,000
Added one-time funding for Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act from the disaster relief fund		1,000,000	1,000,000
Added one-time funding for replacement of State Radio consoles	150,000		150,000
Added one-time funding for cybersecurity grants	314,000		314,000
Added one-time funding for disaster grants, including \$136,947,500 from federal funds and \$5,705,000 from the disaster relief fund		142,652,500	142,652,500

Added one-time funding for flood mitigation grants from the disaster relief fund			225,000	225,000
Added one-time funding for natural disaster response and recovery grants from the disaster relief fund			2,000,000	2,000,000
Added one-time contingency funding for Camp Grafton training center billets from the State Fiscal Recovery Fund if other federal funds become available for the completion of the Dickinson Readiness Center			5,300,000	5,300,000
Total	<u>11.00</u>	<u>\$3,403,416</u>	<u>\$209,025,715</u>	<u>\$212,429,131</u>

FTE Changes

The Legislative Assembly approved 233 FTE positions for the Adjutant General for the 2023-25 biennium, an increase of 11 FTE positions from the 2021-23 biennium authorized level of 222 FTE positions. The Legislative Assembly added the following FTE positions:

- 1 FTE operations and training manager position
- 1 FTE watch center manager position
- 4 FTE watch center analyst positions (2 FTE positions are unfunded)
- 1 FTE dashboard technician position
- 1 FTE physical plant director position
- 1 FTE maintenance supervisor II position
- 1 FTE general trades maintenance position
- 1 FTE National Guard security position

One-Time Funding

The following is a summary of one-time funding items for the Adjutant General for the 2023-25 biennium:

	General Fund	Other Funds	Total
Accrued leave payouts for retirements	\$100,000	\$175,000	\$275,000
Statewide interoperable radio network equipment (State Fiscal Recovery Fund)		2,700,000	2,700,000
Camp Grafton fitness facility project (State Fiscal Recovery Fund)		9,000,000	9,000,000
Dickinson Readiness Center (State Fiscal Recovery Fund)		8,900,000	8,900,000
Maintenance and repairs	1,000,000		1,000,000
Minot hangar	60,000		60,000
STORM (disaster relief fund)		1,000,000	1,000,000
State Radio console replacement	150,000		150,000
Disaster response equipment (federal funds)		660,000	660,000
Cybersecurity grants	314,000		314,000
Disaster grants (federal funds and disaster relief fund)		142,652,500	142,652,500
Flood mitigation grant to City of Marion (disaster relief fund)		225,000	225,000
Natural disaster response and recovery grants (disaster relief fund)		2,000,000	2,000,000
Camp Grafton training center billets (State Fiscal Recovery Fund - contingent appropriation)		5,300,000	5,300,000
Total	\$1,624,000	\$172,612,500	\$174,236,500

Other Sections in Senate Bill No. 2016

Veterans' Cemetery maintenance fund - Section 3 appropriates any funds received and deposited in the Veterans' Cemetery maintenance fund pursuant to North Dakota Century Code Sections 37-03-14 and 39-04-10.10 for the operation of the Veterans' Cemetery for the 2023-25 biennium.

Estimated income - State Fiscal Recovery Fund - Section 4 identifies \$20.6 million from the State Fiscal Recovery Fund, of which \$2.7 million is for statewide interoperable radio network equipment, \$9 million is for the construction of the Camp Grafton fitness facility, and \$8.9 million is for the completion of the Dickinson Readiness Center.

Contingent appropriation - Camp Grafton training center billets - Section 5 appropriates \$5.3 million from the State Fiscal Recovery Fund for the construction of Camp Grafton training center billets if other federal funds become available for the completion of the Dickinson Readiness Center.

Transfer to Veterans' Cemetery trust fund - Section 6 provides a 2021-23 biennium general fund deficiency appropriation of \$26,656 for transfers to the Veterans' Cemetery trust fund.

Estimated income - State disaster relief fund - Section 7 identifies \$14,918,245 from the state disaster relief fund, of which \$11,693,245 is for unclosed state disasters, \$2 million is for natural disaster response and recovery grants, \$1 million is for the 10 percent state match for the STORM grant, and \$225,000 is for flood mitigation grants.

Natural disaster response and recovery grant - Section 8 identifies \$2 million from the state disaster relief fund for supporting political subdivisions in preventing loss of life or significant property damage when preparing for, responding to, and recovering from natural disasters.

Cybersecurity grant - Section 9 identifies \$314,000 from the general fund for grants to political subdivisions to provide a 5 percent local match for enforcing cybersecurity.

Maintenance and repairs - Section 10 authorizes the Adjutant General to transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2023-25 biennium. Any amounts transferred must be reported to OMB.

Watch center positions - Section 11 authorizes the Adjutant General to transfer up to \$409,260 from the operating expenses line item to the salaries and wages line item for two watch center analyst positions during the 2023-25 biennium. Any amounts transferred must be reported to OMB.

Exemption - Unexpended appropriations - Section 12 allows any unspent funds remaining from the following appropriations to be continued into the 2023-25 biennium:

- 2019-21 biennium appropriation authority from the strategic investment and improvements fund for computer-aided dispatch equipment;
- 2021-23 biennium appropriation authority of \$1.71 million from the general fund in the tuition, recruiting, and retention line item;
- 2021-23 biennium appropriation authority of \$80,000 from the general fund and \$240,000 of federal funds for the Fraine Barracks automation system;
- 2021-23 biennium appropriation authority of \$15.5 million from federal funds for the construction of the Dickinson Readiness Center;
- 2021-23 biennium appropriation authority of \$6 million from federal funds for the line of communication bridge training site;
- 2021-23 biennium appropriation authority from the National Guard training area and facility development trust fund and the strategic investment and improvements fund appropriated for the Camp Grafton expansion;
- 2021-23 biennium appropriation authority from the COVID-19 response for the purpose of defraying COVID-19 and other expenses; and
- 2021-23 biennium appropriation authority from the American Rescue Plan Act for the purposes of replacing the state active-duty software and maintenance and enhancing housing at Camp Grafton.

Camp Grafton expansion - Section 13 provides legislative intent for the Adjutant General to purchase or lease land for the Camp Grafton expansion.

North Dakota military museum - Section 14 allows the Adjutant General to accept funds, including private and federal, for the construction of a North Dakota military museum.

Legislative Management study - Cold War trail project - Section 15 provides for a Legislative Management study for a Cold War trail project.

Emergency clause - Section 16 declares Sections 6, 8, and 9 and \$60,000 from the Civil Air Patrol line item for the Minot hangar purchase, \$314,000 for cybersecurity grants, and \$2 million for disaster response and recovery grants to be emergency measures.

Related Legislation

House Bill No. 1069 (2023) - National Guard pay and benefits - Increases pay and benefits received by National Guard members requiring additional funding.

House Bill No. 1070 (2023) - Hazard mitigation - Establishes a hazard mitigation revolving fund to be administered by the Department of Emergency Services in accordance with the STORM Act. The STORM Act requires the state to provide a 10 percent match before the Federal Emergency Management Agency (FEMA) will provide its 90 percent cost-share. Funding of \$1 million from the state disaster relief fund has been included in the Adjutant General's budget to meet this requirement.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$184,866, of which \$67,170 is from the general fund and \$117,696 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and \$179,643, of which \$61,510 is from the general fund and \$118,133 is from other funds for the employer retirement contribution increase relating to peace officers provided for in House Bill No. 1183 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - Snow removal grants - Provides a 2021-23 biennium deficiency appropriation of \$5 million from the state disaster relief fund to the Adjutant General for grants to tribal governments, counties, cities, and townships for emergency snow removal.

Senate Bill No. 2094 (2023) - National Guard tuition grant expansion - Expands National Guard tuition grants to include out-of-state postsecondary education institutions. Unexpended general fund appropriation authority of \$1,710,000 from the 2021-23 biennium tuition, recruiting, and retention line item provides the funding for the estimated cost of \$1,615,000 for this program.

Senate Bill No. 2183 (2023) - Snow removal grants - Provides a 2021-23 biennium deficiency appropriation of \$20 million from the general fund to the Adjutant General for grants to tribal governments, counties, cities, and townships for emergency snow removal.

**Department of Commerce
Budget No. 601
House Bill No. 1018; Senate Bill Nos. 2015, 2142, 2240, and 2273**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations¹	65.80	\$67,157,530	\$261,557,432	\$328,714,962
2023-25 base budget	58.80	31,502,140	53,544,379	85,046,519
Legislative increase (decrease) to base budget ¹	7.00	\$35,655,390	\$208,013,053	\$243,668,443

¹Of the FTE positions authorized by the Legislative Assembly for the Department of Commerce for the 2023-25 biennium, 3 FTE positions are considered one-time FTE positions for the purpose of administering federal weatherization and energy assistance programs available as a result of the federal Infrastructure Investment and Jobs Act (IIJA) and the federal Inflation Reduction Act (IRA).

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$33,307,530	\$33,850,000	\$67,157,530
2021-23 legislative appropriations	31,502,140	3,165,432	34,667,572
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,805,390	\$30,684,568	\$32,489,958
Percentage increase (decrease) to 2021-23 appropriations	5.7%	969.4%	93.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for promotions, reclassifying existing positions to 4 new FTE deputy division director positions, and other salary adjustments		\$444,238	\$283,274	\$727,512
Added funding for the cost to continue prior biennium salary increases		80,150	20,345	100,495
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		819,989	157,900	977,889
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		236,776	56,730	293,506
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(966,736)	(102,571)	(1,069,307)

Added funding to restore funding for salaries underfunded during the 2021-23 biennium (\$140,000) and for temporary salaries (\$591,000), of which \$91,000 is from the general fund and \$500,000 is from federal funds, to provide total funding of \$1,010,000 for temporary salaries		231,000	500,000	731,000
Added funding for an FTE position for the workforce talent attraction initiative (\$202,940) and an FTE position for the workforce investment grant program (\$202,940)	2.00	405,880		405,880
Added funding for operating expenses of the Global Engagement Office		351,404		351,404
Increased funding for travel to provide a total of \$1,606,976		490,534		490,534
Adjusted funding for operating expenses, including a decrease from the community service fund, primarily related to professional development, services, and fees		1,006,896	(2,230)	1,004,666
Increased funding for the Operation Intern program to provide a total of \$1,006,082 from the general fund		251,082		251,082
Transferred \$220,000 of federal funding for the AmeriCorps workforce community services program from the grants line item to the operating expenses line item (\$110,000) and the salaries and wages line item for temporary salaries (\$110,000)				0
Increased funding for the rural health care grant program to provide a total of \$444,000 from the general fund		194,000		194,000
Transferred \$1,330,212 from the general fund for the homeless shelter grant program and \$1,387,341 for the emergency shelter grant program, including \$240,000 from the general fund and \$1,147,341 from federal funds, to the Housing Finance Agency		(1,570,212)	(1,147,341)	(2,717,553)
Removed funding for small business development centers in the partner programs line item, resulting in \$907,920 from the general fund remaining for partner programs. In House Bill No. 1014, the Legislative Assembly appropriated \$1.5 million from Bank of North Dakota profits for small business development centers		(654,611)		(654,611)
Added one-time funding from the strategic investment and improvements fund (SIIF) for the rural workforce housing grant program, of which \$1.5 million is for grants, \$200,000 is for operating expenses, including travel and equipment, and \$300,000 is for temporary salaries			2,000,000	2,000,000

Added one-time funding for workforce-related programs in a new workforce programs line item, including workforce talent attraction initiative operating expenses (\$12 million), workforce investment program grants (\$12.5 million), technical skills training grants (\$2 million), and new Americans workforce development and training grants (\$2 million)		28,500,000	28,500,000
Added one-time funding from SIIF for tourism programs, including tourism awareness marketing operating expenses (\$5 million) and a tourism destination development initiative grant program (\$25 million)		30,000,000	30,000,000
Added one-time funding from SIIF for the beyond visual line of sight (BVLOS) uncrewed aircraft system (UAS) grant program, also known as Vantis		26,000,000	26,000,000
Added one-time funding from SIIF for the enhanced use lease grant program		10,000,000	10,000,000
Added one-time funding from federal funds for programs previously approved by the Emergency Commission and Budget Section during the 2021-22 interim, which will continue in the 2023-25 biennium, including the AmeriCorps workforce community services program (\$785,000), parks and recreation grant program (\$1,550,000), energy conservation grant program (\$14,081,719), and weatherization, heating and furnace, and cooling assistance grant programs (\$3,258,084)		19,674,803	19,674,803
Added one-time funding for a creamery assistance grant		250,000	250,000
Added one-time funding for a motion picture production and recruitment grant		600,000	600,000
Added one-time funding from federal funds for the State Small Business Credit Initiative technical assistance program		572,143	572,143
Added one-time funding from federal funds derived from IIJA and IRA for weatherization and energy assistance programs. The FTE positions added to administer these programs are considered one-time FTE positions for the 2023-25 biennium.	3.00	120,000,000	120,000,000
Added one-time funding for workforce development grants to a tribally controlled community college in the Turtle Mountain area (Senate Bill No. 2015)		500,000	500,000
Added one-time funding to defray the expenses of the Office of Legal Immigration (Senate Bill No. 2015)		2,000,000	2,000,000
Added funding for FTE positions for the newly created Office of Legal Immigration (Senate Bill No. 2142)	2.00	485,000	485,000

Added one-time funding for base retention grants to communities with an Air Force base or Air National Guard facilities, of which \$500,000 is for eligible organizations in Minot, \$250,000 is for eligible organizations in Grand Forks, and \$250,000 is for eligible organizations in Fargo (Senate Bill No. 2240)	1,000,000	1,000,000
Added one-time funding to establish a pilot program to provide grants for the preservation of rural grocery stores and increasing the availability of food access in the state (Senate Bill No. 2273)	1,000,000	1,000,000
Total	7.00	\$243,668,443

FTE Changes

The Legislative Assembly authorized 65.80 FTE positions for the Department of Commerce for the 2023-25 biennium, an increase of 7 FTE positions from the 2021-23 biennium authorized level of 58.80. The Legislative Assembly added 1 FTE position for the workforce talent attraction initiative, 1 FTE position for the workforce investment grant program, 3 FTE positions to administer weatherization and energy assistance programs available from federal IIJA and IRA funding, and 2 FTE positions for the Office of Legal Immigration. The 3 FTE positions added to administer the federal weatherization and energy assistance programs are considered one-time FTE positions for the 2023-25 biennium.

One-Time Funding

The Legislative Assembly appropriated \$242.1 million of one-time funding to the Department of Commerce for the 2023-25 biennium as follows:

	General Fund	SIIF	Federal Funds	Total
Rural workforce housing grant program		\$2,000,000		\$2,000,000
Workforce talent attraction initiative operating expenses	\$12,000,000			12,000,000
Workforce investment program grants	12,500,000			12,500,000
Technical skills training grants	2,000,000			2,000,000
New Americans workforce development and training grants	2,000,000			2,000,000
Tourism awareness marketing		5,000,000		5,000,000
Tourism destination development initiative		25,000,000		25,000,000
BVLOS UAS grant program		26,000,000		26,000,000
Enhanced use lease grant program		10,000,000		10,000,000
AmeriCorps workforce community services program			\$785,000	785,000
Parks and recreation grant program			1,550,000	1,550,000
Energy conservation grant program			14,081,719	14,081,719
Weatherization, heating and furnace, and cooling assistance grant programs			3,258,084	3,258,084
Creamery assistance grant	250,000			250,000
Motion picture production and recruitment grant	600,000			600,000
State Small Business Credit Initiative technical assistance program			572,143	572,143
Weatherization and energy assistance programs - IIJA and IRA			120,000,000	120,000,000
Workforce development grants to tribally controlled community colleges (Senate Bill No. 2015)	500,000			500,000
Office of Legal Immigration (Senate Bill No. 2015)	2,000,000			2,000,000
Base retention grants (Senate Bill No. 2240)	1,000,000			1,000,000
Rural grocery store sustainability and food access expansion pilot grants (Senate Bill No. 2273)	1,000,000			1,000,000
Total	\$33,850,000	\$68,000,000	\$140,246,946	\$242,096,946

Uncrewed Aircraft Systems Program

The 2013 Legislative Assembly established the UAS program and UAS program fund in Section 14 of Senate Bill No. 2018, provided a one-time appropriation of \$5 million from the general fund, and provided a continuing appropriation to defray the expenses of the UAS program. The Department of Commerce was required to establish the UAS program in collaboration with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties; to administer the UAS test site upon receiving Federal Aviation Administration approval; and to provide semiannual reports to the Legislative Management. Funding is provided to the Northern Plains UAS Test Site located in Grand Forks, which is one of six Federal Aviation Administration UAS test sites in the United States.

In Section 12 of Senate Bill No. 2018 (2021), the Legislative Assembly amended North Dakota Century Code Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the BVLOS UAS program and the enhanced use lease grant program.

In Sections 23 and 24 of House Bill No. 1018 (2023), the Legislative Assembly amended Sections 54-60-28 and 54-60-29 to rename the unmanned aircraft system program and unmanned aircraft system fund as the uncrewed aircraft system program and uncrewed aircraft system fund and made other administrative changes related to the program.

The following is a summary of funding for the UAS program:

Biennium	General Fund	UAS Fund ¹	SIIF	Federal Funds	Total
One-Time Funding					
2013-15	\$5,000,000				\$5,000,000
2015-17 ²	2,718,620				2,718,620
2017-19 ³			\$2,000,000		2,000,000
2019-21 ^{4,5}	2,250,000				2,250,000
2021-23 ⁶		\$1,000,000			1,000,000
2023-25					0
Total one-time funding	\$9,968,620	\$1,000,000	\$2,000,000	\$0	\$12,968,620
Ongoing Funding					
2019-21 ⁴		\$1,000,000		\$1,000,000	\$2,000,000
2021-23 ⁵	\$3,000,000	1,020,150		8,000,000	12,020,150
2023-25 ^{5,7}	3,000,000	1,020,150		8,000,000	12,020,150
Total ongoing funding	\$6,000,000	\$3,040,300	\$0	\$17,000,000	\$26,040,300
Total funding ⁵	\$15,968,620	\$4,040,300	\$2,000,000	\$17,000,000	\$39,008,920

¹Funding from the UAS fund is derived from private donations.

²Of the \$2,718,620 appropriated for the UAS program for the 2015-17 biennium, \$1,200,000 was designated for a business incentive match fund to incentivize private sector business development related to the test site. The department was also authorized to continue \$1,500,000 appropriated for the program for the 2013-15 biennium into the 2015-17 biennium, to provide a total of \$4,218,620 available for the 2015-17 biennium.

³The department was also authorized to continue up to \$1 million from the 2015-17 biennium general fund appropriation for the UAS program into the 2017-19 biennium, to provide a total of \$3 million available for the 2017-19 biennium.

⁴The department was also authorized to continue unexpended funding from SIIF from the 2017-19 biennium appropriation, estimated at \$750,000 during the 2019 legislative session, to provide a total of \$5 million available for the 2019-21 biennium.

⁵Funding appropriated for the UAS program is for grants, with exception of the general fund appropriations provided for the 2019-21 biennium (\$2.25 million), 2021-23 biennium (\$3 million), and 2023-25 biennium (\$3 million), which were provided for operating expenses of the Northern Plains UAS Test Site.

⁶The department was also authorized to continue unexpended funding appropriated from the general fund for the 2019-21 biennium into the 2021-23 biennium, estimated at \$150,000 at the end of the 2021 legislative session, to provide a total of \$13,170,150 available for the 2021-23 biennium.

⁷The department was also authorized to continue unexpended funding appropriated from the general fund for the 2021-23 biennium into the 2023-25 biennium, estimated at \$1,698,712 at the end of the 2023 legislative session, to provide a total of \$13,718,862 available for the 2023-25 biennium.

Beyond Visual Line of Sight Uncrewed Aircraft Systems Program

In Section 12 of House Bill No. 1018 (2019), the Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$28 million to the Department of Commerce for a BVLOS UAS program. The department was authorized to continue this funding into the 2019-21 biennium.

Section 13 of House Bill No. 1018 (2019) created Section 54-60-29.1 to establish a BVLOS UAS program for the design, purchase, implementation, and operating costs of a BVLOS UAS. The Department of Commerce must require any entity receiving funding for this program which is operating the BVLOS UAS to provide quarterly payments to the State Treasurer equal to 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements. The State Treasurer is required to deposit any funds received under this section in the state general fund. The department was required to provide semiannual reports to the Legislative Management regarding the development of the BVLOS UAS program and the total amount deposited by the State Treasurer in the state general fund.

In Section 25 of House Bill No. 1018 (2023), the Legislative Assembly amended Section 54-60-29.1 to rename the BVLOS unmanned aircraft system program as the BVLOS uncrewed aircraft system program and changed the state-private revenue sharing provisions from 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements to instead be based on a fee structure determined by the Commissioner of the Department of Commerce. Through April 2023, no funding for the BVLOS UAS program has been remitted to the State Treasurer for deposit in the state general fund.

The following is a summary of funding provided to the Department of Commerce for the BVLOS UAS program:

Biennium	General Fund	SIIF	Total
2017-19 ^{1,2}	\$28,000,000		\$28,000,000
2019-21			0
2021-23 ²	1,000,000	\$19,000,000	20,000,000
2023-25		26,000,000	26,000,000
Total	\$29,000,000	\$45,000,000	\$74,000,000

¹Supplemental appropriation provided by the 2019 Legislative Assembly.

²In addition to the amounts shown in this table, the 2021 Legislative Assembly appropriated \$5 million of remaining funds from the Department of Commerce's \$28 million 2017-19 biennium appropriation to the Department of Transportation for the 2021-23 biennium, which the Department of Transportation was to use for defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. An exemption was provided to the Department of Commerce for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the BVLOS UAS program to continue into the 2021-23 biennium. The exemption provided the Department of Commerce may provide grants of up to \$5 million to the Department of Transportation for defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. Through April 2023, the Department of Commerce did not grant any of this funding to the Department of Transportation.

Enhanced Use Lease Grant Program

The 2013 Legislative Assembly established the enhanced use lease grant program and provided a one-time appropriation of \$2.5 million from SIIF to the Department of Commerce for the department to develop the program and award grants. The department was to award grants for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base, contingent upon certification from the department verifying both a signed enhanced use lease agreement and a commitment by a private sector business to locate in the development. In February 2015 Grand Sky Development Company, a wholly owned subsidiary of Infinity Development Partners LLC, entered into an agreement on behalf of Grand Forks County with the Grand Forks Air Force Base to form the Grand Forks Business Park. Grand Sky provides Grand Forks Air Force Base lease tenants with the ability to test UAS and BVLOS UAS flights in partnership with the Northern Plains UAS Test Site.

The following is a summary of funding for the enhanced use lease grant program:

Biennium	General Fund	SIIF	Total
2013-15		\$2,500,000	\$2,500,000
2015-17 ¹		7,500,000	7,500,000
2017-19 ²	\$1,000,000	2,000,000	3,000,000
2019-21	3,000,000		3,000,000
2021-23		7,000,000	7,000,000
2023-25		10,000,000	10,000,000
Total	\$4,000,000	\$29,000,000	\$33,000,000

¹Of the \$7.5 million provided for the enhanced use lease grant program during the 2015-17 biennium, \$3.1 million was contingent on the construction and agreement of a first private sector single-tenant or multi-tenant building on the property. The remaining \$4.4 million was contingent on agreement of a second private sector single-tenant or multi-tenant building on the property or after an agreement is reached with any data-intensive tenant for data connectivity and redundancy infrastructure requirements or for data services. The contingencies were met.

²Section 10 of Senate Bill No. 2018 (2017) required grants available during the 2017-19 biennium be awarded for initiatives related to the UAS industry in North Dakota, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefitting UAS. The Department of Commerce was to require grant recipients to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this program.

Operation Intern Program

The Operation Intern program provides a 50 percent match up to \$4,000 per semester per position for a business's expenses related to an internship, an apprenticeship, or a work experience opportunity involving North Dakota students enrolled in an institution of higher education. The maximum amount of funding a business may receive from the Operation Intern program is \$40,000 per biennium.

Funding for the program is appropriated from the general fund and transferred to the internship fund, from which the Department of Commerce has continuing appropriation authority.

Section 3 of House Bill No. 1018 (2023) provides for a \$1,006,896 transfer for the 2023-25 biennium, an increase of \$251,896 from the 2021-23 biennium appropriation and transfer of \$755,000.

Weatherization and Energy Assistance Programs

In House Bill No. 1018 (2023), the Legislative Assembly appropriated \$120 million from federal funds derived from the IIJA and IRA to the Department of Commerce for weatherization and energy assistance programs during the 2023-25 biennium. The department anticipates funding may be available for the following programs:

Program	Federal Act	Federal Funds
State energy program	IIJA	\$3,905,130
Weatherization	IIJA	15,131,495
Energy efficiency revolving loan fund	IIJA	4,641,870
Energy efficiency block grant	IIJA	1,653,240
Home energy performance-based whole-house rebate program	IRA	37,338,470
High-efficiency electric home rebate program	IRA	37,121,060
Total		\$99,791,265

The Department of Commerce anticipates other states will not use all federal funding awarded for these programs, resulting in additional funding that may be available to North Dakota for an estimated total of \$120 million. Section 6 of House Bill No. 1018 (2023) identifies this funding and authorizes the department 3 FTE positions that are considered one-time positions for the administration of these programs during the 2023-25 biennium. Section 31 declares this funding to be an emergency measure.

Legacy Investment Technology Loans

Purpose - In House Bill No. 1333 (2019), the Legislative Assembly established an Innovation Loan Fund to Support Technology Advancement Committee and loan program. The Commissioner of Commerce is the chairperson of the committee, is a nonvoting member of the committee, and appoints the members of the committee with the President of the Bank of North Dakota. The department is required to administer the program in consultation with the Bank of North Dakota to provide loans. The department is required to provide administrative support for the program, including the drafting of application forms, receiving applications, reviewing applications for completeness and compliance with committee policy, and forwarding complete applications to the committee in accordance with the guidelines established by the committee. The innovation loan fund to support technology advancement is administered by the department, and the funding is appropriated to the department on a continuing basis for providing innovation technology loans and for administrative expenses. The department is required to conduct postaward monitoring of loans provided for this program.

Program renamed - Sections 13 through 19 of House Bill No. 1018 (2023) amend Chapter 6-09.18 to change the innovation loan fund to support technology advancement program's name to the legacy investment for technology (LIFT) program.

Funding - The Legislative Assembly has transferred following funding to the LIFT fund for the LIFT program:

Biennium	Bill No.	Bank of North Dakota Profits	SIIF	Total
2019-21	Section 2 of House Bill No. 1333 (2019)	\$15,000,000		\$15,000,000
2021-23	Section 1 of House Bill No. 1141 (2021)		\$15,000,000	15,000,000
2023-25	Section 4 of House Bill No. 1018 (2023)		10,000,000	10,000,000
Total		\$15,000,000	\$25,000,000	\$40,000,000

North Dakota Development Fund

Purpose - In House Bill No. 1021 (1995), the Legislative Assembly created the North Dakota Development Fund in Chapter 10-30.5. Section 10-30.5-02 creates a statewide nonprofit development corporation that may take equity positions in, provide loans to, or to use other innovative financing mechanisms to provide capital for new or expanding businesses in this state, or relocating businesses to this state. The corporation's principal mission is the development and expansion of primary sector business in this state.

The corporation may form additional corporations, limited liability companies, partnerships, or other forms of business associations in order to further its mission of primary sector economic development. The exclusive focus of this corporation is business development in this state; however, it is not excluded from participation with other states or organizations in projects that have a clear economic benefit to state residents in the creation of jobs or secondary business. Emphasis should be to develop jobs that provide an income adequate to support a family above the poverty level.

Money in the development fund may be used to provide working capital or for financing the purchase of fixed assets but not to refinance existing debt. Money may also be used to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business.

Funding - Continuing appropriation - Section 10-30.5-10 provides the North Dakota Development Fund is a revolving fund and all money transferred to the fund, interest earned on money in the fund, and payments to the fund are appropriated to the North Dakota Development Fund on a continuing basis.

Funding - 2021-23 biennium - During the November 2021 special legislative session, the Legislative Assembly in Senate Bill No. 2345 (2021), transferred \$5,000,000 from the federal State Fiscal Recovery Fund to the North Dakota Development Fund.

Funding - 2023-25 biennium - The 2023 Legislative Assembly transferred \$95 million from SIIF to the North Dakota Development Fund for programs under Chapter 10-30.5 for the 2023-25 biennium, including \$65 million in Section 5 of House Bill No. 1018 (2023) and \$30 million in Section 14 of Senate Bill No. 2015 (2023).

North Dakota Development Fund powers - Section 20 of House Bill No. 1018 amends Section 10-30.5-04 to clarify the powers of the North Dakota Development Fund to allow for funding to be provided to private or public entities through North Dakota Development Fund contracts.

North Dakota Development Fund management - Section 21 of House Bill No. 1018 amends Section 10-30.5-05 to provide if the North Dakota Development Fund Chief Executive Officer is absent for more than 5 consecutive days or is anticipated to be absent for more than 5 consecutive days, the Chief Executive

Officer may delegate the duties and responsibilities of the Chief Executive Officer to the Director of the Department of Commerce Division of Economic Development and Finance under Chapter 54-34.3, or the Director's designee.

North Dakota Development Fund transfer - Section 28 of House Bill No. 1018 amends subsection 35 of Section 1 of Chapter 550 of the 2021 Special Session Laws to provide the transfer the Office of Management and Budget is to make from the State Fiscal Recovery Fund to the North Dakota Development Fund during the 2021-23 biennium is for the purpose of a North Dakota Development Fund grant program.

Senate Bill No. 2015 - Clean sustainable energy - Section 24 of Senate Bill No. 2015, added a new subsection to Section 10-30.5-02 to provide money in the North Dakota Development Fund may be used to provide financing for projects that enhance production of clean sustainable energy in the state only to the extent the project has been recommended by the Clean Sustainable Energy Authority under Chapter 54-63.1.

Other Grant Programs

Base retention grants - In Senate Bill No. 2240 (2023), the Legislative Assembly appropriated \$1,000,000 for base retention grants to communities with an Air Force base or Air National Guard facilities, of which \$500,000 is for eligible organizations in Minot, \$250,000 is for eligible organizations in Grand Forks, and \$250,000 is for eligible organizations in Fargo. In Section 11 of House Bill No. 1018 (2023), the Legislative Assembly provided \$350,000 of the \$2,150,000 appropriated from the general fund to the Department of Commerce for discretionary funds is designated for providing base retention grant funding to eligible organizations in Minot, resulting in a total of \$1,350,000 provided for base retention grants for the 2023-25 biennium, of which \$850,000 is for eligible organizations in Minot, \$250,000 is for eligible organizations in Grand Forks, and \$250,000 is for eligible organizations in Fargo.

Creamery assistance grant - The 2023 Legislative Assembly appropriated \$250,000 of one-time funding from the general fund to the Department of Commerce to provide a creamery assistance grant.

Discretionary funds - Section 11 of House Bill No. 1018 (2023) identifies of the \$2,150,000 appropriated from the general fund in Section 1 for discretionary funds for the 2023-25 biennium, \$150,000 is designated for supporting the continuation of the North Dakota state magazine with the current publisher of the magazine, \$350,000 is designated for supporting an organization dedicated to assisting Native American small businesses in North Dakota, and \$350,000 is designated for providing base retention grant funding to eligible organizations in Minot. The 2021 Legislative Assembly appropriated \$3.15 million from the general fund to the Department of Commerce for discretionary funds for the 2021-23 biennium. The department is authorized to continue \$2.15 million of the 2021-23 biennium appropriation into the 2023-25 biennium, resulting in a total of \$4.3 million available for discretionary funds during the 2023-25 biennium.

Emergency shelter grant program - The 2021 Legislative Assembly appropriated \$1,387,341 to the Department of Commerce for the emergency shelter grant program for the 2021-23 biennium, including \$240,000 from the general fund and \$1,147,341 from federal funds. The 2023 Legislative Assembly transferred this program to the Housing Finance Agency for the 2023-25 biennium.

Homeless shelter grant program - The 2021 Legislative Assembly appropriated \$1,330,212 from the general fund to the Department of Commerce for homeless shelter grants for the 2021-23 biennium. The 2023 Legislative Assembly transferred this program to the Housing Finance Agency for the 2023-25 biennium.

Entrepreneurship grants and voucher program - Section 12 of House Bill No. 1018 (2023) identifies \$948,467 in Section 1 for the entrepreneurship grants and voucher program, also known as Innovate ND, including \$740,956 from the general fund and \$207,511 from the economic development fund for the 2023-25 biennium, the same as the 2021-23 biennium. The department is required to establish guidelines to award grants under the program.

Motion picture production and recruitment grant - The 2023 Legislative Assembly appropriated \$600,000 of one-time funding from the general fund to the Department of Commerce to provide a motion picture production and recruitment grant during the 2023-25 biennium, an increase of \$500,000 from the 2021-23 biennium general fund appropriation of \$100,000.

Rural health care grants program - Section 10 of House Bill No. 1018 (2023) identifies \$444,000 from the general fund in the grants line item in Section 1 for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The Department of Commerce may spend these funds only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis. The 2021 Legislative Assembly appropriated \$250,000 from the general fund for the 2021-23 biennium.

Rural grocery store sustainability and food access expansion pilot grants - In Senate Bill No. 2273 (2023), the Legislative Assembly appropriated \$1 million from the general fund to the Department of Commerce for the preservation of rural grocery stores and increasing the availability of food access in the state.

Rural workforce housing grant program - Section 8 of House Bill No. 1018 (2023) identifies \$1.5 million from SIIF for providing rural workforce housing grants. The department is required to develop guidelines for the grants, including eligibility criteria, maximum grant awards, and reporting requirements. Grants may be awarded to cities with a population of fewer than 10,000 residents. Grant funding may be used to:

1. Conduct a housing study in the city to identify workforce housing needs, blighted property, and vacant lots within the city;
2. Purchase blighted properties or vacant lots;
3. Remove hazards or structures from blighted properties or vacant lots; and
4. Provide up to \$10,000 per business for repairs or improvements if the business is located in a mixed-use property that will be used for rural workforce housing.

Technical skills training grants - In June 2020, the Emergency Commission and Budget Section approved an allocation of \$1 million from the federal Coronavirus Relief Fund for a technical skills training grant program for the 2019-21 biennium. Section 9 of House Bill No. 2018 (2021) identified \$1 million of one-time funding from the federal Coronavirus Relief Fund in Section 1 is for the program for the 2021-23 biennium. During the November 2021 special legislative session, the Legislative Assembly appropriated \$5 million from the State Fiscal Recovery Fund for the program. During the 2023 session, the Legislative Assembly appropriated \$2 million from the general fund as part of the workforce programs appropriation provided to the department for the 2023-25 biennium. Funding for the program during the 2019-21, 2021-23, and 2023-25 bienniums totals \$9 million.

Tourism destination development initiative - In Section 7 of House Bill No. 1018 (2023), the Legislative Assembly identified \$25 million of one-time funding appropriated from SIIF in Section 1 for a tourism destination development initiative program. Legislative intent is provided that the department not hire a third-party consultant when determining how funding for the program will be spent. The department may provide funding for the program in the form of program grants or grants for interest rate buydowns but may not award more than \$5 million for a project under the program.

Tribal college workforce grant program - The purpose of this grant program is to develop certificate- or degree-based training programs that assist students to obtain jobs needed within the state and to assist students attending a tribal college with establishing a new business. In Senate Bill No. 2015 (2023), the Legislative Assembly appropriated one-time funding of \$500,000 from the general fund to the Department of Commerce for workforce grants to a tribally controlled community college in the Turtle Mountain area. The 2021 Legislative Assembly also provided a \$500,000 general fund appropriation for tribal college workforce grants for the 2021-23 biennium.

Workforce programs - In Section 9 of House Bill No. 1018 (2023), the Legislative Assembly identified \$28.5 million appropriated in Section 1 from the general fund for workforce-related programs in a new workforce programs line item for the 2023-25 biennium, including workforce talent attraction initiative operating expenses (\$12 million), workforce investment program grants (\$12.5 million), technical skills training grants (\$2 million), and new Americans workforce development and training grants (\$2 million). These are new programs with the exception of the technical skills training grants program.

Exemptions

The Legislative Assembly provided 15 exemptions in Section 29 of House Bill No. 1018 to allow the Department of Commerce to continue an estimated \$92,725,714 of unexpended prior biennium appropriations into the 2023-25 biennium as follows:

House Bill No. 1018, Section 29, Subsection:	Major Program Area	Appropriations from Previous Bienniums		Estimated Amount to be Continued into the 2023-25 Biennium		Estimated Turnback Amount	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
1	Nonresident nurse employment recruitment program ¹	\$320,000	\$0	\$308,720	\$0	\$0	\$0
2	Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Community development block grant, community services block grant, and emergency solutions grant program) ²	0	11,393,078	0	7,102,486	0	0
3	State small business credit initiative program ²	0	56,234,176	0	37,720,112	0	0
4	Discretionary funds	2,150,000	0	2,150,000	0	0	0
5	Job development and economic growth grant ³	0	1,500,000	0	793,500	0	0
6	UAS program	3,000,000	0	1,698,712	0	0	0
7	BVLOS UAS program ³	0	19,000,000	0	10,475,417	0	0
8	BVLOS UAS program matching funds	1,000,000	0	148,475	0	0	0
9	Enhanced use lease grants ³	0	7,000,000	0	4,673,235	0	0
10	Homeless shelter grants	1,330,212	0	635,323	0	0	0
11	Workforce community services AmeriCorps program ²	0	1,074,888	0	1,074,888	0	0
12	Community development planning grant program ²	0	1,000,000	0	789,502	0	0
13	Autonomous agriculture grants ^{4,5}	0	10,000,000	0	9,419,665	0	0
14	Workforce development incentive grant program ⁴	0	15,000,000	0	11,043,051	0	0
15	Technical skills training grants ⁴	0	5,000,000	0	4,692,628	0	0
Total		\$7,800,212	\$127,202,142	\$4,941,230	\$87,784,484	\$0	\$0

¹The 2019 Legislative Assembly appropriated \$500,000 from the general fund to the Department of Commerce for a nonresident nurse employment recruitment program. The 2021 Legislative Assembly authorized the department an exemption to continue \$320,000 of the \$500,000 appropriation from the 2019-21 biennium into the 2021-23 biennium. As of April 2021, the department estimated spending a total of \$40,000 during the 2019-21 biennium resulting in \$140,000 being canceled at the end of the 2019-21 biennium.

²Funding for these programs is from federal funds.

³Funding for these programs is from SIIF.

⁴Funding for these programs was provided from the State Fiscal Recovery Fund during the November 2021 special legislative session.

⁵Subsection 13 of Section 29 of House Bill No. 1018 (2023) provides an exemption to continue funding appropriated during the November 2021 special legislative session for the autonomous agriculture grant program into the 2023-25 biennium and provides the funding shall be awarded without any matching fund requirements.

Other Sections in House Bill No. 1018

Strategic investment and improvements fund - Section 7 identifies \$68 million from SIIF for the rural workforce housing grant program (\$2 million), tourism marketing awareness initiative (\$5 million), tourism destination development initiative program (\$25 million), BVLOS UAS grants (\$26 million), and enhanced use lease grants (\$10 million).

Workforce Enhancement Council - Section 22 amends Section 54-60-22 to expand recommendations provided by the Workforce Enhancement Council to the Commissioner of the Department of Commerce regarding the approval of training grants to include training providers and businesses, rather than only providing recommendations for grants to institutions of higher education.

Tribal college workforce grant awards - Section 26 amends Section 54-60.2-01 to remove the requirement that workforce development grants to tribally controlled community colleges be awarded based on documented job placement rates at each eligible college.

Tribal college workforce grant program - Career and technical education programs - Section 27 amends Section 54-60.2-02 to allow workforce development grants to tribally controlled community colleges to be spent on the development or enhancement of career and technical education programs.

Grants status report - Section 30 requires the Department of Commerce to report to the Legislative Management during the 2023-24 interim regarding the status of each grant program identified in Section 2 of the bill derived from the general fund or state special funds, including funding spent to date, the number of individuals or businesses awarded funding, the name and amount of funding awarded to each individual and business, the date funding was awarded, criteria used when awarding funding, and a detailed listing of how the funding has been used. The department is required to provide one report by December 31, 2023, and no fewer than two reports between January 1, 2024, and October 31, 2024.

Emergency - Section 31 declares the \$120 million of federal funds appropriated for weatherization and energy assistance programs and \$26 million appropriated from SIIF for the BVLOS UAS program to be an emergency measure.

Related Legislation

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the department is to receive \$77,628, including \$65,463 from the general fund and \$12,165 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - Office of Legal Immigration - Includes a \$2 million one-time general fund appropriation to the Department of Commerce to defray the expenses of the Office of Legal Immigration.

Senate Bill No. 2142 - Office of Legal Immigration - Includes a \$485,000 general fund appropriation for salaries and benefits of 2 FTE positions for the newly created Office of Legal Immigration. The Office of Legal Immigration is required to develop and implement a statewide strategy to support businesses in recruiting and retaining foreign labor; advise and make recommendations to the Governor, Legislative Assembly, and state agencies regarding immigrant integration and foreign labor issues; and develop a pilot program to support businesses pursuing or employing legal immigrants and to support communities to develop immigration integration plans and activities. The Office of Legal Immigration may contract with other state agencies and third-party organizations in the development and administration of programs related to the goals of the office. Section 3 of the bill requires the Department of Commerce to conduct a study to determine immigration opportunities in the state, goals of the Office of Legal Immigration, performance indicators to measure progress and success of immigration goals, and a structure for a pilot program to support businesses and communities pursuing legal immigration, and to develop a fee-based system for services to be implemented in the 2025-27 biennium. The study must include input from employers in the state. The department is required to report its findings and recommendations to the 2025 Legislative Assembly.

House Concurrent Resolution No. 3001 (2023) - Block grants - Authorizes the Budget Section to hold the required legislative hearings on state plans for the receipt and expenditures of new or revised block grants passed by Congress. The department's appropriation bill contains directions regarding the use of community services block grant program money for the period ending September 30, 2025.

**Upper Great Plains Transportation Institute
Budget No. 627
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	43.88	\$5,096,416	\$20,001,777	\$25,098,193
2023-25 base budget	43.88	4,485,607	19,042,350	23,527,957
Legislative increase (decrease) to base budget	0.00	\$610,809	\$959,427	\$1,570,236

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$5,096,416	\$0	\$5,096,416
2021-23 legislative appropriations	4,485,607	0	4,485,607
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$610,809	\$0	\$610,809
Percentage increase (decrease) to 2021-23 appropriations	13.6%	N/A	13.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$77,856	\$77,856
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		\$237,004	546,153	783,157
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		68,100	139,764	207,864
Added funding for freight transportation and logistics surveys		408,000		408,000
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)		(102,295)	(236,946)	(339,241)
Added one-time funding from the strategic investment and improvements fund (SIIF) for a transportation data intelligence center			432,600	432,600
Total	0.00	\$610,809	\$959,427	\$1,570,236

FTE Changes

The Legislative Assembly approved 43.88 FTE positions for the Upper Great Plains Transportation Institute (UGPTI) for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The Legislative Assembly, in House Bill No. 1020, appropriated \$432,600 from SIIF to UGPTI for a transportation data intelligence center.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 5 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by UGPTI, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2023-25 biennium.

Strategic investment and improvements fund - Section 6 provides that \$432,600 for the transportation data intelligence center is from SIIF.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for UGPTI and provides that any adjustments be reported to OMB.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended general fund appropriation and excess income received by UGPTI into the 2025-27 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which UGPTI may receive allocations, including the:

- Employer retirement contribution pool from which UGPTI is to receive \$16,832, including \$4,868 from the general fund and \$11,964 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which UGPTI may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Branch Research Centers
Budget No. 628
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	111.81	\$19,165,340	\$20,950,865	\$40,116,205
2023-25 base budget	108.21	18,569,483	20,722,818	39,292,301
Legislative increase (decrease) to base budget	3.60	\$595,857	\$228,047	\$823,904

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$19,165,340	\$0	\$19,165,340
2021-23 legislative appropriations	18,569,483	0	18,569,483
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$595,857	\$0	\$595,857
Percentage increase (decrease) to 2021-23 appropriations	3.2%	N/A	3.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 8 of Senate Bill No. 2020 (2021)	1.60	\$122,123	\$18,337	\$140,460
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		940,148	367,690	1,307,838
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		370,078	161,832	531,910
Reduced funding for bond payments to provide a total of \$63,728		(63,173)		(63,173)
Added funding for 1 FTE technician position for clubroot fungus research at the Langdon Research Extension Center	1.00	176,000		176,000
Added funding for 1 FTE agronomist position for the Dickinson Research Extension Center	1.00	250,000		250,000

Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)	(1,199,319)	(319,812)	(1,519,131)
Total	<u>3.60</u>	<u>\$595,857</u>	<u>\$228,047</u>

FTE Changes

The Legislative Assembly approved 111.81 FTE positions for the branch research centers for the 2023-25 biennium, an increase of 3.6 FTE positions from the 2021-23 biennium authorized level of 108.21 FTE positions. The Legislative Assembly added 1 FTE clubroot fungus research technician position and 1 FTE agronomist position. In addition, 1.6 FTE positions were added pursuant to Section 8 of Senate Bill No. 2020 (2021), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 10 of House Bill No. 1020 (2023) continues the authorization of the board to adjust positions at entities under its control during the 2023-25 biennium.

Other Sections in House Bill No. 1020

Dickinson Research Extension Center mineral rights income - Section 3 authorizes the Dickinson Research Extension Center to spend up to \$755,000 of revenue received during the 2023-25 biennium from mineral royalties, leases, or easements for ongoing operational expenses. Any revenues received in excess of \$755,000 may be spent only for one-time expenditures for the 2023-25 biennium.

Williston Research Extension Center mineral rights income - Section 4 directs the Williston Research Extension Center to report to the 69th Legislative Assembly on amounts received and spent from mineral royalties, leases, or easements in the 2021-23 biennium and the 2023-25 biennium.

Additional income appropriation - Section 5 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the branch research centers, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2023-25 biennium.

Strategic investment and improvements fund - Section 6 provides that funding for the Main Research Center deferred maintenance (\$500,000) and equipment storage sheds (\$1.9 million) is from the strategic investment and improvements fund. Section 14 allows the Main Research Center to expend funds for deferred maintenance and storage sheds without procuring plans, drawings, and specifications from an architect or engineer.

Federal State Fiscal Recovery Fund - Section 7 provides that \$1,038,000 for the Main Research Center purchase of land for the Hettinger Research Extension Center is from federal funds derived from the State Fiscal Recovery Fund.

Transfer authority - Section 9 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the branch research centers and provides that any adjustments be reported to OMB.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended general fund appropriation and excess income received by the branch research centers into the 2025-27 biennium.

Carryover authority - Section 12 allows the Main Research Center to continue unexpended other funds appropriation authority relating to the Carrington Research Extension Center, Central Grasslands Research Extension Center, and Langdon Research Extension Center projects appropriated in Section 1 of Chapter 48 of the 2021 Session Laws from the 2021-23 biennium to the 2023-25 biennium. Section 13 allows the Main Research Center to continue unexpended federal funds appropriation authority relating to the Carrington Research Extension Center, Central Grasslands Research Extension Center, Dickinson Research Extension Center, and Hettinger Research Extension Center projects appropriated in subsection 6 of Section 1 of Chapter 550 of the 2021 Special Session Session Laws from the 2021-23 biennium to the 2023-25 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the branch research centers may receive allocations, including the:

- Employer retirement contribution pool from which the branch research centers is to receive \$35,245, including \$21,139 from the general fund and \$14,106 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the branch research centers may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

**NDSU Extension Service
Budget No. 630
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	252.70	\$30,908,214	\$28,986,143	\$59,894,357
2023-25 base budget	241.77	29,437,823	28,303,921	57,741,744
Legislative increase (decrease) to base budget	10.93	\$1,470,391	\$682,222	\$2,152,613

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$30,908,214	\$0	\$30,908,214
2021-23 legislative appropriations	29,437,823	0	29,437,823
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,470,391	\$0	\$1,470,391
Percentage increase (decrease) to 2021-23 appropriations	5.0%	N/A	5.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 8 of Senate Bill No. 2020 (2021)	8.93	\$227,797	\$108,985	\$336,782
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		1,551,009	1,622,297	3,173,306
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		717,932	714,138	1,432,070
Added funding for 1 FTE soybean pathologist position for the cropping system initiative	1.00	240,000		240,000
Added funding for 1 FTE swine specialist position for the livestock development initiative	1.00	250,000		250,000
Added funding for the farm and ranch safety and health initiative		125,000		125,000

Added funding to provide program support for the 4-H initiative	80,000		80,000
Added funding for Extension Service operating support	220,000		220,000
Added funding for the State Soil Conservation Committee	150,000		150,000
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)	(2,091,347)	(1,763,198)	(3,854,545)
Total	<u>10.93</u>	<u>\$1,470,391</u>	<u>\$2,152,613</u>

FTE Changes

The Legislative Assembly approved 252.7 FTE positions for the NDSU Extension Service for the 2023-25 biennium, an increase of 10.93 FTE positions from the 2021-23 biennium authorized level of 241.77 FTE positions. The Legislative Assembly added 1 FTE soybean pathologist position and 1 FTE swine specialist position. In addition, 8.93 FTE positions were added pursuant to Section 8 of Senate Bill No. 2020 (2021), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 10 of House Bill No. 1020 (2023) continues the authorization of the board to adjust positions at entities under its control during the 2023-25 biennium.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 5 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the NDSU Extension Service, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2023-25 biennium.

Transfer authority - Section 9 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the NDSU Extension Service and provides that any adjustments be reported to OMB.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended general fund appropriation and excess income received by the NDSU Extension Service into the 2025-27 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the NDSU Extension Service may receive allocations, including the:

- Employer retirement contribution pool from which the NDSU Extension Service is to receive \$39,829, including \$22,744 from the general fund and \$17,085 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the NDSU Extension Service may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Northern Crops Institute
Budget No. 638
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	18.15	\$2,110,256	\$7,440,445	\$9,550,701
2023-25 base budget	13.55	1,987,142	1,922,618	3,909,760
Legislative increase (decrease) to base budget	4.60	\$123,114	\$5,517,827	\$5,640,941

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$2,110,256	\$0	\$2,110,256
2021-23 legislative appropriations	1,987,142	0	1,987,142
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$123,114	\$0	\$123,114
Percentage increase (decrease) to 2021-23 appropriations	6.2%	N/A	6.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 8 of Senate Bill No. 2020 (2021)	4.60	\$16,505	\$16,610	\$33,115
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		111,856	115,435	227,291
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		53,390	46,462	99,852
Added funding to reflect available special funds			1,500,000	1,500,000
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)		(58,637)	(60,680)	(119,317)
Added one-time funding from the strategic investment and improvements fund (SIIF) for the Feed Production Center facility upgrade			3,250,000	3,250,000

Added one-time funding from SIIF for a new pellet mill			650,000	650,000
Total	4.60	\$123,114	\$5,517,827	\$5,640,941

FTE Changes

The Legislative Assembly approved 18.15 FTE positions for the Northern Crops Institute for the 2023-25 biennium, an increase of 4.6 FTE positions from the 2021-23 biennium authorized level of 13.55 FTE positions. The 4.6 FTE positions were added pursuant to Section 8 of Senate Bill No. 2020 (2021), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 10 of House Bill No. 1020 (2023) continues the authorization of the board to adjust positions at entities under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for the Northern Crops Institute for the 2023-25 biennium:

	SIIF
Feed Production Center facility upgrade	\$3,250,000
Pellet mill	650,000
Total	\$3,900,000

Other Sections in House Bill No. 1020

Additional income appropriation - Section 5 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Northern Crops Institute, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2023-25 biennium.

Strategic investment and improvements fund - Section 6 provides \$3.9 million for the Northern Crops Institute Feed Production Center and pellet mill is from SIIF.

Transfer authority - Section 9 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Northern Crops Institute and provides that any adjustments be reported to OMB.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended general fund appropriation and excess income received by the Northern Crops Institute into the 2025-27 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the Northern Crops Institute may receive allocations, including the:

- Employer retirement contribution pool from which the Northern Crops Institute is to receive \$1,468, including \$797 from the general fund and \$671 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the Northern Crops Institute may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

**NDSU Main Research Center
Budget No. 640
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	358.47	\$60,018,189	\$159,376,314	\$219,394,503
2023-25 base budget	334.56	54,588,232	57,087,956	111,676,188
Legislative increase (decrease) to base budget	23.91	\$5,429,957	\$102,288,358	\$107,718,315

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$56,309,959	\$3,708,230	\$60,018,189
2021-23 legislative appropriations	54,588,232	500,000	55,088,232
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,721,727	\$3,208,230	\$4,929,957
Percentage increase (decrease) to 2021-23 appropriations	3.2%	641.6%	8.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes and FTE position adjustments pursuant to Section 8 of Senate Bill No. 2020 (2021)	22.91	\$392,772	\$117,136	\$509,908
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		3,228,061	1,689,401	4,917,462
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		1,293,770	713,216	2,006,986
Added funding for 1 new FTE position and operating costs for the big data initiative	1.00	300,000	0	300,000
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)		(3,714,807)	(1,844,395)	(5,559,202)
Added funding from federal funds for a potato research fast track			250,000	250,000

Added funding for Oakes Irrigation Research Site operating support	400,000		400,000
Reduced funding for bond payments to provide a total of \$178,477	(178,069)		(178,069)
Added one-time funding from the strategic investment and improvements fund (SIIF) for storage sheds		1,900,000	1,900,000
Added one-time funding from SIIF for deferred maintenance		500,000	500,000
Added one-time funding for a Nesson Valley Irrigation Research Site capital project	1,700,000		1,700,000
Added one-time funding for branch research center capital project inflation	2,008,230	925,000	2,933,230
Added one-time funding from the federal State Fiscal Recovery Fund for the purchase of land for the Hettinger Research Extension Center		1,038,000	1,038,000
Added one-time funding , including \$87 million from SIIF, for the Waldron Hall replacement project		97,000,000	97,000,000
Total	23.91	\$5,429,957	\$102,288,358

FTE Changes

The Legislative Assembly approved 358.47 FTE positions for the NDSU Main Research Center for the 2023-25 biennium, an increase of 23.91 FTE positions from the 2021-23 biennium authorized level of 334.56 FTE positions. The Legislative Assembly added 1 FTE position for the big data initiative. In addition, 22.91 FTE positions were added pursuant to Section 8 of Senate Bill No. 2020 (2021), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 10 of House Bill No. 1020 (2023) continues the authorization of the board to adjust positions at entities under its control during the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items for the NDSU Main Research Center for the 2023-25 biennium:

	General Fund	Other Funds	Total Funds
Storage sheds (SIIF)		\$1,900,000	\$1,900,000
Deferred maintenance (SIIF)		500,000	500,000
Waldron Hall replacement project (\$87 million SIIF and \$10 million other funds)		97,000,000	97,000,000
Nesson Valley Irrigation Research Site project	\$1,700,000		1,700,000
Branch research centers capital project inflation (other funds)	2,008,230	925,000	2,933,230
Hettinger Research Extension Center land purchase (State Fiscal Recovery Fund)		1,038,000	1,038,000
Total	\$3,708,230	\$101,363,000	\$105,071,230

Other Sections in House Bill No. 1020

Additional income appropriation - Section 5 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the NDSU Main Research Center, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2023-25 biennium.

Strategic investment and improvements fund - Section 6 provides \$89.4 million, including \$87 million for the Main Research Center Waldron Hall replacement, \$500,000 for deferred maintenance, and \$1.9 million for equipment storage sheds, is from SIIF. Section 14 allows the Main Research Center to expend funds for deferred maintenance and storage sheds without procuring plans, drawings, and specifications from an architect or engineer. Section 15 declares the \$97 million for the Waldron Hall replacement project to be an emergency measure.

State Fiscal Recovery Fund - Section 7 provides that \$1,038,000 for the Main Research Center purchase of land for the Hettinger Research Extension Center is from federal funds derived from the State Fiscal Recovery Fund.

Potato fast track - Section 8 identifies \$250,000 from other funds is for a potato fast track program to accelerate potato variety development efforts.

Transfer authority - Section 9 authorizes the transfer of appropriation authority between the NDSU Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to OMB.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the NDSU Main Research Center and provides that any adjustments be reported to OMB.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended general fund appropriation and excess income received by the NDSU Main Research Center into the 2025-27 biennium.

Carryover authority - Section 12 allows the Main Research Center to continue unexpended other funds appropriation authority relating to the Carrington Research Extension Center, Central Grasslands Research Extension Center, and Langdon Research Extension Center projects appropriated in Section 1 of Chapter 48 of the 2021 Session Laws from the 2021-23 biennium to the 2023-25 biennium. Section 13 allows the Main Research Center to continue unexpended federal funds appropriation authority relating to the Carrington Research Extension Center, Central Grasslands Research Extension Center, Dickinson Research Extension Center, and Hettinger Research Extension Center projects appropriated in subsection 6 of Section 1 of Chapter 550 of the 2021 Special Session Session Laws from the 2021-23 biennium to the 2023-25 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the NDSU Main Research Center may receive allocations, including the:

- Employer retirement contribution pool from which the NDSU Main Research Center is to receive \$42,845, including \$33,694 from the general fund and \$9,151 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the NDSU Main Research Center may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Agronomy Seed Farm
Budget No. 649
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	3.00	\$0	\$1,629,764	\$1,629,764
2023-25 base budget	3.00	0	1,579,655	1,579,655
Legislative increase (decrease) to base budget	0.00	\$0	\$50,109	\$50,109

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$4,604	\$4,604
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			38,385	38,385
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			15,432	15,432
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)			(8,312)	(8,312)
Total	<u>0.00</u>	<u>\$0</u>	<u>\$50,109</u>	<u>\$50,109</u>

FTE Changes

The Legislative Assembly approved 3 FTE positions for the Agronomy Seed Farm for the 2023-25 biennium, the same as the 2021-23 biennium.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 5 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Agronomy Seed Farm, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2023-25 biennium.

FTE position adjustments - Section 10 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Agronomy Seed Farm and provides that any adjustments be reported to OMB.

Unexpended general fund - Excess income - Section 11 authorizes the continuation of any unexpended general fund appropriation and excess income received by the Agronomy Seed Farm into the 2025-27 biennium.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the Agronomy Seed Farm may receive allocations, including the:

- Employer retirement contribution pool from which the Agronomy Seed Farm is to receive \$2,958 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the Agronomy Seed Farm may receive an allocation as determined by the OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.

**State Fair Association
Budget No. 665
House Bill No. 1009**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	0.00	\$642,833	\$0	\$642,833
2023-25 base budget	0.00	542,833	0	542,833
Legislative increase (decrease) to base budget	0.00	\$100,000	\$0	\$100,000

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$642,833	\$0	\$642,833
2021-23 legislative appropriations	542,833	0	542,833
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$100,000	\$0	\$100,000
Percentage increase (decrease) to 2021-23 appropriations	18.4%	N/A	18.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Increased funding for State Fair premiums to provide a total of \$642,833 from the general fund		\$100,000		\$100,000
Total	0.00	\$100,000	\$0	\$100,000

State Fair Premiums

The Legislative Assembly provided \$642,833 from the general fund for premiums, an increase of \$100,000 from the 2021-23 biennium appropriation.

Related Legislation

There is no major related legislation affecting this agency.

**Racing Commission
Budget No. 670
House Bill No. 1023**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	2.00	\$475,006	\$172,098	\$647,104
2023-25 base budget	2.00	387,894	166,601	554,495
Legislative increase (decrease) to base budget	0.00	\$87,112	\$5,497	\$92,609

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$455,006	\$20,000	\$475,006
2021-23 legislative appropriations	387,894	20,000	407,894
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$67,112	\$0	\$67,112
Percentage increase (decrease) to 2021-23 appropriations	17.3%	0.0%	16.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$3,137	\$166	\$3,303
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		26,071	1,371	27,442
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		9,772	516	10,288
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(5,645)	(298)	(5,943)
Added funding for equity increases and temporary salaries		22,368		22,368
Added funding for Information Technology Department rate increase			3,742	3,742
Added funding for rent increase		11,409		11,409
Added one-time funding for internship program		20,000		20,000
Total	<u>0.00</u>	<u>\$87,112</u>	<u>\$5,497</u>	<u>\$92,609</u>

FTE Changes

The Legislative Assembly approved 2 FTE positions for the Racing Commission for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The following is a summary of one-time funding items for the Racing Commission for the 2023-25 biennium:

	General Fund
Internship program	\$20,000
Total	\$20,000

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$2,113, of which \$2,008 is from the general fund and \$105 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**State Historical Society
Budget No. 701
Senate Bill No. 2018**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	83.50	\$22,038,910	\$27,339,183	\$49,378,093
2023-25 base budget	78.75	19,386,350	3,229,952	22,616,302
Legislative increase (decrease) to base budget	4.75	\$2,652,560	\$24,109,231	\$26,761,791

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$20,132,071	\$1,906,839	\$22,038,910
2021-23 legislative appropriations	19,386,350	25,000	19,411,350
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$745,721	\$1,881,839	\$2,627,560
Percentage increase (decrease) to 2021-23 appropriations	3.8%	7,527.4%	13.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$96,400	\$10,449	\$106,849
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		859,325	121,843	981,168
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		344,394	24,688	369,082
Added 1 FTE digital specialist position, .25 FTE interpretive resource specialist position, 1 FTE trade services III position, 1 FTE trade services IV position, 1 FTE program management II position, and .5 FTE brand marketing position	4.75	400,978	770,038	1,171,016
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(919,203)	(849,189)	(1,768,392)
Adjusted funding for base budget changes including a decrease of (\$296,853) in salaries and wages, a decrease of (\$1,120,944) in operating expenses, an increase of \$165,809 in capital assets, and an increase of \$328,340 in grants			(923,648)	(923,648)

Added funding for Information Technology Department rate increases	24,022	50	24,072
Added funding for Geographic Information System (GIS) remote access and upgrade; of which \$250,000 is one-time funding	239,400	25,000	264,400
Added funding for newspaper preservation updates, of which \$236,044 is one-time funding	248,089		248,089
Reduced funding for debt service payments to provide a total of \$592,375	(586,640)		(586,640)
Added funding for ongoing historic building improvements	500,000		500,000
Added one-time funding for operating expense inflationary costs	120,795		120,795
Added one-time funding for a digital interactive initiative	425,000		425,000
Added one-time funding for Medora site planning	150,000		150,000
Added one-time funding from federal funds for a digital humanities advancement grant		30,000	30,000
Added one-time funding for historic building improvements from the strategic investment and improvements fund		3,250,000	3,250,000
Added one-time funding from federal funds for an army corps of engineering grant		400,000	400,000
Added one-time funding for an Ellendale opera house restoration project grant	250,000		250,000
Added one-time funding for a Whitestone Hill monument	250,000		250,000
Added one-time funding for improving exhibit engagement, of which \$300,000 is from the strategic investment and improvements fund		375,000	375,000
Added one-time funding from a Bank of North Dakota line of credit for a military museum project		20,000,000	20,000,000
Added one-time funding from federal funds for a Paul Bruhn historic revitalization grant		750,000	750,000
Added one-time funding from federal funds for an underrepresented community grant program		125,000	125,000
Added one-time funding for America's 250 th celebration		250,000	250,000
Total	<u>4.75</u>	<u>\$2,652,560</u>	<u>\$24,109,231</u>
			<u>\$26,761,791</u>

FTE Changes

The Legislative Assembly approved 83.50 FTE positions for the State Historical Society for the 2023-25 biennium, an increase of 4.75 FTE positions from the 2021-23 biennium authorized level of 78.75 FTE positions. The Legislative Assembly added the following positions:

- 1 FTE digital specialist position
- .25 FTE interpretive resource specialist position
- 1 FTE trade services III position
- 1 FTE trade services IV position
- 1 FTE program management position
- .5 FTE brand marketing position

One-Time Funding

The following is a summary of one-time funding items for the State Historical Society for the 2023-25 biennium:

	General Fund	Other Funds	Total
Operating expense inflationary costs	\$120,795	\$0	\$120,795
GIS remote access and upgrade	225,000	25,000	250,000
Digital interactive initiative	425,000	0	425,000
Medora site planning	150,000	0	150,000
Digital humanities advancement grant (federal funds)	0	30,000	30,000
Newspaper preservation	236,044	0	236,044
Historic building improvements (strategic investment and improvements fund)	0	3,250,000	3,250,000
Army corps of engineering grant (federal funds)	0	400,000	400,000
Opera house restoration	250,000	0	250,000
Whitestone Hill monument	250,000	0	250,000
Improving exhibit engagement (strategic investment and improvements fund and foundation funds)	0	375,000	375,000
Military museum (line of credit)	0	20,000,000	20,000,000
Paul Bruhn historic revitalization grant (federal funds)	0	750,000	750,000
Underrepresented community grant program (federal funds)	0	125,000	125,000
America's 250 th celebration	250,000	0	250,000
Total	\$1,906,839	\$24,955,000	\$26,861,839

Other Sections in Senate Bill No. 2018

Appropriation - Revolving fund - Section 3 appropriates all fees collected and deposited in the revolving loan fund to the State Historical Society.

Appropriation - Gifts, grants, and bequests - Section 4 appropriates all gifts, grants, devises, bequests, donations, and assignments received by the State Historical Society to the State Historical Society.

Line of credit - Military museum - Section 5 establishes a \$20 million line of credit at the Bank of North Dakota for the State Historical Society to provide funding to pay costs associated with the construction of the North Dakota military museum.

Estimated income - Strategic investment and improvements fund - Section 6 identifies \$3.55 million from the strategic investment and improvements fund, of which \$3.25 million is for critical repairs to historic site structures and \$300,000 is for creating new and repairing existing exhibits.

Estimated income - Department of Transportation grant - Section 7 identifies \$100,000 of funding in the estimated income line item as from the Department of Transportation for defraying the expenses of the Lewis and Clark Interpretive Center for the 2023-25 biennium.

Permit application fees - Sections 8 and 9 amend North Dakota Century Code Sections 55-03-01 and 55-03-01.1 to authorize the Director of the State Historical Society to schedule and set the amount of filing fees for permit applications to investigate, evaluate, or mitigate adverse effects on cultural resources and to schedule and set the amount of fees for permits 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.

Exemption - American Rescue Plan Act - Section 10 allows unspent 2021-23 biennium appropriation authority from the American Rescue Plan Act to continue to be available for the purpose of deferred maintenance and extraordinary repair projects in the 2023-25 biennium.

Legislative Management study - Records retention - Section 11 provides for a Legislative Management study to determine compliance of the current records management program related to records deemed historic in value.

Related Legislation

House Bill No. 1085 (2023) - Biennial reporting requirements - Allows state agencies to post an electronic copy of a biennial report on the agency's website rather than printing the report and requires the agency to submit an electronic copy to the State Historical Society.

House Bill No. 1197 (2023) - Publication of legal notices - Requires a newspaper to submit a paper and digital copy of legal notices to the State Historical Society.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$75,580, of which \$66,191 is from the general fund and \$9,389 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Council on the Arts
Budget No. 709
House Bill No. 1010**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	6.00	\$2,597,019	\$1,950,000	\$4,547,019
2023-25 base budget	5.00	1,662,766	1,788,922	3,451,688
Legislative increase (decrease) to base budget	1.00	\$934,253	\$161,078	\$1,095,331

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$2,338,089	\$258,930	\$2,597,019
2021-23 legislative appropriations	1,662,766	0	1,662,766
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$675,323	\$258,930	\$934,253
Percentage increase (decrease) to 2021-23 appropriations	40.6%	N/A	56.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$87,703	(\$70,000)	\$17,703
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		73,358		73,358
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		30,858		30,858
Added funding for 1 FTE administrative assistant position and related operating costs	1.00	73,750		73,750
Added funding for inflationary increases and restoration of operating reductions made in prior bienniums		87,048		87,048
Added funding for a contracted exhibition coordinator		24,000		24,000
Added funding for information technology software and supplies		51,400		51,400
Added funding for marketing		15,000		15,000

Added funding to improve accessibility to arts	16,600		16,600
Added funding for arts education grants	113,535		113,535
Adjusted funding for other grants	(5,295)	164,578	159,283
Reduced funding for operating fees and services		(3,500)	(3,500)
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget	(85,634)		(85,634)
Added funding for the arts across the prairie initiative, including \$170,000 of one-time funding , of which \$100,000 is from the general fund and \$70,000 is from a Department of Commerce grant	293,000	70,000	363,000
Added one-time funding for new FTE one-time costs	2,500		2,500
Added one-time funding for accrued leave payouts for retiring staff	106,430		106,430
Added one-time funding for a strategic planning consultant	40,000		40,000
Added one-time funding for information technology equipment	10,000		10,000
Total	<u>1.00</u>	<u>\$934,253</u>	<u>\$1,095,331</u>

FTE Changes

The Legislative Assembly approved 6 FTE positions for the Council on the Arts for the 2023-25 biennium, an increase of 1 FTE position from the 2021-23 biennium authorized level of 5 FTE positions. The Legislative Assembly added 1 FTE administrative assistant position.

One-Time Funding

The following is a summary of one-time funding items for the Council on the Arts for the 2023-25 biennium:

	General Fund	Other Funds	Total
Arts across the prairie initiative	\$100,000	\$70,000	\$170,000
New FTE costs	2,500		2,500
Accrued leave payouts	106,430		106,430
Strategic planning consultant	40,000		40,000
Information technology equipment	10,000		10,000
Total	\$258,930	\$70,000	\$328,930

Other Sections in House Bill No. 1010

Cultural endowment fund - Section 3 appropriates all income from the cultural endowment fund to the Council on the Arts during the 2023-25 biennium for furthering the cultural arts in the state.

Gifts, grants, and bequests - Section 4 appropriates all income from gifts, grants, devises, bequests, donations, and assignments received by the Council on the Arts during the 2023-25 biennium.

Exemption - Line item transfers - Section 5 allows for the transfer of funding between line items as requested by the Council on the Arts. The department shall report to the Budget Section any transfer made in excess of \$50,000.

Emergency clause - Section 6 declares the one-time appropriation of \$106,430 from the general fund for accrued leave payouts to retiring staff to be an emergency measure.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the Council on the Arts may receive allocations, including the:

- Employer retirement contribution pool from which the Council on the Arts is to receive \$5,650 from the general fund in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the Council on the Arts may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Game and Fish Department
Budget No. 720
Senate Bill No. 2017**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	174.00¹	\$0	\$134,761,466¹	\$134,761,466¹
2023-25 base budget	164.00	0	89,581,634	89,581,634
Legislative increase (decrease) to base budget	10.00	\$0	\$45,179,832	\$45,179,832

¹This amount includes contingent appropriation from federal funds of \$27.15 million and authorization of 4 FTE positions relating to implementation of the federal Recovering America's Wildlife Act.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$295,116	\$295,116
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			2,556,898	2,556,898
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			888,946	888,946
Added 1 FTE enforcement warden position, 2 FTE biologist II positions, and 3 FTE biologist I positions and related operating expenses	6.00		2,303,266	2,303,266
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(3,420,755)	(3,420,755)
Added contingent funding from federal funds for implementing the Recovering America's Wildlife Act	4.00		27,150,000	27,150,000
Adjusted funding for base budget changes including an increase of \$1,383,088 in salaries and wages, an increase of \$185,442 in operating expenses, a decrease of (\$1,374,109) in capital assets, an increase of \$1,166,633 in grants - game and fish, an increase of \$1,285,000 in land habitat and deer depredation, an increase of \$13,754 in Missouri River enforcement, and an increase of \$306,585 in Lonetree Reservoir			2,966,393	2,966,393
Added funding for Information Technology Department rate increases			80,908	80,908

Increased funding for fleet services and motor pool increases to provide a total of \$4,867,560			1,157,192	1,157,192
Added funding for midterm conservation agreements relating to the National Fish and Wildlife Foundation program			2,777,778	2,777,778
Increased funding for private land open to sportsmen (PLOTS) program to provide a total of \$20.3 million			5,000,000	5,000,000
Added one-time funding for equipment for new FTE positions			294,090	294,090
Added one-time funding for an aquatic nuisance species laboratory and storage facility			850,000	850,000
Added one-time funding for in-car video system and body cameras			550,000	550,000
Added one-time funding for fisheries pond liners			1,000,000	1,000,000
Added one-time funding for fisheries dam repairs			380,000	380,000
Added one-time funding for Devils Lake bunkhouse improvements			350,000	350,000
Total	<u>10.00</u>	<u>\$0</u>	<u>\$45,179,832</u>	<u>\$45,179,832</u>

FTE Changes

The Legislative Assembly approved 170 FTE positions for the Game and Fish Department for the 2023-25 biennium, an increase of 6 FTE positions from the 2021-23 biennium authorized level of 164 FTE positions. The Legislative Assembly added the following positions:

- 1 FTE fisheries biologist II position
- 1 FTE enforcement warden investigator position
- 2 FTE private lands biologist I position
- 1 FTE private lands biologist II position
- 1 FTE aquatic nuisance species biologist I position

One-Time Funding

The following is a summary of one-time funding items for the Game and Fish Department for the 2023-25 biennium:

	General Fund	Other Funds	Total
Equipment for new FTE positions	\$0	\$294,090	\$294,090
Aquatic nuisance species laboratory and storage facility	0	850,000	850,000
In-car video system and body cameras	0	550,000	550,000
Fisheries pond liners	0	1,000,000	1,000,000
Fisheries dam repairs at Camel Hump and Baukol Noonan	0	380,000	380,000
Devils Lake bunkhouse improvements	0	350,000	350,000
Total	\$0	\$3,424,090	\$3,424,090

Other Sections in Senate Bill No. 2017

Grants, gifts, and donations line - Section 3 identifies \$100,000 received by the Game and Fish Department in the grants, gifts, and donations line item for surface damage, easements, or reclamation on department-owned or managed properties as a result of mineral exploration and extraction activities.

Contingent authority - Recovering America's Wildlife Act - Section 4 appropriates \$27.15 million and authorizes 4 FTE positions to implement the Recovering America's Wildlife Act during the 2023-25 biennium, contingent upon enactment of the Recovering America's Wildlife Act and after corresponding federal funds have been made available to the state. Any expenditures of funds under this section for conservation or research must be coordinated with and input considered from the Federal Environment Law Impact Review Committee.

Midterm conservation agreements - Section 5 provides that midterm conservation agreements entered with private landowners have a maximum of 30 years with buyout options at 15, 20, and 25 years.

Line item transfer authority - Section 6 authorizes the Game and Fish Department to transfer up to \$2 million between the operating expenses, capital assets, and grants - game and fish line items, during the 2023-25 biennium. The department is required to report transfers to the Legislative Council.

Related Legislation

House Bill No. 1183 (2023) - Peace officer retirement - Includes game and fish wardens within the Public Employees' Retirement System retirement plan as peace officers.

House Bill No. 1538 (2023) - Fishing contests - Creates new sections relating to fishing contests, surcharge fees, and the fishing conservation fund; amends North Dakota Century Code Section 20.1-02-05(20) relating to the powers of the Director of the Game and Fish Department; and provides a continuing appropriation.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$199,347 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and \$181,817 from other funds for the employer retirement contribution increase relating to peace officers provided for in House Bill No. 1183;
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Parks and Recreation Department
Budget No. 750
Senate Bill Nos. 2019 and 2020**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	65.00	\$14,264,880	\$125,316,715	\$139,581,595
2023-25 base budget	57.75	13,323,491	22,599,593	35,923,084
Legislative increase (decrease) to base budget	7.25	\$941,389	\$102,717,122	\$103,658,511

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$14,264,880	\$0	\$14,264,880
2021-23 legislative appropriations	13,323,491	250,000	13,573,491
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$941,389	(\$250,000)	\$691,389
Percentage increase (decrease) to 2021-23 appropriations	7.1%	(100.0%)	5.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$81,704	\$4,209	\$85,913
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		735,194	46,480	781,674
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		264,345	15,500	279,845
Added 1 FTE cabin construction project position and converted 6.25 FTE temporary seasonal positions to full-time positions	7.25	65,175	131,928	197,103
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE position funding pool in the Office of Management and Budget		(547,095)	(163,218)	(710,313)
Added funding for a new Capitol space rent model		125,674		125,674
Added funding for Information Technology Department rate increases		1,607	3,663	5,270

Reduced funding for bond payments to provide a total of \$30,950	(35,215)		(35,215)
Adjusted funding for base budget changes including a decrease of (\$635,933) in the park operations and maintenance line item and an increase of \$255,793 in the recreation line item		(380,140)	(380,140)
Added funding for operating fees and services relating to an increase in special funds due to anticipated park visitation increases		1,750,000	1,750,000
Added funding for equipment life cycle replacement		858,700	858,700
Added funding for International Peace Garden operating grants	250,000		250,000
Added one-time funding from the strategic investment and improvements fund (SIIF) for deferred maintenance and capital projects		10,000,000	10,000,000
Added one-time funding from SIIF for Pembina Gorge campground project		6,000,000	6,000,000
Added one-time funding from SIIF for cabin construction project at a state park		2,400,000	2,400,000
Added one-time funding from a Bank of North Dakota line of credit for the Theodore Roosevelt Presidential Library project		70,000,000	70,000,000
Added one-time funding from SIIF for Lake Metigoshe reimagined project		250,000	250,000
Added one-time funding of \$1.5 million from SIIF and \$1.5 million from other nonstate sources for state park matching grant program		3,000,000	3,000,000
Added one-time funding from SIIF for city, county, and tribal park system grants		6,000,000	6,000,000
Added one-time funding from SIIF for construction of the Willis pavilion at the International Peace Garden		800,000	800,000
Added one-time funding for sovereign lands recreation use grants (Senate Bill No. 2020)		2,000,000	2,000,000
Total	<u>7.25</u>	<u>\$941,389</u>	<u>\$102,717,122</u>
			<u>\$103,658,511</u>

FTE Changes

The Legislative Assembly approved 65 FTE positions for the Parks and Recreation Department for the 2023-25 biennium, an increase of 7.25 FTE from the 2021-23 biennium authorized level of 57.75 FTE positions. The Legislative Assembly added 1 FTE for the cabin construction project and converted 6.25 temporary seasonal positions to full-time positions.

One-Time Funding

The following is a summary of one-time funding items for the Parks and Recreation Department for the 2023-25 biennium:

	General Fund	Other Funds	Total
Deferred maintenance and capital projects (SIIF)	\$0	\$10,000,000	\$10,000,000
Pembina Gorge campground project (SIIF)	0	6,000,000	6,000,000
Cabin construction project (SIIF)	0	2,400,000	2,400,000
Theodore Roosevelt Presidential Library project (line of credit)	0	70,000,000	70,000,000
Lake Metigoshe reimagined project (SIIF)	0	250,000	250,000
State park matching grant program (\$1.5 million SIIF and \$1.5 million from nonstate sources)	0	3,000,000	3,000,000
City, county, and tribal park system grants (SIIF)	0	6,000,000	6,000,000
International Peace Garden pavilion construction (SIIF)	0	800,000	800,000
Sovereign lands recreation use grants (Senate Bill No. 2020 - Water Commission grant)	0	2,000,000	2,000,000
Total	\$0	\$100,450,000	\$100,450,000

Other Sections in Senate Bill No. 2019

Line of Credit - Theodore Roosevelt Presidential Library project - Section 3 establishes a \$70 million line of credit at the Bank of North Dakota to provide funding to support activities related to the Theodore Roosevelt Presidential Library project.

Game and fish operating fund - Transfer for boat ramp maintenance - Section 4 provides \$122,000 from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, which must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at state parks for the 2023-25 biennium.

Appropriation - Additional federal funds or other funds - Section 5 appropriates any additional income from federal or other funds that may become available to the Parks and Recreation Department for the 2023-25 biennium.

Estimated income - SIIF - Section 6 identifies \$26.95 million from SIIF, of which \$10 million is for deferred maintenance and capital projects, \$6 million is for Pembina Gorge campground construction, \$2.4 million is for building cabins at a park selected by the Director of the Parks and Recreation Department, \$1.5 million is for state park matching grants, \$6 million is for city, county, and tribal park system grants, \$800,000 is for construction of the Willis pavilion at the International Peace Garden, and \$250,000 is for the Lake Metigoshe reimagined project for the 2023-25 biennium.

City, county, and tribal grant program - Matching funds requirement - Section 7 identifies \$6 million from SIIF for city, county, and tribal park system grants with \$1 million designated to communities with a population of 15,000 or less and a limit of \$150,000 per entity and \$5 million designated to communities with a population of more than 15,000 and a limit of \$1 million per entity. Expenditures of these funds is subject to one-to-one matching funds from nonstate sources.

International Peace Garden - Matching funds requirement - Section 8 allows grant funding for construction of a pavilion at the International Peace Garden subject to obtaining dollar-for-dollar matching funds from the province of Manitoba or other nonstate sources.

Exemption - Unexpended appropriations - Section 9 allows any unspent funds remaining from the following appropriations to be continued into the 2023-25 biennium:

- 2013-15 biennium appropriation authority for repair of the Peace Tower to continue to be available for capital projects, extraordinary repairs, and equipment at the International Peace Garden;
- 2019-21 biennium appropriation authority for extraordinary repairs;

- 2019-21 biennium appropriation authority for parks capital projects and International Peace Garden capital projects to be available for any capital projects and equipment;
- 2021-23 biennium appropriation authority for trail lease renewals and construction and repairs or purchasing trail easements;
- 2021-23 biennium appropriation authority for Fort Abraham Lincoln viewshed to be available for plantings to improve the viewshed;
- 2021-23 biennium appropriation authority for extraordinary repairs;
- 2021-23 biennium appropriation authority for any remaining federal state recovery funds to continue to be available for deferred maintenance and capital projects;
- 2021-23 biennium appropriation authority for any remaining federal state recovery funds to continue to be available for grants to local park districts to renovate and upgrade existing facilities;
- 2021-23 biennium appropriation authority for any remaining federal state recovery funds to continue to be available for capital project improvements at state parks, subject to the department obtaining matching funds from nonstate sources for each project on a dollar-for-dollar basis; and
- 2021-23 biennium appropriation authority for any remaining federal state recovery funds to continue to be available for deferred maintenance and capital projects.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$59,247, of which \$56,526 is from the general fund and \$2,721 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023) and \$97,612, of which \$91,958 is from the general fund and \$5,654 is from other funds for the employer retirement contribution increase relating to peace officers provided for in House Bill No. 1183 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2108 (2023) - Motor vehicle permit fees - Allows the Director of the Parks and Recreation Department to set the motor vehicle permit fees for entrance into a state park rather than the fees being established in statute.

**Department of Water Resources
Budget No. 770
Senate Bill Nos. 2020 and 2196**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	93.00	\$0	\$894,357,267	\$894,357,267
2023-25 base budget	90.00	0	409,199,129	409,199,129
Legislative increase (decrease) to base budget	3.00	\$0	\$485,158,138	\$485,158,138

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$148,098	\$148,098
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			1,404,288	1,404,288
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			449,618	449,618
Added funding for 3 positions previously approved by the Emergency Commission and Budget Section, including \$2,000 for travel costs and \$19,320 of one-time funding for related equipment	3.00		724,718	724,718
Added funding for a new Northwest Area Water Supply (NAWS) Project temporary employee			170,000	170,000
Added funding for a temporary employee at the same level as an FTE position			61,609	61,609
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(1,615,629)	(1,615,629)
Added funding for staff training and professional development			80,000	80,000
Added funding for information technology unification costs, including \$1,532,980 of one-time funding			5,615,764	5,615,764
Added funding for pushing remote sensors installations			1,572,800	1,572,800
Added funding for ground water modeling and related hydrologic analysis software and maintenance, including \$72,665 of one-time funding			94,665	94,665

Added funding from federal funds for RiskMap			100,000	100,000
Reduced funding for rural water supply grants to provide a total of \$52 million			(7,600,000)	(7,600,000)
Reduced funding for general water grants to provide a total of \$12 million			(2,233,275)	(2,233,275)
Added funding for water supply grants to provide a total of \$316.2 million			191,200,000	191,200,000
Added funding for flood control projects to provide a total of \$115.7 million			67,700,000	67,700,000
Added funding for capital assets to provide a total of \$218 million for NAWS, the Southwest Pipeline Project, and the Devils Lake outlet, including \$100 million from a Bank of North Dakota line of credit			133,410,064	133,410,064
Added one-time funding for increased motor pool rates			118,180	118,180
Added one-time funding for drilling supplies inflation			180,000	180,000
Added one-time funding for a navigability study			180,000	180,000
Added one-time funding for airborne electromagnetic survey data collection			750,000	750,000
Added one-time funding for the potential relocation of the agency			200,000	200,000
Added one-time funding for the Bowman radar system			1,800,000	1,800,000
Added one-time funding to replace the drilling rig			1,800,000	1,800,000
Added one-time funding for discretionary funds			9,000,000	9,000,000
Added one-time funding from federal funds for NAWS			47,847,238	47,847,238
Added one-time funding to repay loans from the Bank of North Dakota to the Western Area Water Supply (WAWS) Authority			30,000,000	30,000,000
Added one-time funding to pay accrued and unpaid interest on the \$25 million loan from the general fund to the WAWS Authority authorized in Section 3 of Chapter 500 of the 2011 Session Laws (Senate Bill No. 2196)			2,000,000	2,000,000
Total	<u>3.00</u>	<u>\$0</u>	<u>\$485,158,138</u>	<u>\$485,158,138</u>

FTE Changes

The Legislative Assembly approved 93 FTE positions for the Department of Water Resources for the 2023-25 biennium, an increase of 3 FTE positions from the 2021-23 biennium authorized level of 90 FTE positions. The Legislative Assembly added 2 FTE positions to administer, manage, and appropriate water resources and 1 FTE position to administer multiple public safety, life safety, and water management authorities.

One-Time Funding

The following is a summary of one-time funding items for the Department of Water Resources for the 2023-25 biennium:

	Other Funds
Equipment for new FTE positions	\$19,320
Information technology unification	1,532,980
Ground water monitoring and related hydrologic analysis software	72,665
Increased motor pool rates	118,180
Drilling supplies inflation	180,000
Navigability study	180,000
Airborne electromagnetic survey data collection	750,000
Potential relocation of the agency	200,000
Bowman radar system	1,800,000
Drilling rig replacement	1,800,000
Discretionary funds	9,000,000
NAWS Project federal funds	47,847,238
NAWS Project line of credit	50,000,000
Southwest Pipeline Project line of credit	50,000,000
WAWS Authority loan repayment	30,000,000
WAWS Authority loan accrued and unpaid interest payment	2,000,000
Total	\$195,500,383

Mouse River Flood Control

The schedule below provides a history of funding provided for the Mouse River flood control project.

Funding for the Mouse River Flood Control Project				
	2017-19	2019-21	2021-23	2023-25
State Water Commission approved funding	\$51,232,793	\$49,500,000 ¹	\$74,500,000	
House Bill No. 1431 (2021)				
Senate Bill No. 2020 (2023)				\$76,100,000
Remaining legislative intent ²	\$141,767,207	\$92,267,207	\$529,500,000	\$304,400,000

¹Due to the reduction in oil tax revenues deposited in the resources trust fund during the 2019-21 biennium, the sponsors of the Mouse River flood control project utilized only \$49.5 million of the \$82.5 million provided by the Legislative Assembly and approved by the State Water Commission.

²Funding for the Mouse River flood control project, which focused on flood control within the city limits of Minot, was provided by the 2017 and 2019 Legislative Assemblies and included legislative intent to provide a total of \$193 million, of which \$100.7 million had been provided. The 2021 Legislative Assembly broadened the use of the funding to include both outside and inside the city limits of Minot and provided new legislative intent that the state provide \$604 million which excludes any funding provided prior to the 2021-23 biennium. The 2023 Legislative Assembly provided new legislative intent that the state provide \$380.5 million which excludes any funding provided prior to the 2023-25 biennium. The reduction in legislative intent for the project was due in part to the receipt of additional federal funds for the project.

Other Sections in Senate Bill No. 2020

Additional income - Section 3 appropriates any additional funds available in the resources trust fund to the Department of Water Resources for the 2021-23 biennium for water supply grants and rural water supply grants.

Loan repayment - Section 4 appropriates \$30 million from the water projects stabilization fund to the Department of Water Resources to repay Bank of North Dakota loans for the WAWS Authority.

Water infrastructure revolving loan fund transfer - Section 5 transfers \$100 million from Bank of North Dakota profits to the water infrastructure revolving loan fund.

Water projects stabilization fund transfer - Section 6 provides for the transfer of excess 2023-25 biennium revenue in the resources trust fund to the water projects stabilization fund.

Sovereign lands recreation use grants - Sections 7 and 8 provide \$2 million from the resources trust fund to the Parks and Recreation Department, the sum of which is appropriated for grants for developing recreation opportunities on sovereign lands in the state.

Discretionary funding - Section 9 provides that the discretionary water project grants line item in Section 1 may be used as necessary, except for salaries and wages. Section 12 amends 2021 Session Laws to allow the Department of Water Resources to use its discretionary funding as necessary, except for salaries and wages.

Water projects stabilization fund - Section 10 identifies \$123.4 million of the amount appropriated in Section 1 as from the water projects stabilization fund.

Line of credit - Section 11 provides for the Bank of North Dakota to extend a \$100 million line of credit to the Department of Water Resources, of which \$50 million may be used for NAWS and \$50 million may be used for the Southwest Pipeline Project.

Red River Valley Water Supply Project - Section 13 provides legislative intent for a total of \$953 million for the Red River Valley Water Supply Project, of which \$180 million is provided during the 2023-25 biennium.

Mouse River flood control - Section 14 provides legislative intent for a total of \$380.5 million for the Mouse River flood control project, of which \$76.1 million is provided during the 2023-25 biennium.

Southwest Pipeline Project - Section 15 provides legislative intent that the 69th Legislative Assembly appropriate \$40 million for the Southwest Pipeline Project water treatment plant.

City of Bismarck water treatment plant - Section 16 provides legislative intent for up to \$50 million to be provided during the 2023-25 biennium for a City of Bismarck water treatment plant project.

City of Medora water supply - Section 17 provides legislative intent for the City of Medora to request funding for water projects from the State Water Commission after all agreements with the City of Medora are completed for the construction of the Theodore Roosevelt Presidential Library.

Missouri River water rights - Section 18 provides legislative intent in support of efforts to protect and develop beneficial use of Missouri River system water.

Missouri River water intake - Section 19 provides legislative intent that the Department of Water Resources research and identify options for the use of the Missouri River water intake constructed near Washburn.

Line item transfers - Section 20 provides authority for the Director of the Department of Water Resources to transfer up to \$9.9 million between the operating expenses and capital assets line items.

Exemption - Section 21 provides that up to \$367 million of unexpended obligated and unobligated 2021-23 biennium appropriation authority for grants or water-related projects may be continued and expended during the 2023-25 biennium.

Emergency - Section 22 declares Senate Bill Nos. 2020 and 2196 to be an emergency measure.

Related Legislation

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the Department of Water Resources may receive allocations, including the:

- Employer retirement contribution pool from which the Department of Water Resources is to receive \$108,163 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);

- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the Department of Water Resources may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2196 - Provides for WAWS Authority loans to be consolidated under the infrastructure revolving loan fund and appropriates \$2 million from the resources trust fund to the Department of Water Resources to pay accrued and unpaid interest on certain WAWS Authority loans to the general fund.

**Department of Transportation
Budget No. 801
House Bill No. 1012**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	1,001.00	\$10,375,000	\$2,295,719,393	\$2,306,094,393
2023-25 base budget	982.00	0	1,495,514,727	1,495,514,727
Legislative increase (decrease) to base budget	19.00	\$10,375,000	\$800,204,666	\$810,579,666

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$0	\$10,375,000	\$10,375,000
2021-23 legislative appropriations	0	0	0
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$0	\$10,375,000	\$10,375,000
Percentage increase (decrease) to 2021-23 appropriations	N/A	N/A	N/A

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes including costs to continue 2021-23 biennium equity adjustments			\$9,903,727	\$9,903,727
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			13,565,540	13,565,540
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			5,030,586	5,030,586
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(18,408,702)	(18,408,702)
Adjusted funding for anticipated federal and other funds			7,415,879	7,415,879
Added funding for 19 new FTE positions, including 4 FTE auditors, 8 FTE equipment operators, 2 FTE driver's license examiners, 3 FTE accountants, and 2 FTE township road project coordinators	19.00		3,697,636	3,697,636

Added ongoing funding from motor vehicle excise tax collections (\$171.5 million) and one-time funding from the strategic investment and improvements fund (SIIF) (\$51 million) to establish a flexible transportation fund			222,500,000	222,500,000
Added spending authority for estimated legacy fund earnings deposited in the highway fund			60,000,000	60,000,000
Added one-time funding from SIIF (\$114 million) to match federal highway funds (\$290 million)			404,000,000	404,000,000
Added one-time funding for the roadway information management system project		\$6,250,000		6,250,000
Added one-time funding for a door security project		865,000		865,000
Added one-time funding for an automated vehicle location system project		2,010,000		2,010,000
Added one-time funding from contingent loan proceeds for a US Highway 85 project			50,000,000	50,000,000
Added one-time funding from SIIF to enhance short line railroad loan programs			6,500,000	6,500,000
Added one-time funding from SIIF for a study of projects to alleviate northern Red River Valley flooding			2,500,000	2,500,000
Added one-time funding from contingent loan proceeds for northern Red River Valley infrastructure projects			28,500,000	28,500,000
Added one-time funding for rural transit program grants		1,250,000		1,250,000
Added one-time funding from SIIF for an environmental study for a US Highway 52 project			5,000,000	5,000,000
Total		<u>19.00</u>	<u>\$10,375,000</u>	<u>\$800,204,666</u>

FTE Changes

The Legislative Assembly approved 1,001 FTE positions for the Department of Transportation (DOT) for the 2023-25 biennium, an increase of 19 FTE positions from the 2021-23 biennium. The Legislative Assembly added funding for 4 FTE auditors, 8 FTE equipment operators, 2 FTE driver's license examiners, 3 FTE accountants, and 2 FTE township road project coordinators.

One-Time Funding

The following is a summary of one-time funding items for DOT for the 2023-25 biennium:

	General Fund	Other Funds	Total
Flexible transportation fund (SIIF)		\$51,000,000	\$51,000,000
Funding from SIIF (\$114 million) to match federal highway funds (\$290 million)		404,000,000	404,000,000
Roadway information management system project	\$6,250,000		6,250,000
Door security project	865,000		865,000
Automated vehicle location system project	2,010,000		2,010,000
Contingent loan proceeds for a US Highway 85 project		50,000,000	50,000,000
Short line railroad loan programs enhancement (SIIF)		6,500,000	6,500,000
Study of projects to alleviate northern Red River Valley flooding (SIIF)		2,500,000	2,500,000
Contingent loan proceeds for northern Red River Valley infrastructure projects		28,500,000	28,500,000
Rural transit program grants	1,250,000		1,250,000
Environmental study for a US Highway 52 project (SIIF)		5,000,000	5,000,000
Total	\$10,375,000	\$547,500,000	\$557,875,000

Other Sections in House Bill No. 1012

Line item transfers - Section 3 authorizes the Office of Management and Budget to transfer funds between the salaries and wages, operating expenses, capital assets, and grants line items as requested by DOT when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Legislative Council.

Contingent loan authorization for US Highway 85 - Section 4 allows DOT to borrow up to \$50 million from the Bank of North Dakota to match federal grant funds received for US Highway 85 projects.

Contingent loan authority for flood projects - Section 5 allows DOT to borrow up to \$28.5 million from the Bank of North Dakota for northern Red River Valley infrastructure projects to alleviate flooding.

Strategic investment and improvements fund - Section 6 identifies \$179 million from SIIF to match federal highway funding (\$114 million), for a state flexible transportation fund (\$51 million), for short line railroad loan programs (\$6.5 million), for a flood projects study (\$2.5 million), and for a US Highway 52 study (\$5 million).

Rural transit funding - Section 7 provides guidelines for the distribution of \$1.25 million of additional rural transit funding.

Rest area and visitor center construction - Section 8 authorizes DOT to construct a rest area and visitor center in western North Dakota utilizing appropriations from the state highway fund.

State Highway 13 designation - Section 9 designates a portion of State Highway 13 as the Trooper Beryl McLane Memorial Highway.

Flexible transportation fund - Section 10 provides for 25 percent of motor vehicle excise taxes deposited in the flexible transportation fund to be used for county and township road and bridge projects and requires Budget Section approval and reports for certain projects. This section was amended in Section 31 of Senate Bill No. 2015 (2023).

Legacy earnings highway distribution fund - Section 11 creates a legacy earnings highway distribution fund to distribute legacy fund earnings to the highway fund and political subdivisions.

Legacy township highway aid fund - Section 12 creates a legacy township highway aid fund to distribute legacy fund earnings to non-oil-producing townships.

Motor vehicle excise tax allocations - Section 13 amends North Dakota Century Code Section 57-40.3-10 to deposit 50 percent of motor vehicle excise tax collections in the general fund and the remaining 50 percent of collections in the flexible transportation fund. Section 19 provides an effective date for the deposit of collections.

Amendment - 2021-23 biennium township funding allocation - Section 14 amends an appropriation section from the 2021 legislative session to allow townships to access road and bridge project funding. Section 20 includes an emergency clause related to the amendment.

Amendment - 2021-23 biennium appropriation authority - Section 15 amends an appropriation section from the 2021 legislative session to remove the requirements provided for the use of funding received from bond proceeds. Section 20 includes an emergency clause related to the amendment.

Electric vehicle study - Section 16 provides for a Legislative Management study of the effect of electric vehicles in the state.

US Highway 85 project - Section 17 provides for DOT to develop a plan to finish the US Highway 85 four-lane project.

Exemptions - Section 18 provides exemptions for various road and infrastructure projects to allow project funding to continue into the 2023-25 biennium.

Related Legislation

House Bill No. 1080 (2023) - Electronic proof of motor vehicle registration - Allows drivers to provide electronic proof of motor vehicle registration.

House Bill No. 1081 (2023) - Electronic vehicle charging tax study - Requires DOT to conduct a study of options to implement an electronic charging tax.

House Bill No. 1102 (2023) - Federal funds - Provides for the Director of DOT to seek federal grants and discretionary funding.

House Bill Nos. 1117, 1351, 1352, 1354, and 1355 (2023) and Senate Bill No. 2146 (2023) - Designated names for roads and bridges - Designates names for certain roads and bridges and provides DOT with a continuing appropriation to spend any funds donated for the placement of signs designating the names of the roads and bridges.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$1,050,871 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2063 (2023) - Federal electric vehicle infrastructure grants - Authorizes DOT to enter agreements for electric vehicle charging infrastructure.

Senate Bill No. 2110 (2023) - National park maintenance agreement - Allows DOT to enter an agreement for the joint maintenance of the road network in Theodore Roosevelt National Park.

Senate Bill No. 2113 (2023) - Flexible transportation fund - Creates a flexible transportation fund for the construction and maintenance of state and local roads. These provisions were amended in Section 10 of House Bill No. 1012 and further amended in Section 31 of Senate Bill No. 2015.

SECTION I - CAPITAL CONSTRUCTION

SUMMARY OF KEY RECOMMENDATIONS	I-1
MAJOR NEW CAPITAL CONSTRUCTION PROJECTS	I-2
EXTRAORDINARY REPAIRS	I-4
LARGE INFORMATION TECHNOLOGY PROJECTS	I-8
STATE BOND ISSUANCES	I-10
SALES TAX LIMITATION - BOND PAYMENTS	I-14

CAPITAL CONSTRUCTION - SUMMARY

CAPITAL PROJECTS

The Legislative Assembly provided a total of \$2,761,069,153 for capital projects, bond payments, and payments in lieu of taxes for the 2023-25 biennium 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 I-2	\$21,928,230	\$839,507,026	\$861,435,256
Extraordinary repairs - See the extraordinary repairs schedule on page I-4	22,100,687	54,277,221	76,377,908
Department of Transportation - Contractor payments	0	1,425,971,946	1,425,971,946
Water projects ¹	0	271,400,000	271,400,000
Game and Fish Department - Land acquisitions	0	800,000	800,000
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	1,525,600	1,525,600
Bond payments ³	13,881,576	108,998,824	122,880,400
Total	\$58,192,079	\$2,702,877,074	\$2,761,069,153

¹This amount includes funding for construction costs of the Southwest Pipeline Project, the Northwest Area Water Supply Project, the Red River Water Supply Project, and the Mouse River flood control project.

²This amount includes payments in lieu of taxes of approximately \$1,525,600 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.

³The amounts shown for bond payments reflect \$13.2 million for payments on bonds issued by the State Building Authority, \$102.6 million for payments on legacy bonds issued by the Public Finance Authority, and \$7.1 million is for other bond payments related to North Dakota University System projects.

BOND ISSUANCES AND LEASE PAYMENTS

The Legislative Assembly provided 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 University System, Department of Corrections and Rehabilitation, 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 \$51.1 million based on projected sales, use, and motor vehicle excise tax collections included in the 2023 legislative revenue forecast.

The 2021 Legislative Assembly authorized \$680 million in bonds from the legacy fund to finance capital projects. The 2023 Legislative Assembly provided 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 **STATE BOND ISSUANCES** for additional information.

**MAJOR NEW CAPITAL CONSTRUCTION
FOR THE 2023-25 BIENNIUM COMPARED TO THE 2021-23 BIENNIUM**

No.	Agency or Institution	Project	2023-25 Legislative Appropriations			2021-23 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
227	Bismarck State College	Multipurpose academic and athletics center Polytechnic center	\$9,960,000	\$31,500,000 2,440,000			\$38,000,000	
228	Lake Region State College	Gearbox for wind turbine		1,000,000				
229	Williston State College	Medical health care building (SIIF and other funds) Turf project		36,600,000 7,313,939				
230	University of North Dakota	Energy and Environmental Resarch Center electrical distribution system Science, engineering, and national security corridor (SIIF and other funds) Merrifield Hall / Twamley Hall	5,000,000	33,000,000 82,000,000 7,500,000			50,000,000	
235	North Dakota State University	Music building addition / renovation Sudro Hall small animal research facility expansion and renovation Center for engineering and computational sciences (SIIF and other funds)		20,000,000 3,000,000 84,000,000				
238	North Dakota State College of Science	Agriculture, automation, and autonomous systems building (SIIF and other funds)		19,975,000				
239	Dickinson State University	Agriculture building renovation (SIIF and other funds) Generator and other projects	1,600,000	18,000,000 1,000,000			4,000,000	
240	Mayville State University	Old main renovation (SIIF and other funds)		17,330,087				
241	Minot State University	Dakota residence hall demolition (SIIF) Hartnett Hall Student center renovaton	1,600,000	765,000 2,400,000 3,100,000			25,000,000	
242	Valley City State University	Osmon Fieldhouse athletic addition Student center renovation McCarthy Hall (SIIF and other funds)		20,000,000 2,000,000 13,500,000				
243	Dakota College at Bottineau	Old main / center for rural health education (SIIF and other funds)		5,300,000				
313	Veterans' Home	Resident garages / storage units		750,000				
325	Department of Health and Human Services	New state hospital (SIIF) Pregnant and parenting women facility (SIIF) New state laboratory - Department of Environmental Quality		12,500,000 1,000,000 55,120,000				
412	Aeronautics Commission	International Peace Garden's airport rehabilitation		2,500,000				
530	Department of Corrections and Rehabilitation	New facility - Heart River Correctional Center - Women (SIIF) James River Correctional Center maintenance shop (SIIF)		131,200,000 1,550,000				
540	Adjutant General	Civil Air Patrol - Hangar purchase Camp Grafton fitness facility Dickinson readiness center	60,000	9,000,000 8,900,000				
638	Northern Crops Institute	Feed center (SIIF) Pellet mill (SIIF)		3,250,000 650,000				
640	NDSU Main Research Center	Agricultural Experiment Station equipment storage sheds Nesson Valley Irrigation Research Site Branch research center capital project inflation Hettinger Research Center land purchase Waldron Hall replacement (SIIF and other funds)	1,700,000 2,008,230	1,900,000 925,000 1,038,000 97,000,000			8,029,000	
701	State Historical Society	North Dakota military museum (Bank of North Dakota line of credit)		20,000,000				
720	Game and Fish Department	Aquatic nuisance species laboratory and storage facility		850,000				

No.	Agency or Institution	Project	2023-25 Executive Budget Recommendations			2021-23 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
750	Parks and Recreation	Pembina Gorge campground (SIIF)		6,000,000				
		Cabin construction (SIIF)		2,400,000				
		Theodore Roosevelt Presidential Library (Bank of North Dakota line of credit)		70,000,000				
		International Peace Garden Willis pavilion (SIIF)		800,000				
		Lake Metigoshe reimagined project (SIIF)		250,000				
770	Department of Water Resources	Department building contingency		200,000				
Total 2023-25 legislative appropriation			<u>\$21,928,230</u>	<u>\$839,507,026</u>	<u>\$0</u>			
Total 2021-23 legislative appropriation						<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
FOR THE 2023-25 BIENNIUM COMPARED TO 2021-23 BIENNIUM**

Bill No.	Agency or Institution	2023-25 Legislative Appropriations			2021-23 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
SB 2015	Office of Management and Budget (110)						
	Miscellaneous electrical and mechanical repairs (Capitol building fund)		\$250,000	\$250,000			
	Governor's residence exterior repairs (Capitol building fund)		100,000	100,000			
	Remodel of Brynhild Haugland Room (Capitol building fund)		250,000	250,000			
	Replace windows in Capitol tower and legislative wing (Capitol building fund)		4,000,000	4,000,000			
	Deferred maintenance pool (Strategic investment and improvements fund)		20,000,000	20,000,000			
	Capitol space reconfiguration	\$2,500,000		2,500,000			
	Accessibility improvements in legislative areas (Capitol building fund)		150,000	150,000			
	Total - Office of Management and Budget	\$2,500,000	\$24,750,000	\$27,250,000		\$19,268,800	\$19,268,800
HB 1021	Information Technology Department (112)						
	Capitol security software upgrade and fiber replacement project (federal State Fiscal Recovery Fund)		\$2,499,467	\$2,499,467			
	Total - Information Technology Department		\$2,499,467	\$2,499,467	\$1,858,240		\$1,858,240
SB 2003	Attorney General (125)						
	State Crime Laboratory improvements	\$250,000		\$250,000			
	Total - Attorney General	\$250,000		\$250,000			\$0
HB 1003	Bismarck State College (227)						
	Miscellaneous projects	\$417,673		\$417,673			
	Total - Bismarck State College	\$417,673		\$417,673	\$417,673		\$417,673
HB 1003	Lake Region State College (228)						
	Miscellaneous projects	\$155,367		\$155,367			
	Total - Lake Region State College	\$155,367		\$155,367	\$155,367		\$155,367
HB 1003	Williston State College (229)						
	Miscellaneous projects	\$197,801		\$197,801			
	Total - Williston State College	\$197,801		\$197,801	\$197,801		\$197,801
HB 1003	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	\$4,411,566		\$4,411,566	\$4,411,566		\$4,411,566
HB 1003	North Dakota State University (235)						
	Miscellaneous projects	\$2,732,244		\$2,732,244			
	Total - North Dakota State University	\$2,732,244		\$2,732,244	\$2,732,244		\$2,732,244
HB 1003	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	\$1,012,379		\$1,012,379
HB 1003	Dickinson State University (239)						
	Miscellaneous projects	\$409,078		\$409,078			
	Total - Dickinson State University	\$409,078		\$409,078	\$409,078		\$409,078

Bill No.	Agency or Institution	2023-25 Legislative Appropriations			2021-23 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
HB 1003	Mayville State University (240)						
	Miscellaneous projects	\$358,992		\$358,992			
	Total - Mayville State University	\$358,992		\$358,992	\$358,992		\$358,992
HB 1003	Minot State University (241)						
	Miscellaneous projects	\$899,620		\$899,620			
	Total - Minot State University	\$899,620		\$899,620	\$899,620		\$899,620
HB 1003	Valley City State University (242)						
	Miscellaneous projects	\$408,319		\$408,319			
	Total - Valley City State University	\$408,319		\$408,319	\$408,319		\$408,319
HB 1003	Dakota College at Bottineau (243)						
	Miscellaneous projects	\$114,007		\$114,007			
	Total - Dakota College at Bottineau	\$114,007		\$114,007	\$114,007		\$114,007
HB 1003	Forest Service (244)						
	Exterior updates to the Bottineau field office	\$62,480		\$62,480			
	Total - Forest Service	\$62,480		\$62,480	\$62,480		\$62,480
SB 2013	State Library (250)						
	Renovation of information desk and workspace	\$150,000		\$150,000			
	Total - State Library	\$150,000		\$150,000	\$0		\$0
SB 2013	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		\$808,678	\$808,678
SB 2013	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 electric 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		\$409,192	\$409,192
HB 1004	State Department of Health (301)						
	Total - State Department of Health			\$0	\$30,650	\$105,850	\$136,500
HB 1024	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	\$4,800	\$19,200	\$24,000

Bill No.	Agency or Institution	2023-25 Legislative Appropriations			2021-23 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
HB 1007	Veterans' Home (313)						
	Mill patch and chip seal parking lots and roads		\$1,100,000	\$1,100,000			
	Miscellaneous building repairs	30,000		30,000			
	Thermostat and air handling unit replacement		478,930	478,930			
	Total - Veterans' Home	\$30,000	\$1,578,930	\$1,608,930			\$0
SB 2012	Department of Health and Human Services (325)						
	Various projects - Health division	\$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			
	Various projects - Human service centers		735,154	735,154			
	Total - Department of Health and Human Services	\$1,848,296	\$846,664	\$2,694,960	\$2,733,605		\$2,733,605
SB 2010	Insurance Commissioner (401)						
	Office remodel		\$75,000	\$75,000			
	Total - Insurance Commissioner		\$75,000	\$75,000			\$0
SB 2021	Workforce Safety and Insurance (485)						
	Total - Workforce Safety and Insurance			\$0		\$514,000	\$514,000
HB 1015	Department of Corrections and Rehabilitation (530)						
	Replacement of condensate line in heating plant building / Plumbing/HVAC replacement and improvements	\$2,000,000		\$2,000,000			
	Remodel of 6th floor of James River Correctional Center		\$255,500	255,500			
	Total - Department of Corrections and Rehabilitation	\$2,000,000	\$255,500	\$2,255,500			\$0
SB 2016	Adjutant General (540)						
	Miscellaneous deferred maintenance	\$1,000,000		\$1,000,000			
	Total - Adjutant General	\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
HB 1020	Upper Great Plains Transportation Institute (627)						
	Remodel of transportation data intelligence center	\$432,600		\$432,600			
	Total - Upper Great Plains Transportation Institute	\$432,600		\$432,600			\$0
HB 1020	North Dakota State University Main Research Center (640)						
	Building exterior repair	\$268,093		\$268,093			
	Interior repair	268,093		268,093			
	Mechanical and electrical repair	268,093		268,093			
	Paving and area lighting	134,046		134,046			
	Structural repair	134,047		134,047			
	Utilities and infrastructure	268,093		268,093			
	Deferred maintenance (Strategic investment and improvements fund)		\$500,000	500,000			
	Total - North Dakota State University Main Research Center	\$1,340,465	\$500,000	\$1,840,465	\$1,340,465	\$500,000	\$1,840,465
SB 2018	State Historical Society (701)						
	Fort Totten Hospital building reshingle		\$165,809	\$165,809			
	State structure repairs	\$500,000		500,000			
	Historical site and extraordinary repairs (Strategic investment and improvements fund)		3,250,000	3,250,000			
	Total - State Historical Society	\$500,000	\$3,415,809	\$3,915,809		\$5,150,000	\$5,150,000

Bill No.	Agency or Institution	2023-25 Legislative Appropriations			2021-23 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
SB 2017	Game and Fish Department (720)						
	Department facility repairs		\$784,891	\$784,891			
	Repairs to miscellaneous projects		102,170	102,170			
	Fisheries - Pond liners		1,000,000	1,000,000			
	Fisheries - Dam repairs		380,000	380,000			
	Devils Lake bunkhouse improvements		350,000	350,000			
	Grants, gifts, and donations projects		20,000	20,000			
	Lonetree improvements		45,000	45,000			
	Shooting range improvements		125,000	125,000			
	Wildlife management area improvements		874,000	874,000			
	Total - Game and Fish Department		\$3,681,061	\$3,681,061		\$3,904,862	\$3,904,862
SB 2019	Parks and Recreation Department (750)						
	Departmentwide one-time repairs and maintenance (Strategic investment and improvements fund)		\$10,000,000	\$10,000,000			
	Various projects		1,466,920	1,466,920			
	Parks matching grant program (Strategic investment and improvements fund - 50%)		3,000,000	3,000,000			
	Total - Parks and Recreation Department		\$14,466,920	\$14,466,920		\$19,532,800	\$19,532,800
SB 2020	Department of Water Resources (770)						
	Repair pipe breakage		\$250,000	\$250,000			
	Total - Department of Water Resources		\$250,000	\$250,000			\$0
HB 1012	Department of Transportation (801)						
	District fueling facilities		\$501,800	\$501,800			
	Door security project	\$865,000		865,000			
	Total - Department of Transportation	\$865,000	\$501,800	\$1,366,800			\$0
	Total 2023-25 extraordinary repairs	\$22,100,687	\$54,277,221	\$76,377,908			
	Total 2021-23 extraordinary repairs				\$17,147,286 ¹	\$51,213,382 ¹	\$68,360,668

¹ Represents the total appropriation for extraordinary repairs provided by the 2021 Legislative Assembly. Please refer to the Legislative Council's *State Budget Actions for the 2021-23 Biennium* report for details regarding the 2021-23 appropriations.

LARGE INFORMATION TECHNOLOGY PROJECTS FOR THE 2023-25 BIENNIUM

The 2023 Legislative Assembly appropriated \$196.9 million, including \$24.9 million from the general fund and \$172.0 million from other funds, to the following agencies for large information technology projects for the 2023-25 biennium:

Agency or Institution	Project ¹	General Fund	Other Funds	Total
108 - Secretary of State	Website redesign ²	\$0	\$1,000,000	\$1,000,000
	IT system enhancements ²	0	500,000	500,000
	Election management system replacement ³	0	5,000,000	5,000,000
	Upgrade FirstStop business and licensing system ³	0	1,000,000	1,000,000
110 - Office of Management and Budget	E-Procurement system	1,400,000	0	1,400,000
	Building automation project	0	800,000	800,000
112 - Information Technology Department	Enterprise digitization project to modernize aging technologies ²	2,500,000	7,115,000	9,615,000
	Call center software upgrade project ²	0	3,000,000	3,000,000
	Department of Public Instruction lighthouse project and governance, risk, and compliance costs	600,000	4,856,876	5,456,876
	Business gateway - Enterprise customer relationship management project ²	1,364,000	5,000,000	6,364,000
	Universal vulnerability management ³	500,000	1,000,000	1,500,000
	Capitol security software upgrade and fiber replacement project ³	226,900	2,499,467	2,726,367
127 - Tax Commissioner	Statewide longitudinal data system upgrades	1,075,000	0	1,075,000
	GenTax enhancements and support	900,000	0	900,000
150 - Legislative Assembly	Bill drafting software upgrade	4,816,600	0	4,816,600
190 - Retirement and Investment Office	Pension administration software implementation and fees	0	1,552,319	1,552,319
215 - North Dakota University System	Financial aid system replacement	1,669,354	0	1,669,354
226 - Department of Trust Lands	Customer portal, online payment system, and enhancements to other data management systems	0	4,900,000	4,900,000
303 - Department of Environmental Quality	Environmental data system update	186,000	1,329,444	1,515,444
325 - Department of Health and Human Services	Child support case management system replacement	0	60,000,000	60,000,000
	Procurement and grants software ²	0	11,000,000	11,000,000
380 - Job Service North Dakota	Unemployment insurance system replacement ³	0	45,000,000	45,000,000
405 - Industrial Commission	Grant management software	0	1,250,000	1,250,000
471 - Bank of North Dakota	Various information technology projects	0	804,278	804,278
485 - Workforce Safety and Insurance	Claims and policy system replacement - Releases 11, 12, and 13	0	4,950,000	4,950,000
	myWSI - Releases 7, 8, and 9	0	1,830,000	1,830,000
530 - Department of Corrections and Rehabilitation	Offender management system	500,000	0	500,000
	Software upgrades ²	0	2,000,000	2,000,000
770 - Department of Water Resources	Information technology unification	0	5,615,764	5,615,764

Agency or Institution	Project ¹	General Fund	Other Funds	Total
801 - Department of Transportation	Roadway information management system	6,250,000	0	6,250,000
	Exterior door security project	865,000	0	865,000
	Automated vehicle location	2,010,000	0	2,010,000
Total		\$24,862,854	\$172,003,148	\$196,866,002

¹This schedule reflects projects expected to cost at least \$500,000.

²Funding for this project includes funding from the strategic investment and improvements fund.

³Funding for this project includes funding from the federal State Fiscal Recovery Fund from the American Rescue Plan Act.

STATE BOND ISSUANCES

BONDS ISSUED BY THE STATE BUILDING AUTHORITY

The schedule below lists bonds issued by the State Building Authority including biennium 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	914,000	0	900,000	0	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			
2005 Legislative Assembly approved: Office of Management and Budget - Fire suppression system (\$3,155,000) Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691) NDSU - Hazardous material handling and storage facility (\$3,500,000) North Dakota State College of Science - Electrical distribution (\$736,000) Dickinson State 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)	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	5,793,455	2,598,176	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			
State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000)									
State Historical Society and Heritage Center - Research collections expansion (\$5,500,000)									
Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									
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 ⁵	407,252	1,685,000 ⁸	1,390,000	1,075,000
2019 Legislative Assembly approved: NDSU - Dunbar Hall (\$40,000,000)	2020 Series A Facilities Improvement Bonds (5% - 20-year bonds) ¹¹ (2040)	80,000,000	82,323,685 ⁶	0	10,188,125	10,222,500	64,415,000	60,480,000	56,120,000
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)									
Total		\$127,850,485	\$141,748,685	\$10,076,922	\$17,798,051	\$13,227,928	\$75,671,608	\$64,382,416	\$57,195,000
Breakdown of payments									
General fund				\$9,019,762 ⁷	\$17,028,945 ⁷	\$12,787,343 ^{7,8}			
Agency contributions				1,057,160	769,106	440,585			
Total				\$10,076,922	\$17,798,051	\$13,227,928 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 \$402,271 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.

Sales Tax Limitation - Bond Payments

Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium on bonds issued by the State Building Authority to 10 percent of an equivalent one-cent sales tax. 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 legislative revenue forecast for the 2021-23 biennium and 2023-25 biennium with a 0 percent growth in sales tax revenues for future bienniums and no prepayments of nongeneral fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2021-23	\$22,040,721 ¹	\$5,009,276	\$17,031,445	\$47,620,000	\$30,588,555
2023-25	\$17,204,084 ¹	\$4,469,691	\$12,734,393	\$51,060,000	\$38,325,607
2025-27	\$14,404,094 ¹	\$4,224,219	\$10,179,875	\$51,060,000	\$40,880,125
2027-29	\$14,417,053 ¹	\$4,223,678	\$10,193,375	\$51,060,000	\$40,866,625

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.

APPROPRIATION BONDS ISSUED BY THE PUBIC FINANCE AUTHORITY

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	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	2023-25 Estimated Payments	Outstanding Principal Balance June 30, 2025
2021 Legislative Assembly approved: Fargo diversion (\$219,000,000) Resources trust fund (\$74,500,000) Bank of North Dakota infrastructure revolving loan fund (\$50,000,000) Highway fund (\$16,000,000) NDSU agriculture products development center "Peltier Complex" (\$15,000,000)	2021 Series A taxable bonds (2041)	\$374,500,000	\$389,200,000	\$52,680,653	\$354,760,000
Fargo diversion (\$216,500,000) Highway fund (\$54,000,000) NDSU agriculture products development center "Peltier Complex" (\$35,000,000)	2022 Series A taxable bonds (2041)	305,500,000	320,915,000	49,939,808	297,865,000
Total		\$680,000,000	\$710,115,000	\$102,620,461	\$652,625,000

SECTION J - STATE EMPLOYEES

OVERVIEW	J-1
ANALYSIS OF FTE POSITION CHANGES	J-7
NUMBER OF STATE EMPLOYEES - HISTORY	J-13
HISTORY OF STATE EMPLOYEE SALARY INCREASES	J-16
ANALYSIS OF ELECTED OFFICIALS' SALARIES	J-20
COST OF STATE EMPLOYEE SALARY AND HEALTH INSURANCE INCREASES HISTORY	J-21

STATE EMPLOYEES - OVERVIEW

SALARY INCREASES

The 2023 Legislative Assembly provided funding in each agency's appropriation bill and included provisions in Section 21 of Senate Bill No. 2015 for state employee salary increases. Salary increases for classified and nonclassified employees during the 2023-25 biennium are 6 percent on July 1, 2023, and 4 percent on July 1, 2024. Increases for eligible state employees are to be based on documented performance and are not to be the same percentage increase for each employee.

The Legislative Assembly approved total funding of \$214.4 million for state employee salary increases for the 2023-25 biennium, of which \$89 million is from the general fund and \$125.4 million is from other funds. These totals include higher education.

SALARY EQUITY INCREASES

The Legislative Assembly appropriated \$82.5 million, of which \$45.1 million is from the general fund and \$37.4 million is from other funds, to the Office of Management and Budget (OMB) in a targeted market equity pool for the purpose of providing compensation adjustments for executive branch state employees during the 2023-25 biennium.

The salary equity increases must be prioritized based on a statewide plan prepared by OMB based on the funding available in the pool. The plan must address occupational market disparities, recruitment and retention challenges, and external pay inequities for employees who are critical to the mission of the agency.

The salary equity increases must be provided by July 1, 2023. The funding transferred from OMB to each agency must be used for the cost to continue the salary equity increases for the 2023-25 biennium, including the effect of salary equity increases on regular salary increases authorized by the Legislative Assembly.

The Legislative Assembly also authorized salary equity increases for executive branch elected officials to provide each elected official an annual salary of at least \$130,000 beginning July 1, 2023. See the **Executive Branch Elected Officials** section below.

In addition to the funding in the targeted market equity pool appropriated to OMB, the Legislative Assembly appropriated \$4.2 million, of which \$3.8 million is from the general fund and approximately \$400,000 is from other funds, to 16 state agencies for salary equity increases, providing a total of \$86.7 million for salary equity increases for the 2023-25 biennium, of which \$48.9 million is from the general fund and \$37.8 million is from other funds.

SALARY UNDERFUNDING

The Legislative Assembly reduced \$20.1 million of salaries and wages funding in five agencies in anticipation of savings from vacant positions and employee turnover during the 2023-25 biennium, of which \$20 million is from

the general fund and approximately \$100,000 is from other funds. Of the total, \$19.5 million from the general fund was removed from the Department of Health and Human Services budget.

ACCRUED LEAVE PAYOUTS

The Legislative Assembly provided funding for accrued leave payouts in seven agencies totaling \$1,016,253, of which \$709,787 is from the general fund and \$306,466 is from other funds. This funding is available for accrued leave payouts to eligible employees upon retirement or termination of employment.

HIGHER EDUCATION

The Legislative Assembly authorized a total of 6,605.91 higher education FTE positions for the 2023-25 biennium, an increase of 71.92 FTE positions from the 2021-23 biennium authorized level of 6,533.99 FTE positions.

Total funding provided for higher education salary increases is \$87.9 million, of which \$28.4 million is from the general fund and \$59.5 million is from other funds.

Total funding provided for increases in health insurance premiums for higher education FTE positions is \$32.9 million, of which \$9.9 million is from the general fund and \$23 million is from other funds.

Total funding provided for retirement contribution increases for higher education FTE positions as a result of the passage of House Bill No. 1040 is \$1.7 million, of which \$468,037 is from the general fund and \$1.2 million is from other funds.

EXECUTIVE BRANCH ELECTED OFFICIALS

The Legislative Assembly provided funding for elected and appointed officials' salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, the same as other state employees.

In addition to regular salary increases for the 2023-25 biennium, the Legislative Assembly authorized salary equity increases for executive branch elected officials to provide each elected official an annual salary of at least \$130,000 beginning July 1, 2023. The equity adjustments increased the salaries of the Lieutenant Governor (16.4 percent), Secretary of State (13.6 percent), State Auditor (13.6 percent), State Treasurer (13.6 percent), Insurance Commissioner (13.6 percent), and Public Service Commissioners (10.5 percent) from July 1, 2023 through June 30, 2024. After applying the 4 percent salary increase on July 1, 2024, the annual salary of these elected officials will increase to \$135,200. Specific language regarding the salary increases is included in Section 21 of Senate Bill No. 2015, and the statutory changes necessary are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The Legislative Assembly approved salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, for employees of the judicial branch, including Supreme Court justices and district court judges. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule. The Legislative Assembly also authorized \$339,090 of salary equity funding for the judicial branch.

NEW AND VACANT FTE POSITION FUNDING POOL Executive Branch

The Legislative Assembly appropriated \$98.2 million, of which \$40.1 million is from the general fund and \$58.1 million is from other funds, to OMB for a new and vacant FTE funding pool for executive branch agencies, excluding higher education and the non-Public Health divisions of the Department of Health and Human Services, for the 2023-25 biennium. Funding for estimated vacant FTE positions and new FTE positions authorized for the 2023-25 biennium was removed from each agency's appropriation bill.

Of the total, \$59 million relates to estimated savings from vacant FTE positions, including \$23.4 million from the general fund and \$35.6 million from other funds. The remaining \$39.2 million, including \$16.7 million from the general fund and \$22.5 million from other funds, is for salaries and wages of 241.25 new FTE positions.

The Legislative Assembly included 70 percent of the estimated vacancy funding and 90 percent of the funding for new FTE positions removed from agency appropriation bills in the new and vacant FTE funding pool. Estimated savings from the pool are \$29.6 million, of which \$11.9 million is from the general fund and \$17.7 million is from other funds. Of the total, \$25.3 million is from estimated vacant FTE position savings, including \$10 million from the general fund and \$15.3 million from other funds, and \$4.3 million is from new FTE position savings, including \$1.9 million from the general fund and \$2.4 million from other funds.

Authorization for new FTE positions and related operating expenses were provided in each agency's appropriation bill. Agencies may submit a request to OMB for salaries and wages for new and vacant FTE positions. The Office of Management and Budget may approve a request:

1. For salaries and wages funding of new FTE positions authorized by the 2023 Legislative Assembly through the end of the biennium;
2. For salaries and wages funding necessary for the 2023-25 biennium for filling an FTE position that was vacant on July 1, 2023, from the date of hiring through the end of the biennium;
3. After March 1, 2025, for salaries and wages funding necessary for the 2023-25 biennium if actual salaries and wages savings from vacant positions adjusted for other salaries and wages uses are less than the

estimate used by the 2023 Legislative Assembly in the development of the agency's appropriation; or

4. As requested by the Department of Transportation, the sum of up to \$7.4 million for salaries and wages funding needs.

An agency may not receive more funding from the pool than the amount that was removed from the agency budget for new and vacant FTE positions as contained in the statement of amendment of bills approved by the 2023 Legislative Assembly as printed in the House and Senate journals. If funding in the pool is insufficient to provide the necessary salaries and wages funding for the biennium, OMB is required to request a deficiency appropriation from the 2025 Legislative Assembly.

Legislative Branch

The Legislative Assembly appropriated \$479,137 from the general fund to the Legislative Council in a new and vacant FTE funding pool line item for vacant FTE position salaries and wages (\$236,137) and for 90 percent of salaries and wages of 1 new FTE attorney position (\$243,000).

The Legislative Assembly removed \$607,339 from the general fund in the Legislative Council budget for the pool, of which \$337,339 was for estimated vacant FTE position savings and \$270,000 was for salaries and wages of 1 new FTE attorney position, resulting in a net reduction of \$128,202 from the general fund.

The Legislative Council may not spend the funds in this line item but may transfer funds from this line item to the salaries and wages line item as necessary for:

1. Filling new or vacant FTE positions from the date of hire through the end of the biennium; or
2. Salaries and wages if actual salaries and wages savings from vacant positions are less than the estimate used by the 2023 Legislative Assembly in the development of the appropriation.

If the funding in the new and vacant FTE funding pool line item is insufficient to provide the necessary salaries and wages funding for the biennium, the Legislative Council may request a deficiency appropriation from the 2025 Legislative Assembly.

Judicial Branch

The Legislative Assembly appropriated \$8,740,214, of which \$8,642,421 is from the general fund and \$97,793 is from other funds, to the judicial branch in a new and vacant FTE funding pool line item for vacant FTE position salaries and wages (\$4,751,054) and for 90 percent of salaries and wages of 21 new FTE positions (\$3,989,160).

The Legislative Assembly removed \$11,219,618, of which \$11,098,102 was from the general fund and \$121,516 was from other funds, in the judicial branch budget for the pool, of which \$6,787,218 was for estimated vacant FTE

position savings and \$4,432,400 was for salaries and wages of 21 new FTE positions, resulting in a net reduction of \$2,479,404, of which \$2,455,681 was from the general fund and \$23,723 was from other funds.

The Supreme Court may not spend the funds in this line item but may transfer funds from this line item to the salaries and wages line items or judicial conduct commission and disciplinary board line item as necessary for:

1. Filling new or vacant FTE positions from the date of hire through the end of the biennium; or
2. Salaries and wages if actual salaries and wages savings from vacant positions are less than the estimate used by the 2023 Legislative Assembly in the development of the appropriation.

If the funding in the new and vacant FTE funding pool line item is insufficient to provide the necessary salaries and wages funding for the biennium, the Supreme Court may request a deficiency appropriation from the 2025 Legislative Assembly.

HEALTH INSURANCE Premiums

The Legislative Assembly continued to provide funding for the cost of health insurance premiums for state employees. The appropriations provide \$1,643.08 per month for employee health insurance, an increase of \$214.31, or 15 percent, compared to the 2021-23 biennium premium rate of \$1,428.77 per month. A recent history of monthly health insurance premiums provided for each employee is listed below.

Biennium	Monthly Premium	Percentage Change from Previous Biennium
1995-97	\$265	N/A
1997-99	\$301	13.6%
1999-2000	\$350	16.3%
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	\$1,643	15.0%

Health Insurance Reserve Fund

In House Bill No. 1411, the Legislative Assembly created Section 54-52.1-04.18 to require the Public Employees Retirement System (PERS) board to provide health insurance benefits coverage for prosthetic appliances and limbs. The estimated fiscal impact of this bill is \$2,330,495 for the 2023-25

biennium. Section 2 of the bill provides legislative intent that PERS use funding from the health insurance reserve fund to pay for any increase in health insurance premiums as a result of this bill.

In Senate Bill No. 2140, the Legislative Assembly expanded the PERS health insurance plan to provide coverage for insulin drug and medical supplies benefits. The bill provides out-of-pocket costs for a 30-day supply of covered insulin drugs or covered medical supplies is limited to \$25 per pharmacy or distributor. The estimated fiscal impact for the 2023-25 biennium is \$906,690, of which \$387,929 is from the general fund and \$518,761 is from other funds. An appropriation was not provided, resulting in the cost of the bill being provided from the health insurance reserve fund.

After considering the estimated cost of House Bill No. 1411 and Senate Bill No. 2140, the July 1, 2023, estimated health insurance reserve balance is approximately \$54.3 million. Of this amount, \$2.5 million is for estimated administrative expenses and \$2.7 million has been reserved by the PERS Board for the potential buydown of life insurance plan premiums, resulting in approximately \$49.1 million for the 2023-25 biennium.

RETIREMENT - MAIN SYSTEM PLAN

Defined Benefit Plan Closure and Contribution Rate Increases

In House Bill No. 1040, the Legislative Assembly closed the main system defined benefit retirement plan to new hires beginning January 1, 2025. The bill increased employer contributions by 1 percent beginning January 1, 2024, resulting in total employer contributions of 8.12 percent for employees hired on or before December 31, 2019. For employees hired after December 31, 2019, the employer contribution rate is 9.26 percent, which includes the 1.14 percent that was reallocated from the retiree health insurance credit beginning in the 2019-21 biennium. Employee contributions remain at 7 percent, of which 4 percent is paid by the state on behalf of employees.

Beginning January 1, 2026, the employer contribution rate for state agencies will change to the actuarially determined employer contribution (ADEC) rate to begin paying the unfunded liability of the main system defined benefit plan over a closed period of 31.5 years. The state will pay for the political subdivision portion of the unfunded liability. The estimated ADEC rate on January 1, 2026, is 30.5 percent. The employer contribution rate for political subdivisions will increase from 7.12 to 8.12 percent.

Section 17 of House Bill No. 1040 provides state employees with no more than 5 years of experience who are enrolled in the main system defined benefit retirement plan and elect to transfer to the new defined contribution plan between January 1, 2025, through March 31, 2025, are eligible for a \$3,333 additional annual contribution in January 2026, January 2027, and January 2028.

Sections 33 and 34 of House Bill No. 1040 provide for Legislative Management studies of the PERS main system retirement plan.

Section 56 of Senate Bill No. 2015 provides during the 2023-25 biennium, the retirement board may not reduce the actuarial rate of return assumption for the PERS main system defined benefit plan below 6.5 percent. Section 57 provides during the 2023-25 biennium, PERS shall conduct an informational campaign to educate current and prospective state employees of the transition from the defined benefit retirement plan to the defined contribution retirement plan.

Defined Contribution Plan

House Bill No. 1040 provides employees hired after December 31, 2024, be enrolled in a new defined contribution plan. The default employee contribution rate of the new defined contribution plan is 4 percent; however, the employee may elect to contribute up to an additional 3 percent. The employer is required to match the employee contribution up to 7 percent. If a state employee in the new defined contribution plan contributes less than 7 percent but participates in the PERS 457 deferred compensation plan, the state employer is required to match contributions from the deferred compensation plan up to a total of 7 percent. The deferred compensation plan option is not available for political subdivision employees. For employees participating in the (existing) defined contribution plan before January 1, 2025, the employer contribution rate remains at 7 percent and the employer contribution rate remains at 7.12 percent.

The new defined contribution plan has an investment option that must include one or more annuity products as part of the investment menu. The existing defined contribution plan has an investment menu but does not provide for annuity products.

Funding

Section 31 of House Bill No. 1040 amends Section 57-51.1-07.5 to provide \$65 million of the state share of oil and gas tax revenues be deposited in the PERS fund for the main system plan beginning in the 2023-25 biennium. Section 35 of the bill provides for a \$135 million transfer from the strategic investment and improvements fund to the PERS fund for the purpose of reducing the unfunded liability of the PERS main system plan during the 2023-25 biennium.

The Public Employees Retirement System estimates the cost to continue reducing the unfunded liability based on the estimated ADEC rate of 30.5 percent during the 2025-27 biennium is approximately \$402 million, of which \$154 million is from the general fund and \$248 million is from other funds. This total includes the \$65 million of ongoing funding provided from oil and gas tax revenues and funding necessary for 6 months of the 1 percent employer retirement contribution increase through December 31, 2025, after which the ADEC rate will be applied.

In House Bill No. 1379, Section 6-09.4-10.1 was amended to remove the statutory transfer of funding from the legacy sinking and interest fund to the PERS fund. The estimated transfer at the end of the 2021-23 biennium would have been approximately \$48 million.

In Section 1 of Senate Bill No. 2015, the Legislative Assembly appropriated \$12.5 million, of which \$5.5 million was from the general fund and \$7 million was from other funds, for an employer retirement contribution pool, related to the increased cost of employer contribution increases for executive branch agencies in House Bill Nos. 1040, 1183, and 1309. Section 23 of Senate Bill No. 2015 identifies the additional contributions for each agency. Of the total, \$10 million, including \$4.2 million from the general fund and \$5.8 million from other funds, relates to House Bill No. 1040.

Section 8 of Senate Bill No. 2015 appropriates \$347,518, of which \$343,245 is from the general fund and \$4,273 is from other funds, to the judicial branch for the cost of the 1 percent employer retirement contribution increase in House Bill No. 1040. Section 9 of the bill appropriates \$58,283 from the general fund to the Legislative Council for the cost of the 1 percent employer retirement contribution increase in House Bill No. 1040.

In Senate Bill No. 2023, the Legislative Assembly appropriated \$372,027 in a newly created defined benefit plan closure line item. Of this amount, \$47,027 is for a portion of salaries and wages and related operating expenses for 2 FTE positions that were contingent on the Legislative Assembly closing the main system defined benefit retirement plan, \$200,000 is for temporary salaries, and \$125,000 is for modification of the PERSLink business system. Of the total, \$327,000 is considered one-time funding. In addition, PERS may request the Office of Management and budget to transfer up to \$479,660 of additional funding from the new and vacant FTE funding pool to this line item for salaries and wages of the contingent FTE positions identified in this section.

Contingent Effective Date

In Sections 36 through 40 and Sections 44 through 50 of Senate Bill No. 2015, the Legislative Assembly amended House Bill No. 1040 to provide the PERS main system defined benefit retirement plan be closed to new hires beginning January 1, 2024, instead of January 1, 2025. Section 66 of Senate Bill No. 2015 provides these sections are effective only if the PERS Board certifies to the Legislative Council before January 1, 2024, that PERS is prepared to close the main system defined benefit retirement plan on December 31, 2023, and to open the new defined contribution retirement plan on January 1, 2024.

RETIREMENT - PUBLIC SAFETY PLAN

House Bill No. 1183 amended Chapter 54-52 regarding the definition of a peace officer that qualifies for the public safety defined benefit retirement plan. The bill expanded the definition of a peace officer from only individuals employed as a peace officer by the Bureau of Investigation (BCI) to also include other peace officers employed by the state, except state employees under the highway patrol, resulting in a transfer of employees from the main system defined benefit retirement plan to the public safety defined benefit retirement plan.

The bill provides the employee contribution rate for each peace officer employed by the state, other than those employed by BCI, is 6 percent. Senate Bill No. 2015 amended House Bill No. 1183 to provide the benefit multiplier for peace officers employed by BCI is 3 percent of the individual's final average salary for the first 20 years of service and 1.75 percent of the individual's final average salary for each subsequent year. The benefit multiplier for other peace officers in the public safety retirement plan is 2 percent for individuals enrolled in the plan before January 1, 2020, and 1.75 percent for individuals enrolled in the plan after December 31, 2019.

House Bill No. 1309 increased the employee contribution of BCI agents in the public safety defined benefit retirement plan by 1 percent in January 2024 and 1 percent in January 2025, to provide a total employee contribution of 8 percent. The employer contribution for all peace officers in the public safety retirement plan is based on an ADEC rate, the same as existing law.

Of the \$12.5 million for retirement contributions identified in Section 23 of Senate Bill No. 2015, \$1,862,916, including \$1,075,821 from the general fund and \$787,095 from other funds, relates to House Bill No. 1183, and \$1,058,571, including \$641,203 from the general fund and \$417,368 from other funds, relates to House Bill No. 1309.

RETIREMENT - HIGHWAY PATROL PLAN

The Legislative Assembly appropriated \$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).

OTHER BENEFITS

Employee Assistance Program

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

Life Insurance

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

Unemployment Insurance

Funding is included for unemployment insurance for state employees at a rate of 1 percent of the first \$6,000 of an employee's annual salary (\$60 per year or \$120 per biennium maximum) for the 2023-25 biennium, the same rate as the 2021-23 biennium.

TOTAL COST OF COMPENSATION CHANGES

The schedule below provides the total cost of major compensation changes approved by the 2023 Legislative Assembly, including higher education.

	General Fund	Other Funds	Total
Salary increases	\$88,958,028	\$125,431,382	\$214,389,410
Salary equity increases	48,868,819	37,836,995	86,705,814
Underfunded salaries	(19,980,467)	(104,855)	(20,085,322)
Accrued leave payouts	709,787	306,466	1,016,253
Health insurance premium increases	31,375,156	46,610,163	77,985,319
Main system retirement plan transfers	0	200,000,000	200,000,000
Retirement contribution increases - Main system plan	4,248,212	5,788,134	10,036,346
Retirement contribution increases - Public safety plan	1,717,024	1,204,463	2,921,487
Retirement contribution increases - Highway Patrol plan	335,523	54,620	390,143
Total	\$156,232,082	\$417,127,368	\$573,359,450

FULL-TIME EQUIVALENT POSITIONS

The Legislative Assembly authorized a total of 16,201.54 FTE positions, an increase of 386.21 FTE positions from the 2021-23 authorized level of 15,815.33 FTE positions, including an increase of 71.92 higher education FTE positions and an increase of 314.29 FTE positions in all other state agencies. Of the total 16,201.54 FTE positions, 6,605.91 are higher education FTE positions and 9,595.63 are FTE positions in other state agencies.

The Legislative Assembly made the following FTE position adjustments beginning in the 2023-25 biennium:

- Transferred supervisory authority of the Center for Distance Education from the Department of Career and Technical Education to the Department of Public Instruction beginning in the 2023-25 biennium. Section 3 of Senate Bill No. 2269 provides the Center for Distance Education must have a separate budget and a separate staff from the Department of Public Instruction. Total FTE positions authorized for the Center for Distance Education for the 2023-25 biennium is 30.80 FTE positions, an increase of 2 FTE positions from the 2021-23 biennium authorized level of 28.80 FTE positions.

- Separated staff positions for the Department of Mineral Resources from the Industrial Commission. Previously, staff positions were combined for these departments. Total FTE positions authorized for the Industrial Commission for the 2023-25 biennium is 9.75 FTE positions, an increase of 3 FTE positions from the 2021-23 biennium authorized level of 6.75 FTE positions. Total FTE positions authorized for the Department of Mineral Resources for the 2023-25 biennium is 108.00 FTE positions, an increase of 6.50 FTE positions from the 2021-23 biennium authorized level of 101.50 FTE positions.

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

Agency	FTE Authorization 2021-23 Biennium	FTE Authorization 2023-25 Biennium	Increase (Decrease)
112 - Information Technology Department	479.00	507.00	28.00
640 - Main Research Center	334.56	358.47	23.91
180 - Judicial branch	362.00	384.00	22.00
530 - Department of Corrections and Rehabilitation	907.79	929.79	22.00
801 - Department of Transportation	982.00	1,001.00	19.00
471 - Bank of North Dakota	173.00	187.00	14.00
475 - Mill and Elevator Association	156.00	170.00	14.00
125 - Attorney General	253.00	266.00	13.00
504 - Highway Patrol	193.00	205.00	12.00
540 - Adjutant General	222.00	233.00	11.00
630 - North Dakota State University Extension Service	241.77	252.70	10.93
720 - Game and Fish Department	164.00	174.00	10.00
127 - Tax Commissioner	118.00	117.00	(1.00)

ANALYSIS OF FTE POSITIONS AUTHORIZED BY THE LEGISLATIVE ASSEMBLY IN 2023 FOR THE 2023-25 BIENNIUM

<u>Agency</u>	<u>2021-23 FTE Positions</u>	<u>2023-25 FTE Positions</u>	<u>Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
GENERAL GOVERNMENT				
101 - Governor's office	17.00	19.00	2.00	11.8%
108 - Secretary of State	33.00	35.00	2.00	6.1%
110 - Office of Management and Budget	108.00	110.00	2.00	1.9%
112 - Information Technology Department	479.00 ¹	507.00 ¹	28.00 ¹	5.8%
117 - State Auditor	61.00	65.00	4.00	6.6%
120 - State Treasurer	7.00	7.00	0.00	0.0%
125 - Attorney General	253.00	266.00	13.00	5.1%
127 - Tax Commissioner	118.00	117.00	(1.00)	(0.8%)
140 - Office of Administrative Hearings	5.00	5.00	0.00	0.0%
160 - Legislative Council	44.00	45.00	1.00	2.3%
180 - Judicial branch	362.00	384.00	22.00	6.1%
188 - Commission on Legal Counsel for Indigents	40.00	41.00	1.00	2.5%
190 - Retirement and Investment Office	25.00 ²	34.00	9.00	36.0%
192 - Public Employees Retirement System	35.50	40.50	5.00	14.1%
195 - Ethics Commission	1.00	3.00	2.00	200.0%
TOTAL GENERAL GOVERNMENT	<u>1,588.50</u>	<u>1,678.50</u>	<u>90.00</u>	<u>5.7%</u>
HIGHER EDUCATION - see page J-11				
OTHER EDUCATION				
201 - Department of Public Instruction	86.25	86.25	0.00	0.0%
204 - Center for Distance Education	28.80 ³	30.80 ³	2.00 ³	6.9%
226 - Department of Trust Lands	30.00	33.00	3.00	10.0%
250 - State Library	26.75	26.75	0.00	0.0%
252 - School for the Deaf	44.61	45.36	0.75	1.7%
253 - North Dakota Vision Services - School for the Blind	27.75	27.75	0.00	0.0%
270 - Department of Career and Technical Education	21.50 ³	23.50 ³	2.00 ³	9.3%
TOTAL OTHER EDUCATION	<u>265.66</u>	<u>273.41</u>	<u>7.75</u>	<u>2.9%</u>

HEALTH AND WELFARE

301 - Department of Health and Human Services - Public Health Division	210.50	215.50	5.00	2.4%
303 - Department of Environmental Quality	166.00	173.00	7.00	4.2%
313 - Veterans' Home	114.79	114.79	0.00	0.0%
316 - Indian Affairs Commission	4.00	4.00	0.00	0.0%
321 - Department of Veterans' Affairs	8.00	9.00	1.00	12.5%
325 - Department of Health and Human Services - Human Services Divisions	2,265.33 ²	2,268.33	3.00	0.1%
360 - Protection and Advocacy Project	28.50	28.50	0.00	0.0%
380 - Job Service North Dakota	156.61	158.61	2.00	1.3%
TOTAL HEALTH AND WELFARE	<u>2,953.73</u>	<u>2,971.73</u>	<u>18.00</u>	<u>0.6%</u>

REGULATORY

401 - Insurance Commissioner	38.00	47.00	9.00	23.7%
405 - Industrial Commission	6.75 ⁴	9.75 ⁴	3.00 ⁴	44.4%
406 - Department of Labor and Human Rights	13.00	13.00	0.00	0.0%
408 - Public Service Commission	43.00	45.00	2.00	4.7%
412 - Aeronautics Commission	7.00	7.00	0.00	0.0%
413 - Department of Financial Institutions	31.00	35.00	4.00	12.9%
414 - Securities Department	10.00	10.00	0.00	0.0%
471 - Bank of North Dakota	173.00	187.00	14.00	8.1%
473 - Housing Finance Agency	49.00	54.00	5.00	10.2%
474 - Department of Mineral Resources	101.50 ⁴	108.00 ⁴	6.50 ⁴	6.4%
475 - Mill and Elevator Association	156.00	170.00	14.00	9.0%
485 - Workforce Safety and Insurance	260.14	260.14	0.00	0.0%
TOTAL REGULATORY	<u>888.39</u>	<u>945.89</u>	<u>57.50</u>	<u>6.5%</u>

PUBLIC SAFETY

504 - Highway Patrol	193.00	205.00	12.00	6.2%
530 - Department of Corrections and Rehabilitation	907.79	929.79	22.00	2.4%
540 - Adjutant General	222.00	233.00	11.00	5.0%
TOTAL PUBLIC SAFETY	<u>1,322.79</u>	<u>1,367.79</u>	<u>45.00</u>	<u>3.4%</u>

AGRICULTURE AND ECONOMIC DEVELOPMENT

601 - Department of Commerce	58.80	65.80 ⁵	7.00	11.9%
602 - Agriculture Commissioner	79.00	80.00	1.00	1.3%
627 - Upper Great Plains Transportation Institute	43.88 ⁶	43.88	0.00	0.0%
628 - Branch research centers	108.21 ⁶	111.81	3.60	3.3%
630 - North Dakota State University Extension Service	241.77 ⁶	252.70	10.93	4.5%
638 - Northern Crops Institute	13.55 ⁶	18.15	4.60	33.9%
640 - Main Research Center	334.56 ⁶	358.47	23.91	7.1%
649 - Agronomy Seed Farm	3.00 ⁶	3.00	0.00	0.0%
670 - Racing Commission	2.00	2.00	0.00	0.0%
TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>884.77</u>	<u>935.81</u>	<u>51.04</u>	<u>5.8%</u>

NATURAL RESOURCES AND HIGHWAYS

701 - State Historical Society	78.75	83.50	4.75	6.0%
709 - Council on the Arts	5.00	6.00	1.00	20.0%
720 - Game and Fish Department	164.00	174.00	10.00	6.1%
750 - Parks and Recreation Department	57.75	65.00	7.25	12.6%
770 - State Water Commission	90.00	93.00	3.00	3.3%
801 - Department of Transportation	982.00	1,001.00	19.00	1.9%
TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>1,377.50</u>	<u>1,422.50</u>	<u>45.00</u>	<u>3.3%</u>

SUMMARY TOTALS

General Government	1,588.50	1,678.50	90.00	5.7%
Other Education	265.66	273.41	7.75	2.9%
Health and Welfare	2,953.73	2,971.73	18.00	0.6%
Regulatory	888.39	945.89	57.50	6.5%
Public Safety	1,322.79	1,367.79	45.00	3.4%
Agriculture and Economic Development	884.77	935.81	51.04	5.8%
Natural Resources and Highways	1,377.50	1,422.50	45.00	3.3%
TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	<u>9,281.34</u>	<u>9,595.63</u>	<u>314.29</u>	<u>3.4%</u>

HIGHER EDUCATION

215 - North Dakota University System office	158.83 ⁷	162.83	4.00	2.5%
227 - Bismarck State College	332.90 ⁷	335.33	2.43	0.7%
228 - Lake Region State College	115.76 ⁷	120.59	4.83	4.2%
229 - Williston State College	101.29 ⁷	102.83	1.54	1.5%
230 - University of North Dakota	2,059.98 ⁷	2,060.56	0.58	0.0%
232 - University of North Dakota School of Medicine and Health Sciences	492.67 ⁷	488.83	(3.84)	(0.8%)
235 - North Dakota State University	1,829.43 ⁷	1,867.50	38.07	2.1%
238 - North Dakota State College of Science	311.61 ⁷	313.95	2.34	0.8%
239 - Dickinson State University	175.50 ⁷	178.00	2.50	1.4%
240 - Mayville State University	230.35 ⁷	226.92	(3.43)	(1.5%)
241 - Minot State University	403.04 ⁷	423.63	20.59	5.1%
242 - Valley City State University	202.77 ⁷	211.94	9.17	4.5%
243 - Dakota College at Bottineau	91.86 ⁷	84.00	(7.86)	(8.6%)
244 - Forest Service	28.00 ⁷	29.00	1.00	3.6%
TOTAL HIGHER EDUCATION	<u>6,533.99</u>	<u>6,605.91</u>	<u>71.92</u>	<u>1.1%</u>
TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)	<u><u>15,815.33</u></u>	<u><u>16,201.54</u></u>	<u><u>386.21</u></u>	<u><u>2.4%</u></u>

¹ The 2019 Legislative Assembly approved a shared services unification of certain agencies' information technology resources and personnel, including the transfer of 96 FTE information technology positions from 5 agencies to the Information Technology Department (ITD). The 2021 and 2023 Legislative Assemblies approved additional unification of state government information technology resources and personnel, including the transfer of 56 FTE information technology positions from 11 agencies to ITD, resulting in 152 FTE positions transferred during the 2019-21, 2021-23, and 2023-25 bienniums, as follows:

Agency	FTE Transferred			Total
	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	
Office of Management and Budget	0.00	4.00	0.00	4.00
Retirement and Investment Office	0.00	2.00	0.00	2.00
Department of Trust Lands	2.00	0.00	0.00	2.00
State Department of Health	0.00	4.00	0.00	4.00
Department of Environmental Quality	0.00	1.00	0.00	1.00
Department of Human Services	48.00	0.00	0.00	48.00
Job Service North Dakota	0.00	16.00	0.00	16.00
Insurance Commissioner	0.00	0.00	1.00	1.00
Bank of North Dakota	0.00	16.00	0.00	16.00
Highway Patrol	0.00	2.00	0.00	2.00
Department of Corrections and Rehabilitation	0.00	6.00	2.00	8.00
Adjutant General - Department of Emergency Services	4.00	0.00	0.00	4.00
Department of Commerce	0.00	1.00	0.00	1.00
Game and Fish Department	0.00	1.00	0.00	1.00
Parks and Recreation Department	1.00	0.00	0.00	1.00
Department of Transportation	41.00	0.00	0.00	41.00
Total	96.00	53.00	3.00	152.00

² The 2021-23 biennium authorization for the Retirement and Investment Office and Department of Health and Human Services includes FTE positions authorized during the November 2021 special legislative session. The Legislative Assembly added 6 FTE Retirement and Investment Office positions and 16 FTE Department of Human Services positions.

³ The 2023 Legislative Assembly transferred supervisory authority of the Center for Distance Education from the Department of Career and Technical Education to the Department of Public Instruction beginning in the 2023-25 biennium. Section 3 of Senate Bill No. 2269 (2023) provides the Center for Distance Education must have a separate budget and a separate staff from the Department of Public Instruction.

⁴ The 2023 Legislative Assembly provided staff positions for the Department of Mineral Resources to be separated from the Industrial Commission beginning in the 2023-25 biennium. Previously, staff positions were combined for these departments.

⁵ In Senate Bill No. 2142 (2023), the Legislative Assembly authorized the Department of Commerce 2 FTE positions for the newly created Office of Legal Immigration beginning in the 2023-25 biennium.

⁶ 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):

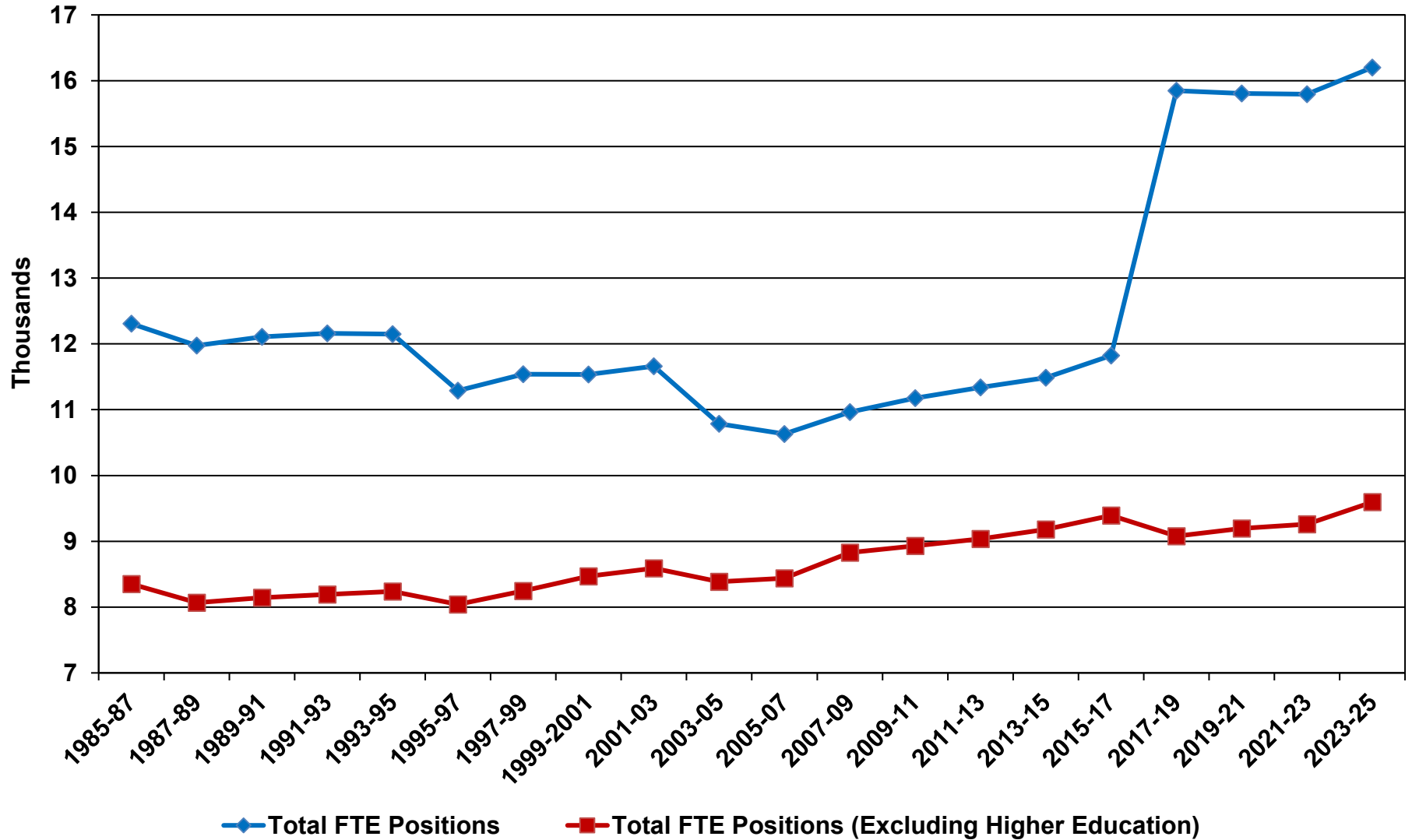
Agency	2021-23 Legislative Authorization	2021-23 Adjusted FTE Position Level	Variance from 2021-23 Adjusted Level to 2021-23 Legislative Authorization	2023-25 Legislative Authorization	Variance from 2021-23 Adjusted Level to 2023-25 Legislative Authorization
Upper Great Plains Transportation Institute	43.88	43.88	0.00	43.88	0.00
Branch research centers	108.21	109.81	1.60	111.81	2.00
North Dakota State University Extension Service	241.77	250.70	8.93	252.70	2.00
Northern Crops Institute	13.55	18.15	4.60	18.15	0.00
Main Research Center	334.56	357.47	22.91	358.47	1.00
Agronomy Seed Farm	3.00	3.00	0.00	3.00	0.00
Total	744.97	783.01	38.04	788.01	5.00

⁷ 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):

Agency	2021-23 Legislative Authorization	2021-23 Adjusted FTE Position Level	Variance from 2021-23 Adjusted Level to 2021-23 Legislative Authorization	2023-25 Legislative Authorization	Variance from 2021-23 Adjusted Level to 2023-25 Legislative Authorization
North Dakota University System office	158.83	162.83	4.00	162.83	0.00
Bismarck State College	332.90	335.33	2.43	335.33	0.00
Lake Region State College	115.76	120.59	4.83	120.59	0.00
Williston State College	101.29	102.83	1.54	102.83	0.00
University of North Dakota	2,059.98	2,060.56	0.58	2,060.56	0.00
University of North Dakota School of Medicine and Health Sciences	492.67	488.83	(3.84)	488.83	0.00
North Dakota State University	1,829.43	1,867.50	38.07	1,867.50	0.00
North Dakota State College of Science	311.61	313.95	2.34	313.95	0.00
Dickinson State University	175.50	178.00	2.50	178.00	0.00
Mayville State University	230.35	226.92	(3.43)	226.92	0.00
Minot State University	403.04	423.63	20.59	423.63	0.00
Valley City State University	202.77	211.94	9.17	211.94	0.00
Dakota College at Bottineau	91.86	84.00	(7.86)	84.00	0.00
Forest Service	28.00	28.00	0.00	29.00	1.00
Total	6,533.99	6,604.91	70.92	6,605.91	1.00

NUMBER OF STATE EMPLOYEES - HISTORY

The following is a summary of the number of authorized state employee FTE positions for the 1985-87 through 2023-25 bienniums:



Biennium	General Government	Education (Other Than Higher Education)	Health and Welfare	Regulatory	Public Safety	Agriculture and Economic Development	Natural Resources and Highways	Total FTE Positions Excluding Higher Education	Higher Education	Total FTE Positions
1985-87	915.50	396.39	3,393.11	996.43	552.80	802.28	1,294.50	8,351.01	3,956.84	12,307.85
1987-89	975.55	296.10	3,079.89 ¹	1,021.93	648.77	770.58	1,273.00	8,065.82	3,909.16	11,974.98
1989-91	916.25	309.36	3,028.11	1,047.94	699.27	785.57	1,357.50	8,144.00	3,963.02	12,107.02
1991-93	949.85	327.91	2,876.26	1,078.92	727.69	826.57	1,406.50	8,193.70	3,965.80	12,159.50
1993-95	1,016.10	322.44	2,794.66	1,138.81	774.04	787.02 ²	1,404.00	8,237.07	3,912.91	12,149.98
1995-97	1,004.42	313.38	3,103.11 ⁴	665.50 ⁴	774.52	777.97	1,402.50	8,041.40	3,249.13 ³	11,290.53
1997-99	1,039.90	312.54	3,124.00	696.00	894.64	817.12	1,359.50	8,243.70	3,297.30	11,541.00
1999-2001	1,164.00 ⁵	308.19	3,099.06	723.00	954.68	856.35	1,363.00	8,468.28	3,068.64 ⁶	11,536.92
2001-03	1,236.20	271.07	3,069.86	762.50	967.18	914.03	1,369.75	8,590.59	3,070.58	11,661.17
2003-05	1,266.70 ⁷	245.60	2,852.80	767.37	995.18 ⁷	878.65	1,379.75	8,386.05	2,400.38 ⁸	10,786.43 ⁹
2005-07	1,246.00	243.89	2,840.20	763.51	1,056.28	898.80	1,389.00	8,437.68	2,194.42	10,632.10
2007-09	1,325.00	242.69	2,993.75	783.51	1,136.29	939.93	1,407.00	8,828.17	2,136.59	10,964.76
2009-11	1,362.00	253.19	3,008.65	806.20	1,161.29	921.30	1,417.50	8,930.13	2,245.51	11,175.64
2011-13	1,373.60	255.19	2,968.33	823.20	1,234.29	952.31	1,429.50	9,036.42	2,303.74	11,340.16
2013-15	1,419.10	262.11	2,975.06	859.89	1,273.29	933.79	1,456.50	9,179.74	2,304.74	11,484.48
2015-17	1,505.10	264.61	2,984.06	907.89	1,285.29	950.08	1,489.50	9,386.53	2,430.35	11,816.88
2017-19	1,434.30	250.11	2,867.06	899.89	1,283.29	899.47	1,445.50	9,079.62	6,767.76 ¹⁰	15,847.38
2019-21 ¹¹	1,498.50	269.81	2,932.56	899.89	1,318.79	897.85	1,378.50	9,195.90	6,609.87	15,805.77
2021-23 ¹¹	1,588.50	265.66	2,953.73	888.39	1,322.79	884.77	1,377.50	9,281.34	6,533.99	15,815.33
2023-25 ¹¹	1,678.50	273.41	2,971.73	945.89	1,367.79	935.81	1,422.50	9,595.63	6,605.91	16,201.54

¹Reflects a phase-out of FTE positions at San Haven (258.47 FTE positions reduction) and a reduction of 46 FTE positions at the Grafton State School.

²Excludes 14.1 authorized FTE positions for commodity groups because House Bill No. 1203 (1993) provided statutory continuing appropriations for these agencies to spend funds they collect without a specific legislative appropriation.

³The state colleges and universities changed the formula for counting teacher FTE positions based on the number of months worked during the year. Those who worked 12 months were reduced from 1.2 FTE positions to 1 FTE position, and those who worked 9 months were reduced from 1 FTE position to .75 FTE position. The net reduction from the change is 415.85 FTE positions. In addition, the University of North Dakota Rehabilitation Hospital was privatized resulting in a reduction of 286.2 FTE positions.

⁴Job Service North Dakota and its 420.5 FTE positions were switched from **Regulatory** to **Health and Welfare**.

⁵The judicial branch added 129.5 FTE positions with the clerk of court unification.

⁶Reflects elimination of 203.3 FTE positions associated with local funds at the University of North Dakota School of Medicine and Health Sciences.

⁷Reflects a decrease of 31 FTE positions in **General Government** and a corresponding increase in **Public Safety** due to State Radio being consolidated with the Division of Emergency Management.

⁸The FTE count for higher education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

⁹House Bill No. 1505 (2003) provided that on November 1, 2003, 24 FTE positions relating to information services, including electronic mail, file and print server administration, database administration, storage, application server, and hosting services, must be reduced and transferred to the Information Technology Department (ITD). The project executive committee recommended the transfer of 8.5 FTE positions to the Information Technology Department on November 1, 2003, and the exemption of the remaining 15.5 FTE positions. The 2003-05 FTE positions reflect the transfer of 8.5 FTE positions.

¹⁰Prior to the 2017-19 biennium, higher education FTE positions supported from special funds were not reflected in the budget, as the State Board of Higher Education and institutions under its control have continuing appropriation authority for special funds. The 2015 Legislative Assembly amended North Dakota Century Code Section 54-44.1-04 to require higher education entities to enter all budget data in the state's budget system in the same manner as other agencies. This increased the total number of FTE positions

by 4,337.41. The 2017 Legislative Assembly reduced the number of general fund supported FTE positions in higher education by 313.27 to 2,117.08 for the 2017-19 biennium. Higher education FTE positions supported from all funds was 6,767.76 in the 2017-19 biennium.

¹¹The 2019 Legislative Assembly approved a shared services unification of certain agencies' information technology resources and personnel, including the transfer of 96 FTE information technology positions from 5 agencies to ITD. The 2021 and 2023 Legislative Assemblies approved additional unification of state government information technology resources and personnel, including the transfer of 56 FTE information technology positions from 11 agencies to ITD, resulting in 152 FTE positions transferred during the 2019-21, 2021-23, and 2023-25 bienniums, as follows:

Agency	Agency Category	FTE Transferred to ITD			
		2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	Total
110 - Office of Management and Budget	General government		4.00		4.00
190 - Retirement and Investment Office	General government		2.00		2.00
226 - Department of Trust Lands	Education	2.00			2.00
301 - State Department of Health	Health and welfare		4.00		4.00
303 - Department of Environmental Quality	Health and welfare		1.00		1.00
325 - Department of Human Services	Health and welfare	48.00			48.00
380 - Job Service North Dakota	Health and welfare		16.00		16.00
401 - Insurance Commissioner	Regulatory			1.00	1.00
471 - Bank of North Dakota	Regulatory		16.00		16.00
504 - Highway Patrol	Public safety		2.00		2.00
530 - Department of Corrections and Rehabilitation	Public safety		6.00	2.00	8.00
540 - Adjutant General - Department of Emergency Services	Public safety	4.00			4.00
601 - Department of Commerce	Agriculture and economic development		1.00		1.00
720 - Game and Fish Department	Natural resources		1.00		1.00
750 - Parks and Recreation Department	Natural resources	1.00			1.00
801 - Department of Transportation	Transportation	41.00			41.00
Total		96.00	53.00	3.00	152.00

HISTORY OF STATE EMPLOYEE SALARY INCREASES

Year	General Salary Increases	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%	(0.1%)
2021 ⁸	1.5% with a minimum monthly increase of \$100	4.5%
2022	2%	8.6%
2023	6%	4.4% (projected)
2024	4%	2.4% (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 \$9,000,000 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.

ELECTED OFFICIALS' SALARIES

The 2023 Legislative Assembly authorized 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, for state employees, including elected officials. The 2021 Legislative Assembly authorized 2021-23 biennium salary increases of 1.5 percent with a minimum monthly increase of \$100 on July 1, 2021, and 2 percent on July 1, 2022, for state employees, including elected officials. The schedule below shows the salary authorized by the 2021 Legislative Assembly and the 2023 Legislative Assembly for each elected official.

State Official	Statutory Annual Salary Authorized by the 2021 Legislative Assembly		Statutory Annual Salary Authorized by the 2023 Legislative Assembly	
	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024
Governor ¹	\$140,829	\$143,646	\$152,265	\$158,356
Lieutenant Governor ²	\$109,536	\$111,727	\$130,000	\$135,200
Secretary of State ²	\$112,241	\$114,486	\$130,000	\$135,200
State Auditor ²	\$112,241	\$114,486	\$130,000	\$135,200
State Treasurer ²	\$112,241	\$114,486	\$130,000	\$135,200
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 ²	\$112,241	\$114,486	\$130,000	\$135,200
Public Service Commissioners (3) ²	\$115,304	\$117,610	\$130,000	\$135,200
Agriculture Commissioner	\$121,553	\$123,984	\$131,423	\$136,680

¹Section 4 of House Bill No. 1001 (2021) and Section 4 of Senate Bill No. 2002 (2023) provided exemptions 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 during the 2021-23 and 2023-25 bienniums.

²In addition to regular salary increases for the 2023-25 biennium, the 2023 Legislative Assembly authorized salary equity increases for executive branch elected officials to provide each elected official an annual salary of at least \$130,000 beginning July 1, 2023. The equity adjustments increased the salaries of the Lieutenant Governor (16.4 percent), Secretary of State (13.6 percent), State Auditor (13.6 percent), State Treasurer (13.6 percent), Insurance Commissioner (13.6 percent), and Public Service Commissioners (10.5 percent) from July 1, 2023 through June 30, 2024. After applying the 4 percent salary increase on July 1, 2024, the annual salary of these elected officials will increase to \$135,200.

The following schedule shows the salary authorized by the 2021 Legislative Assembly and the 2023 Legislative Assembly for judges and justices:

	Statutory Annual Salary Authorized by the 2021 Legislative Assembly		Statutory Annual Salary Authorized by the 2023 Legislative Assembly	
	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024
Supreme Court Chief Justice	\$170,535	\$173,946	\$184,383	\$191,758
Other Supreme Court justices	\$165,845	\$169,162	\$179,312	\$186,484
District court presiding judges	\$156,499	\$159,629	\$169,207	\$175,975
Other district court judges	\$152,175	\$155,219	\$164,532	\$171,113

COST OF STATE EMPLOYEE SALARY AND HEALTH INSURANCE INCREASES HISTORY

The following is a summary of the cost of providing salary and health insurance increases for the 1999-2001 through 2023-25 bienniums:

State Employee Salary Increases				
Biennium	Percentage Increase	General Fund	Other Funds	Total
1999-2001	2 percent with a \$35 per month minimum on July 1, 1999, and 2 percent with a \$35 per month minimum on July 1, 2000	\$17,681,836	\$9,633,401	\$27,315,237
2001-03	3 percent with a \$35 per month minimum on July 1, 2001, and 2 percent with a \$35 per month minimum on July 1, 2002	\$27,043,178	\$12,493,632	\$39,536,810
2003-05	Up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005 (based on the elimination of positions and savings from vacant positions)	\$0	\$0	\$0
2005-07	4 percent on July 1, 2005, and 4 percent on July 1, 2006	\$19,778,486	\$21,746,666	\$41,525,152
2007-09	4 percent with a \$75 per month minimum on July 1, 2007, and 4 percent with a \$75 per month minimum on July 1, 2008	\$23,372,817	\$22,505,911	\$45,878,728
2009-11	5 percent with a \$100 per month minimum on July 1, 2009, and 5 percent with a \$100 per month minimum on July 1, 2010	\$36,821,006	\$31,667,339	\$68,488,345
2011-13	3 percent on July 1, 2011, and 3 percent on July 1, 2012	\$23,920,117	\$20,892,142	\$44,812,259
2013-15	From 3 to 5 percent on July 1, 2013, and from 2 to 4 percent on July 1, 2014, for performance and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range in July 2013 and July 2014 for market equity	\$41,268,879	\$34,551,738	\$75,820,617
2015-17	From 2 to 4 percent based on performance on July 1, 2015, and from 2 to 4 percent based on performance on July 1, 2016	\$31,461,697	\$24,353,454	\$55,815,151
2017-19	The 2017 Legislative Assembly did not approve state employee salary increases for the 2017-19 biennium	\$0	\$0	\$0
2019-21	2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020	\$36,759,178	\$48,127,899	\$84,887,077
2021-23	1.5 percent with a minimum monthly increase of \$100 on July 1, 2021, and 2 percent on July 1, 2022	\$32,270,322	\$39,441,988	\$71,712,310
2023-25	6 percent on July 1, 2023, and 4 percent on July 1, 2024	\$88,958,028	\$125,431,382	\$214,389,410

State Employee Health Insurance Increases						
Biennium	Monthly Premium	Increase From Previous Biennium	Percentage Increase	General Fund	Other Funds	Total
1999-2001	\$350	\$49	16.3%	\$6,989,537	\$3,858,174	\$10,847,711
2001-03	\$409	\$59	16.9%	\$11,182,551	\$6,001,252	\$17,183,803
2003-05	\$489	\$80	19.6%	\$8,027,122	\$8,258,216	\$16,285,338
2005-07	\$554	\$65	13.3%	\$5,335,798	\$7,903,870	\$13,239,668
2007-09	\$658	\$104	18.8%	\$9,115,817	\$12,346,031	\$21,461,848
2009-11	\$826	\$168	25.5%	\$15,889,790	\$20,215,824	\$36,105,614
2011-13	\$887	\$61	7.4%	\$7,179,809	\$5,995,847	\$13,175,656
2013-15	\$982	\$95	10.7%	\$11,127,312	\$9,700,989	\$20,828,301
2015-17	\$1,130	\$148	15.1%	\$19,877,362	\$14,316,411	\$34,193,773
2017-19	\$1,241	\$111	9.8%	\$19,741,923	\$23,074,031	\$42,815,954
2019-21	\$1,427	\$186	15.0%	\$29,220,876	\$40,005,248	\$69,226,124
2021-23	\$1,429	\$2	0.1%	\$340,891	\$415,088	\$755,979
2023-25	\$1,643	\$214	15.0%	\$31,375,156	\$46,610,163	\$77,985,319

SECTION K - TRUST FUND ANALYSES

Abandoned Oil and Gas Well Plugging and Site Reclamation Fund	1
Attorney General Refund Fund	3
Budget Stabilization Fund	8
Capitol Building Fund.....	10
Coal Development Trust Fund	12
Common Schools Trust Fund	14
Community Health Trust Fund	18
Disaster Relief Fund	22
Electronic Health Information Exchange Fund.....	25
Environment and Rangeland Protection Fund	27
Foundation Aid Stabilization Fund	29
Health Care Trust Fund	32
Health Information Technology Planning Loan Fund	33
Highway Tax Distribution Fund	35
Legacy Earnings Fund.....	39
Legacy Fund	41
Lignite Research Fund.....	43
Medical Marijuana Fund	45
Outdoor Heritage Fund	46
Resources Trust Fund	48
Senior Citizen Services and Programs Fund	51
Social Services Fund	53
State Aid Distribution Fund	54
Strategic Investment and Improvements Fund	56
Tuition Fund.....	61

ANALYSIS OF THE ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$13,850,616		\$40,343,445
Add estimated revenues ¹				
Fees, forfeitures, transfers, and recoveries penalties	\$3,390,000		\$2,500,000	
Oil and gas tax collections (2019 HB 1014) ^{2,3}	15,640,000		14,490,000	
Federal funds ⁴	22,500,000		34,792,000	
Total estimated revenues		41,530,000		51,782,000
Total estimated available		\$55,380,616		\$92,125,445
Less estimated expenditures and transfers				
Reclamation of well sites placed into service after July 31, 1983 (2019 SB 2123) ⁵	\$9,000,000		\$1,000,000	
Reclamation of well sites placed into service on or before July 31, 1983 (2017 HB 1347)	0		1,000,000	
Orphaned well plugging and reclamation costs ⁶	5,350,000		31,468,000	
Brine pond and soil remediation studies (2017 HB 1347)	0		0	
Transfer to the environmental quality restoration fund ⁷	400,000		400,000	
Pipeline restoration and reclamation oversight program and postproduction royalty oversight program - Agriculture Commissioner (2021 HB 1009; 2023 SB 2009) ⁸	200,000		700,000	
Oil database information technology project (2019 HB 1014)	74,171		0	
Miscellaneous ⁹	13,000		14,350	
Total estimated expenditures and transfers		15,037,171		34,582,350
Estimated ending balance		\$40,343,445		\$57,543,095

¹Revenues to the fund include:

- Fees collected by the Oil and Gas Division of the Industrial Commission for permits or other services;
- Funds received from the forfeiture of drilling and reclamation bonds;
- Funds received from any federal agency or from donations related to well plugging and site reclamation;
- Transfers or grant awards from the oil and gas impact fund;
- Oil and gas tax collections; and
- Funds recovered from the sale of confiscated equipment and oil and from certain civil penalties.

²House Bill No. 1014 (2019) decreased the allocation limit related to the fund balance by \$50 million, from \$100 million to \$50 million. Senate Bill No. 2059 (2023) increases the allocation related to the fund balance by \$50 million, from \$50 million to \$100 million.

³Estimated revenues - The estimated allocations reflect the March 2023 legislative revenue forecast and final legislative action.

⁴The amount shown for the 2021-23 biennium reflects funding to be received by the Industrial Commission from the federal Infrastructure Investment and Jobs Act for initial grants. The amount shown for the 2023-25 biennium reflects funding anticipated to be received by the Industrial Commission from the federal Infrastructure Investment and Jobs Act for formula grants.

⁵Senate Bill No. 2123 (2019) clarifies the fund may be used for the reclamation of saltwater handling facility sites and treating plant sites.

⁶The amount shown for the 2021-23 and 2023-25 bienniums reflect the estimated costs for plugging and reclaiming orphaned oil wells pursuant to the requirements under the federal Infrastructure Investment and Jobs Act.

⁷For the 2021-23 biennium to date through April 2023, the Department of Environmental Quality has not requested any transfers. As amended by Senate Bill No. 2190 (2015), North Dakota Century Code Section 38-08-04.5 allows for transfers from the abandoned oil and gas well plugging and site reclamation fund with the requirement that any transfers into the environmental quality restoration fund will be returned by the State Department of Health to the abandoned oil and gas well plugging and site reclamation fund.

⁸House Bill No. 1009 (2021) includes an appropriation of \$200,000 from the fund for the pipeline restoration and reclamation oversight program. Through April 2023, the Agriculture Commissioner requested and received \$21,786. Senate Bill No. 2009 (2023) includes \$700,000 for the pipeline restoration and reclamation oversight program and postproduction royalty oversight program.

⁹Miscellaneous expenditures include credit card merchant fees and audit fees.

FUND HISTORY

The fund was established in 1983 under Section 38-08-04.5. The purpose of the fund is to defray the costs of plugging or replugging oil wells, the reclamation of well sites, and all other related activities for wells or pipelines. The money in the fund may be spent, pursuant to a continuing appropriation, for contracting for the plugging of abandoned wells; contracting for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and access roads; paying mineral owners their royalty share of confiscated oil; and paying any contract-related expenses. House Bill No. 1358 (2015) expanded the use of the fund allowing up to \$1.5 million per biennium to be spent on the reclamation of well sites placed into service on or before July 31, 1983, and demonstration projects related to reclamation. House Bill No. 1347 (2017), increased the amount available for the expanded uses to \$5 million per biennium. The Industrial Commission is to report to the Budget Section each biennium on the expenditures of the fund and the fund balance.

The Legislative Assembly, in House Bill No. 1333 (2013), established an allocation of 4 percent, up to \$5 million per fiscal year, from 1 percent of the 5 percent oil and gas gross production tax to the fund and limited the allocation based on the fund balance. House Bill No. 1032 (2015) increased the oil and gas tax allocation to the fund by \$2.5 million per fiscal year, from \$5 million to \$7.5 million, and increased the allocation limit based on the fund balance by \$25 million, from \$75 million to \$100 million. In Senate Bill No. 2013 (2017), the Legislative Assembly decreased the oil and gas tax allocations to the fund by \$3.5 million per fiscal year, from \$7.5 million to \$4 million; however, the decrease was effective only for the 2017-19 biennium. House Bill No. 1014 (2019) decreased the allocation limit based on the fund balance by \$50 million, from \$100 million to \$50 million. Senate Bill No. 2059 (2023) increases the allocation related to the fund balance by \$50 million, from \$50 million to \$100 million.

**ANALYSIS OF THE ATTORNEY GENERAL REFUND FUND
FOR THE 2021-23 AND 2023-25 BIENNIUMS**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance ^{1,2,3}		\$13,196,439		\$9,014,962
Add estimated revenues				
Refunds of consumer protection and antitrust expenditures, attorney's fees, and civil penalties ⁴	\$5,500,000		\$3,000,000	
Cash deposit bonds	10,000		5,000	
Tribal gaming, licensing, and investigation fees ⁵	0		0	
Background checks	31,600		30,000	
Interest on investments ^{1,2,6}	(151,630)		0	
Lawsuit proceeds - Opioid addiction prevention and treatment program ³	8,634,351		0	
Lawsuit proceeds - JUUL Labs, Inc. settlement ⁷	577,267		232,114	
Total estimated revenues		14,601,588		3,267,114
Total available		\$27,798,027		\$12,282,076
Less estimated expenditures and transfers authorized in North Dakota Century Code Section 54-12-18				
Refunds to specifically named consumers (Section 54-12-18(1)) ⁸	\$12,033		\$0	
Claims against cash deposit bonds (Section 54-12-18(2))	0		0	
Refund of cash deposit bond balance (Section 54-12-18(3))	0		0	
Consumer Protection and Antitrust Division expenditures (Section 54-12-18(4))	2,342,692		2,619,722	
Tribal gaming background investigations (Section 54-12-18(5)) ⁵	0		0	
Tribal gaming licensing expenditures (Section 54-12-18(5)) ⁵	0		0	
Tribal gaming enforcement expenditures (Section 54-12-18(5)) ⁵	0		0	
Less other estimated expenditures and transfers ⁹				
Bureau of Criminal Investigation (BCI) salaries and operating expenses ¹⁰	1,045,793		630,278	
State Crime Laboratory operating expenditures ¹⁰	897,891		392,757	
Information technology contractual program maintenance	1,071,984		1,033,393	
Information technology operating expenditures	684,873		100,500	
Criminal justice information sharing system improvements (2021 HB 1003; 2023 SB 2003) ^{10,11}	72,183		200,294	
Operating expenses of the Attorney General's office ¹⁰	360,917		430,000	
Automated fingerprint identification system replacement project (2019 SB 2003) ¹²	108,128			
Attorney salary equity increases (2019 SB 2003; 2023 SB 2003) ¹	370,682		370,682	
Medicaid Fraud Control Unit (MFCU) and BCI salary equity increases (2021 HB 1003; 2023 SB 2003) ²	1,240,027		1,337,597	
State Crime Laboratory salary equity increases (2021 HB 1506; 2023 SB 2003) ⁶	537,297		0	
Criminal history improvement system (2021 HB 1003; 2023 SB 2003) ¹³	50,000		361,000	
Opioid addiction prevention and treatment program - Transfer to the opioid settlement fund (2021 HB 1003; 2023 HB 1447) ³	9,526,751		0	
JUUL Labs, Inc. settlement - Transfer to the community health trust fund (2023 HB 1004) ⁶	461,814			
Total estimated expenditures and transfers		18,783,065		7,476,223
Estimated ending balance ¹⁴		\$9,014,962		\$4,805,853
Restricted fund income				

Reserve relating to attorney salary increases (2019 SB 2003; 2023 SB 2003) ¹	370,682	0
Reserve relating to MFCU and BCI salary equity increases (2021 HB 1003; 2023 SB 2003) ²	1,337,597	0
Reserve relating to State Crime Laboratory salary equity increases (2021 HB 1506; 2023 SB 2003) ⁷	0	0
Interest on investments ^{1,2,7}	0	0
Estimated balance - Unobligated	\$7,306,683	\$4,805,853

¹In April 2019, the Consumer Protection Division of the Attorney General's office received a \$1,215,561 settlement for a Wells Fargo lawsuit related to Wells Fargo's automobile gap insurance, the company opening accounts without consumers' knowledge, and its mortgage interest rate extension fees. The funding was deposited in the Attorney General refund fund.

Senate Bill No. 2003 (2019) included an appropriation of \$425,000, of which \$25,000 related to anticipated interest and earnings of the settlement amount, of this funding to the Attorney General for the 2019-21 biennium. In Section 14 of the bill, the Legislative Assembly provided legislative intent that the Attorney General use up to \$425,000 from the April 2019 settlement for providing salary equity increases to attorney positions in the Attorney General's office for the 2019-21 biennium. Further intent was provided that the remaining settlement proceeds and investment earnings on the remaining proceeds be retained in the Attorney General refund fund and be used for the cost to continue the salary equity increases provided in the 2019-21 biennium during the 2021-23 and 2023-25 bienniums, subject to legislative appropriations. Section 15 of the bill allowed the Attorney General to invest up to \$1,215,561 of the settlement proceeds under the supervision of the State Investment Board for the period beginning July 1, 2019, and ending June 30, 2025.

Revenue available for attorney salary equity increases during the 2019-21 biennium totaled \$1,263,086, of which \$1,215,561 was from lawsuit settlement proceeds and \$11,063 was from interest earned on lawsuit proceed investments. Investment returns for the 2021-23 biennium for all funds invested for Attorney General staff salary equity increases are estimated to total a \$151,630 investment loss.

In September 2019, the Attorney General invested \$1,100,000 with the State Investment Board. The Attorney General spent \$354,192 of the \$425,000 appropriation to provide 29 FTE attorney positions salary equity increases during the 2019-21 biennium, resulting in \$861,369, excluding interest earned on investments, of the total \$1,215,561 of lawsuit proceeds remaining in the Attorney General refund fund available for the cost to continue attorney salary equity increases during the 2021-23 and 2023-25 bienniums. The Attorney General anticipates spending \$370,682 to continue attorney salary equity increases during the 2021-23 biennium. Including estimated investment losses for the 2021-23 biennium on previously earned interest and investment principal, the Attorney General anticipates \$370,682 will be remaining for the 2023-25 biennium.

²In January 2021, the Consumer Protection Division of the Attorney General's office received a \$1,160,896 lawsuit settlement from Apple, Inc., related to Apple's 2016 decision to adjust the speed of consumer iPhones to address unexpected shutdowns in some devices and Apple's concealment of the issue, which led to a software update in December 2016 that reduced iPhone performance. The funding was deposited in the Attorney General refund fund.

In April 2021, the Consumer Protection Division of the Attorney General's office received a \$1,416,728 lawsuit settlement from Boston Scientific Corporation related to a defective surgical mesh medical device that has caused complications in some women who used the device. The funding was deposited in the Attorney General refund fund.

House Bill No. 1003 (2021) included an appropriation of \$1,249,083 of this funding to the Attorney General for providing salary equity increases during the 2021-23 biennium for 55 FTE BCI positions and 2 FTE MFCU positions. Section 12 of the bill allows the Attorney General to invest up to \$2,577,624 of funding in the Attorney General refund fund, including \$1,160,896 of January 2021 settlement proceeds and \$1,416,728 of April 2021 settlement proceeds, under the supervision of the State Investment Board for the period beginning July 1, 2021, and ending June 30, 2025. Section 12 of the bill includes legislative intent that \$2,577,624 in the Attorney General refund fund and any investment earnings on the funding be retained in the Attorney General refund fund for the purpose of providing the salary equity increases provided for in Sections 1 and 11 of the bill and for the cost to continue the salary equity increases during the 2023-25 biennium, subject to legislative appropriations.

In August 2021, the Attorney General invested \$2,185,895 with the State Investment Board. The Attorney General anticipates spending \$1,240,027 of the \$1,249,083 appropriation during the 2021-23 biennium resulting in \$1,337,597, excluding interest earned on investments, of the total \$2,577,624 of lawsuit proceeds remaining in the Attorney General refund fund available for the cost to continue salary equity increases during the 2023-25 biennium.

³In March 2021, the Consumer Protection Division of the Attorney General's office received a \$892,400 lawsuit settlement from McKinsey and Company for an opioid-related lawsuit. Section 5 of House Bill No. 1003 (2021) provided for a transfer of up to \$2,000,000 from opioid-related lawsuit settlement proceeds deposited in the Attorney General refund fund to the Department of Health and Human Services (DHHS) and appropriates the funding to DHHS for an opioid addiction prevention and treatment program during the 2021-23 biennium. The department is required to consult with the Attorney General on the use of funding for the program. The Attorney General is required to notify the Legislative Council and Office of Management and Budget of any lawsuit settlement proceeds that become available for transfer to DHHS for this program.

Through April 2023, the Attorney General has received an additional \$8,634,351 from various opioid-related lawsuits during the 2021-23 biennium, resulting in a total of \$9,526,751 of opioid-related lawsuit settlement proceeds received.

House Bill No. 1447 (2023) requires the Office of Management and Budget to transfer all opioid-related lawsuit settlement proceeds deposited in the Attorney General refund fund since March 1, 2021, to the newly created opioid settlement fund during the 2021-23 biennium. The bill includes a \$8,000,000 appropriation from the opioid settlement fund to DHHS for opioid remediation and abatement efforts during the 2023-25 biennium.

⁴The Attorney General has indicated that it is not possible to separately identify refunds, attorney's fees, and civil penalties received, as a court judgement often includes a lump sum amount awarded for the payment of attorney's fees, investigation costs, or payment in lieu of civil penalties.

⁵House Bill No. 1212 (2021) created Section 53-06.1-11.2 and provides all gaming taxes, monetary fines, and interest and penalties are to be deposited in the newly created charitable gaming operating fund and provides the administrative and operating costs of charitable gaming be paid from the fund. Section 13 of House Bill No. 1003 (2021) further amended this section regarding allocations of gaming tax revenues. Adjustments were made to the Attorney General's budget to remove funding for gaming-related expenditures from the Attorney General refund fund beginning in the 2021-23 biennium.

⁶During the November 2021 special legislative session, in House Bill No. 1506, the Legislative Assembly appropriated \$537,297 to the Attorney General from the Attorney General refund fund for salary equity increases for 25 FTE State Crime Laboratory positions. In December 2021, the Attorney General invested \$508,578 from the Attorney General refund fund with the State Investment Board. The Attorney General anticipates spending the entire \$537,297 during the 2021-23 biennium.

In Senate Bill No. 2003 (2023), funding of \$537,297 is adjusted for prior biennium salary equity increases for State Crime Laboratory positions by reducing funding from the Attorney General refund fund and increasing funding from the general fund.

⁷In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc. and 34 states and territories regarding JUUL Labs e-cigarette marketing and sales practices. Of the \$438.5 million total settlement, North Dakota was awarded \$6,028,211, which will be paid in installments for a period of 6 to 10 years. **House Bill No. 1004 (2023) requires 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc. settlement during the 2021-23 biennium be transferred to the community health trust fund and requires 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium.** The Attorney General anticipates a total of \$577,267 will be received during the 2021-23 biennium, of which \$461,814 would be transferred from the Attorney General refund fund to the community health trust fund. Estimated settlement funds for the 2023-25 biennium totals \$1,160,751, of which \$928,457 would be deposited in the community health trust fund and \$232,114 would be deposited in the Attorney General refund fund.

⁸The Attorney General has indicated that a court rarely awards refunds to specific consumers, instead awarding refunds to organizations such as the Housing Finance Agency.

⁹The other expenditures are not specifically authorized in Section 54-12-18 but are included as part of the Attorney General's biennial appropriation.

¹⁰In House Bill No. 1003 (2021), the Legislative Assembly removed \$2.12 million from the general fund in the Attorney General's budget for salaries and operating expenses in various line items. The bill restored \$1.2 million of these items from the Attorney General refund fund, of which \$283,227 is for salaries and wages of a BCI agent and a BCI administrative assistant, \$34,377 is for operating expenses of the State Crime Laboratory, \$271,889 is for operating expenses of the criminal justice information sharing system, and \$610,507 is for other operating expenses of the Attorney General's office, primarily related to information technology-related expenses. See footnote 11 below for additional information.

¹¹In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated ongoing funding of \$140,000 from the Attorney General refund fund to the Attorney General for criminal justice information sharing improvements during the 2019-21 biennium. The Attorney General spent \$108,412 during the 2019-21 biennium. In House Bill No. 1003 (2021) \$271,889 was authorized for ongoing operating expenses of the criminal justice information sharing system, resulting in a total of \$411,889 authorized for the system each biennium beginning during the 2021-23 biennium.

¹²In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated \$316,000, of which \$158,000 was from federal funds and \$158,000 was from the Attorney General refund fund, for the automated finger identification system replacement project, also known as the automated biometric identification system replacement project. The Attorney General spent \$47,872 from the Attorney General refund fund on the project during the 2019-21 biennium, resulting in \$108,128 remaining. The Attorney General received authority from the Capital Construction Carryover Committee, pursuant to Section 54-44.1-11, to continue this funding into the 2021-23 biennium. The Attorney General anticipates spending the remaining \$108,128 during the 2021-23 biennium.

¹³The criminal history repository replacement project began in the 2011-13 biennium to rewrite the existing criminal history repository system. The criminal history repository replacement project consists of various smaller projects. The Attorney General budgeted \$450,000 on the project during the 2011-13 biennium, \$2,300,000 during the 2013-15 biennium, and \$970,000 during the 2015-17 biennium. The Legislative Assembly appropriated \$400,000 for the project in each of the 2019-21 and 2021-23 bienniums, resulting in a total of \$4,520,000 approved for the project, all from the Attorney General refund fund.

Of the \$4,120,000 approved for the project since the 2011-13 biennium, actual expenditures through the 2019-21 biennium totaled \$3,800,595. The project has been substantially completed, although upgrades to the criminal history improvement system are periodically requested. The Attorney General anticipates spending \$50,000 of the \$400,000 appropriated for the 2021-23 biennium. Section 18 of Senate Bill No. 2003 (2023), as approved by the Senate, provides the Attorney General an exemption to continue any unspent funding for the project into the 2023-25 biennium. The Attorney General anticipates spending the remaining \$350,000, and \$11,000 of excess spending authority from the fund, during the 2023-25 biennium.

¹⁴Section 54-12-18 provides at the end of each biennium, any balance in the Attorney General refund fund in excess of the amount necessary to fulfill the requirements of the fund must be deposited in the general fund. Section 18 of House Bill No. 1003 (2021) and Section 15 of Senate Bill No. 2003 (2023) authorizes the Attorney General to retain the June 30, 2021, and June 30, 2023, balance in the Attorney General refund fund rather than transferring the balance to the general fund. As a result, no funding from the Attorney General refund fund was transferred to the general fund at the end of the 2019-21 biennium, allowing the Attorney General to use the remaining balance in the Attorney General refund fund during the 2021-23 biennium. No funding is anticipated to be transferred to the general fund at the end of the 2021-23 biennium, allowing the Attorney General to use the remaining balance in the Attorney General refund fund during the 2023-25 biennium. See the **FUND HISTORY** section for additional information on exemptions granted to the Attorney General.

FUND HISTORY

Section 54-12-18, created by House Bill No. 1141 (1989), establishes the Attorney General refund fund. The section was amended by the 1991, 1993, 1999, and 2001 Legislative Assemblies and currently provides when the Attorney General's Consumer Protection Division recovers funding for cases involving the violation of consumer fraud laws, the Attorney General is required to deposit the funding in the Attorney General refund fund. Funding recovered by the Consumer Protection Division for the following costs must also be deposited in the fund:

1. Refunds related to Consumer Protection Division expenditures, attorney's fees, and civil penalties regarding consumer protection or antitrust matters;
2. Cash deposit bonds paid by applicants for a transient merchant's license when surety bonds are not provided; and
3. Funds and fees collected by the gaming section for licensing tribal gaming and the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming.

Funding in the Attorney General refund fund is appropriated to the Attorney General on a continuing basis for the following purposes:

1. Provide refunds from funds recovered by the Consumer Protection Division to specifically named consumers;
2. Pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. Refund the balance of any cash deposit bond remaining after the payment of valid claims. Refunds will be issued 2 years after the expiration of the transient merchant's license;

4. Pay expenditures, attorney's fees, and salaries incurred in the operation of the Consumer Protection Division; and
5. Pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each biennium, any money in the fund in excess of the amounts required for numbers 1, 2, 3, and 5 above must be deposited in the general fund. The Attorney General and Director of the Office of Management and Budget are required to establish accounting procedures for the Attorney General refund fund.

Since the 2001 legislative session, each Legislative Assembly has provided the Attorney General with an exemption to allow unexpended funds from the Attorney General refund fund to continue to be spent in each subsequent biennium. The following table provides information regarding these exemptions:

Biennium	Bill No.	Section	Exemption Limitation ¹
2001-03	1003	8	\$100,000
2003-05	2003	4	No limitation specified
2005-07	1003	11	No limitation specified
2007-09	2003	15	No limitation specified
2009-11	1003	13	No limitation specified
2011-13	2003	9	No limitation specified
2013-15	1003	3	No limitation specified
2015-17	2003	4	No limitation specified
2017-19	1003	16	No limitation specified
2019-21	2003	3	No limitation specified
2021-23	1003	18	No limitation specified
2023-25	2003	15	No limitation specified

¹Section 8 of House Bill No. 1003 (2001) allowed the Attorney General to continue up to \$100,000 of unexpended funds from the Attorney General refund fund to be spent during the 2001-03 biennium while any remaining amount in excess of \$100,000 was required to be returned to the general fund at the end of the 1999-2001 biennium. Exemptions granted in subsequent bienniums have not been limited to a specific dollar amount, allowing the Attorney General to continue using the full balance of the Attorney General refund fund each biennium.

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$748,943,600		\$914,429,031
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	194,429,031 ³		0	
Total estimated revenues		165,485,431		28,360,128
Total available		\$914,429,031		\$942,789,159
Less estimated expenditures and transfers				
Transfer to general fund	\$0		\$28,360,128 ¹	
Total estimated expenditures and transfers		0		28,360,128
Estimated ending balance		\$914,429,031		\$914,429,031

¹Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under North Dakota Century Code Section 54-27.2-01. Any interest earnings that would cause the fund to exceed the maximum balance are transferred to the general fund.

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 entire \$75 million is not estimated to be deposited in the fund during either the 2021-23 or 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 amount shown is based on a general fund appropriation amount of \$6,096,193,537 which reflects legislative action during the 2023 legislative session.

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 CAPITOL BUILDING FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS¹

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$3,462,486		\$5,724,041
Add revenues				
Investment income	(\$3,257)		\$254,057	
Rentals, royalties, and bonuses	5,399,155		3,400,000	
Total revenues		5,395,898		3,654,057
Total available		\$8,858,384		\$9,378,098
Less expenditures and transfers				
Administrative expenses	\$95,080		\$115,000	
Income payments to counties ²	22,397		8,200	
Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 48-10-02) ³	250,000		250,000	
Capitol Grounds Planning Commission operating expenses (2021 HB 1015; 2023 SB 2015)	25,000		25,000	
Facility Management projects (2021 HB 1015)	518,800			
Governor's residence security improvements (2023 SB 2015)			100,000	
Brynhild Haugland Room remodel (2023 SB 2015)			250,000	
Capitol window replacement (2023 SB 2015)			4,000,000	
Facility Management extraordinary repairs (2021 HB 1015; 2023 SB 2015)	500,000		250,000	
Facility consolidation study (2021 HB 1015; 2023 SB 2015)	250,000		100,000	
Special assessments (2021 HB 1015)	198,066			
Interior and exterior signs (2021 HB 1015)	500,000			
Building automation project (2023 SB 2015)			800,000	
Accessibility improvements (2021 SB 2146; 2023 SB 2015)	750,000		150,000	
Accessibility compliance consultant (2021 HB 1012)	25,000			
Total expenditures and transfers		3,134,343		6,048,200
Ending balance		\$5,724,041		\$3,329,898

¹The analysis reflects the legislative appropriations for the 2021-23 and 2023-25 bienniums and does not include the land owned by the fund.

²Section 15-04-23 provides the Board of University and School Lands is to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed 5 percent of the net revenue generated from the original grant lands in that county during the year preceding the payments. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for the repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

³Section 20 of Senate Bill No. 2015 (2019) amended Section 48-10-02 to increase a continuing appropriation to the Capitol Grounds Planning Commission from \$175,000 per biennium to \$250,000 per biennium of income and interest of the Capitol building fund. The amount that may be spent may not exceed 50 percent of the unencumbered balance of the fund on the 1st day of the biennium.

FUND HISTORY

The Capitol building fund was established at the time of statehood by the Enabling Act of 1889. Section 12 of the Enabling Act provided 32,000 acres to North Dakota upon statehood to be sold and the proceeds used to finance the construction of buildings for legislative, executive, and judicial use. The proceeds from the sale make up the Capitol building fund along with any investment proceeds from that fund.

In 1957 Congress amended Section 12 of the Enabling Act to expand the fund's use for construction, reconstruction, repair, renovation, furnishings, equipment, or other permanent improvements of public buildings at the Capitol.

In Senate Bill No. 388 (1967) the Legislative Assembly created Section 48-10-02 to provide that all money, properties and income from the fund, unless otherwise appropriated, are dedicated and reserved for the exclusive purpose of the construction of an addition to the legislative wing. The Capitol Grounds Planning Commission is to take steps to accumulate and conserve the money and property in the Capitol building fund for this purpose.

In House Bill No. 1117 (1979) the Legislative Assembly amended Section 48-10-02 to provide that the Board of University and School Lands invest and manage the fund on behalf of the Capitol Grounds Planning Commission. The section was further amended to provide a continuing appropriation to the Capitol Grounds Planning Commission from the interest and income from the Capitol building fund not to exceed 50 percent of the unencumbered balance. Expenditures made under the continuing appropriation may be made after consideration of the Capitol grounds master plan for projects or planning but may not exceed \$50,000 per biennium. Expenditures may be made only upon approval by two-thirds of the total membership of the commission. The Legislative Assembly in Senate Bill No. 2090 (2007) increased the continuing appropriation to the Capitol Grounds Planning Commission limit from \$50,000 to \$100,000.

In House Bill No. 1015 (2013) the Legislative Assembly amended Section 48-10-02 to increase the continuing appropriation to the Capitol Grounds Planning Commission from \$100,000 to \$175,000 per biennium beginning with the 2013-15 biennium.

In Senate Bill No. 2015 (2019) the Legislative Assembly amended Section 48-10-02 to increase the continuing appropriation to the Capitol Grounds Planning Commission from \$175,000 to \$250,000 per biennium.

In Senate Bill No. 2015 (2023), the Legislative Assembly amended Section 48-10-02 to limit the use of the Capitol Grounds Planning Commission's continuing appropriation authority to remodeling expenses; however, the Governor vetoed this limitation.

ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium ¹		2023-25 Biennium ¹	
Beginning balance		\$124,463		\$448,464
Add estimated revenues				
Investment income ²	\$871,751		\$1,127,250	
School construction loan income ²	773,437		810,000	
Total estimated revenues		1,645,188		1,937,250
Total estimated available		\$1,769,651		\$2,385,714
Less estimated expenditures and transfers				
Investment expense	\$58,281		\$45,090	
Administrative expenses	5,392		6,000	
Transfer to the general fund ²	1,257,514		1,300,000	
Total estimated expenditures and transfers		1,321,187		1,351,090
Estimated ending balance		\$448,464		\$1,034,624

¹The beginning and ending balances do not include the value of permanent assets of the coal development trust fund, which must be maintained pursuant to North Dakota Century Code Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota. As of January 31, 2023, the total value of permanent fund assets was \$71.53 million, of which \$27.17 million was school construction loans receivable, \$8.53 million was coal impact loans receivable, and \$35.83 million was either cash or short-term investments.

Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. The coal severance tax allocations become part of the fund assets which are not reflected in the amounts shown in the table. Senate Bill No. 2272 (2017) amends Section 15.1-36-02 to make available up to \$60 million from the fund for loans of up to \$2 million for unanticipated school construction projects or emergency repairs. Senate Bill No. 2015 (2023) increases the maximum amount of a loan for unanticipated school construction projects by \$3 million, from \$2 million to \$5 million, and allows schools with unanticipated construction inflation costs for projects bid after January 1, 2021, and before June 30, 2024, to access loans of up to \$5 million.

²Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota, provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the general fund. The amounts shown on this analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

FUND HISTORY

The coal development trust fund originated with the passage of House Bill No. 1257 (1979), now codified as various sections of Chapter 57-62. In 1980 the voters of North Dakota approved Constitutional Measure No. 5, Section 21 of Article X of the Constitution of North Dakota, and establishing the coal development trust fund as a constitutional trust fund.

Section 57-62-02 provides 30 percent of the coal severance tax must be deposited in the coal development trust fund. Senate Bill No. 2014 (2017) reduced the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provided an allocation of 15 percent to the lignite research fund. The coal severance tax allocations become part of the fund assets which are not reflected in the amounts shown.

Section 57-61-01.5 provides that 70 percent of the money deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 15 percent of the coal severance taxes deposited in the fund (4.5 percent of total coal severance taxes collected) remains in the coal development trust fund to be used for the purposes provided in Section 57-62-02.

Section 57-62-02 provides the Board of University and School Lands shall administer the fund and use money in the fund for loans to coal-impacted counties, cities, and school districts, and for loans to school districts for school construction. Section 15.1-36-02 limits the outstanding principal balance of school construction loans from the coal development trust fund to \$50 million. Senate Bill No. 2272 (2017) amended Section 15.1-36-02 to make available up to \$60 million from the fund for loans of up to \$2 million for unanticipated school construction projects or emergency repairs. Senate Bill No. 2015 (2023) increased the maximum amount of a loan for unanticipated school construction projects by \$3 million, from \$2 million to \$5 million.

In Senate Bill No. 2039 (2015), the Legislative Assembly created a new school construction assistance loan fund and identified the income from the coal development trust fund as income to the new fund. However, the income from the coal development trust fund was not be transferred to the school construction assistance loan fund because Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota require the income to be transferred to the general fund. The provisions to continue the transfer of income to the general fund were included in Senate Bill Nos. 2101 and 2272 (2017).

ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

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

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 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 \$5,965,573,823 as of February 28, 2023.**

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. The Senate version of Senate Bill No. 2013 (2023) provides \$499,860,000 from the common schools trust fund for state school aid.

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

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$26,666,703		\$31,057,445
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$48,100,931 ¹		\$0	
Projected transfers from the tobacco settlement trust fund	0 ²		40,000,000 ²	
Transfers from the tobacco prevention and control trust fund (2021 SB 2004)	2,056,437 ²			
JUUL Labs, Inc., settlement proceeds (2023 HB 1004)	461,814 ²		928,457 ²	
Refund of prior biennium expenditures from the fund	93,884			
Total estimated revenues		50,713,066²		40,928,457²
Total available		\$77,379,769		\$71,985,902
Less estimated expenditures and adjustments				
State Department of Health/Department of Health and Human Services - Public Health (2021 SB 2004; 2023 HB 1004)				
Tobacco prevention and control program grants to local public health units for tobacco prevention and control	\$6,250,000 ³		\$6,250,000 ³	
Tobacco prevention and control, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses	5,043,000 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 offender treatment	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	0 ⁸		1,500,000 ⁸	
One-time local public health pandemic response grants	0 ⁹			
Domestic violence prevention			1,000,000 ¹⁰	
Department of Health and Human Services - Public Health (2023 HB 1477) - Grants to rural emergency medical services and rural ambulance service districts			7,000,000	
Department of Human Services/Department of Health and Human Services - Human Services (2021 HB 1012; 2023 SB 2012)				
Medical Services	31,500,000		0	
Child support computer replacement project			20,400,000	
988 crisis hotline program			1,867,500	
Cross-Disability Advisory Council			700,000	
Basic care funding rate study			600,000	
Health Care Task Force			750,000	

University of North Dakota School of Medicine and Health Sciences - Clinically integrated network grant (2023 SB 2012)		3,500,000
Total estimated expenditures and adjustments	46,322,324	56,389,824
Estimated ending balance	\$31,057,445	\$15,596,078

¹Through April 2023 the state has received tobacco settlement payments totaling \$48,100,931 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 \$175,077,904 have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - Interest earned on the community health trust fund is deposited in the general fund.

Community health trust fund revenues have been estimated based on actual revenues received through April 2023 and legislative estimates for the remainder of the 2021-23 biennium and for the 2023-25 biennium. 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	48.1 million	N/A	0	0	48.1 million
Estimated 2023-25 biennium	40.0 million	N/A	0	0	40.0 million
Total	\$536.8 million	\$105.7 million	\$101.2 million	\$134.5 million	\$195.3 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.

In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc., and 34 states and territories regarding JUUL Labs e-cigarette marketing and sales practices. Of the \$438.5 million total settlement, North Dakota was awarded \$6,028,211, which will be paid in installments for a period of 6 to 10 years. The Legislative Assembly, in House Bill No. 1004 (2023), provided 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc., settlement during the 2021-23 biennium be transferred to the community health trust fund and requires 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium. The Attorney General anticipates a total of \$577,267 will be received during the 2021-23 biennium, of which \$461,814 will be transferred from the Attorney General refund fund

to the community health trust fund. Estimated settlement funds for the 2023-25 biennium total \$1,160,751, of which \$928,457 is estimated to be deposited in the community health trust fund.

³In 2021 the Legislative Assembly provided \$6.25 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 Legislative Assembly, in House Bill No. 1004 (2023), provided 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 Legislative Assembly, in House Bill No. 1004 (2023), provided 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 Legislative Assembly, in House Bill No. 1004 (2023), provided 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 Legislative Assembly, in House Bill No. 1004 (2023), provided 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 Legislative Assembly, in House Bill No. 1004 (2023), provided a total of \$580,324 for cancer programs and increased funding for domestic violence offender treatment to provide \$1,000,000 from the community health trust fund. In addition, House Bill No. 1004 (2023) increased 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 Legislative Assembly, in House Bill No. 1004 (2023), continued 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. In House Bill No. 1004 (2023), the Legislative Assembly also allowed 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 \$1.5 million continued from the community health trust fund is 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.

¹⁰The Legislative Assembly, in House Bill No. 1004 (2023), increased funding for domestic violence prevention to provide a total of \$5,936,285, of which \$4,596,285 is from the general fund, \$1,000,000 is from the community health trust fund, and \$340,000 is from the domestic violence and sexual assault prevention fund which receives revenue from marriage license fees.

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.

The Legislative Assembly, in House Bill No. 1004 (2023), created a new section to Chapter 54-27 to provide for the deposit of funds to be received pursuant to an agreement reached between the Attorney General's office and JUUL Labs, Inc. In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc., and 34 states and territories regarding JUUL Labs e-cigarette marketing and sales practices. Of the \$438.5 million total settlement, North Dakota was awarded \$6,028,211, which will be paid in installments for a period of 6 to 10 years. The Legislative Assembly, in House Bill No. 1004 (2023), provided 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc., settlement during the 2021-23 biennium be transferred to the community health trust fund and requires 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium.

**ANALYSIS OF THE STATE DISASTER RELIEF FUND
FOR THE 2017-19, 2019-21, 2021-23, AND 2023-25 BIENNIUMS**

	2017-19 Biennium Actual		2019-21 Biennium Actual		2021-23 Biennium Estimated		2023-25 Biennium Estimated	
	Beginning balance		\$36,687,549		\$21,987,295		\$15,396,161	
Add revenues								
Interest income	\$73,130		\$66,353		\$65,000		\$60,000	
Miscellaneous reimbursements	698,534		24,577		75,000		70,000	
Oil and gas tax collections	0 ¹		0 ⁵		15,511,903 ⁹		17,533,761 ¹³	
Total revenues		771,664		90,930		15,651,903		17,663,761
Total available		\$37,459,213		\$22,078,225		\$31,048,064		\$35,668,245
Less estimated expenditures								
STORM Act Funding							\$1,000,000 ¹⁴	
2009 flooding	\$57,462 ²							
2010 flooding	1,199,702 ²							
2011 flooding	2,923,747 ²		\$2,367,837 ⁶					
State disasters and flood mitigation efforts	18,620 ²						2,225,000 ¹⁴	
2013 Red River Valley flood	912,450 ²		210 ⁶					
2013 winter storm	628,258 ²		2,320 ⁶					
2014 rain storms	72,201 ²		100,182 ⁶					
2017 flooding			217,970 ⁶		\$104,377 ¹⁰			
Federal Emergency Management Agency (FEMA) mitigation programs			93,046 ⁶				100,000 ¹⁴	
Double Ditch Historic Site repairs	1,694,478 ³							
Dickey County FEMA repayment			200,000 ⁶					
Non-oil-producing township road maintenance and improvement	7,965,000 ⁴				7,450,000 ⁴		750,000 ⁴	
Emergency township road repairs			750,000 ⁷					
Dakota Access Pipeline law enforcement			703,432 ⁸					
2019 flooding			1,352,454 ⁸		686,403 ¹⁰		450,461 ¹⁴	
2020 COVID-19					1,292 ¹⁰		500,000 ¹⁴	
2020 flooding			894,613 ⁸		(462,312) ¹⁰		369,752 ¹⁴	
June severe storms 2021							110,002 ¹⁴	
Spring storm 2022							9,350,000 ¹⁴	
Winter storm 2022							355,000 ¹⁴	
Snow removal grants					5,000,000 ¹¹			

Predisaster mitigation			263,820 ¹⁰		458,030 ¹⁴	
Total estimated expenditures and transfers	15,471,918	6,682,064		13,043,580 ¹²		15,668,245
Estimated ending balance	\$21,987,295	\$15,396,161		\$18,004,484		\$20,000,000

¹This amount reflects actual oil tax revenue allocations for the 2017-19 biennium. House Bill No. 1152 (2017) amended North Dakota Century Code Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$775 million is deposited in the general fund, tax relief fund, budget stabilization fund, strategic investment and improvements fund, and lignite research fund;
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

²Section 1 of House Bill No. 1016 (2017) includes spending authority of \$8.5 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2017-19 biennium. Section 13 of House Bill No. 1016 (2017) includes carryover authority for amounts related to disaster costs for road grade raising projects.

³Section 5 of Senate Bill No. 2018 (2015) appropriates \$2 million from the state disaster relief fund for Double Ditch Historic Site repairs. Section 6 of House Bill No. 1018 (2017) appropriates \$500,000 from the state disaster relief fund for Double Ditch Historic Site repairs.

⁴Section 4 of Senate Bill No. 2016 (2019) provided a 2017-19 biennium appropriation of \$8.1 million from the state disaster relief fund to the State Treasurer for the purpose of providing distributions to townships in non-oil-producing counties for maintenance and improvement of township roads and bridges. Section 4 of House Bill No. 1015 (2021) provides a 2021-23 biennium appropriation of \$8.2 million from the state disaster relief fund to the State Treasurer for the purpose of providing distributions to townships in non-oil-producing counties for maintenance and improvement of township roads and bridges. Section 12 of House Bill No. 1012 (2023) provides an exemption allowing \$750,000 of the \$8.2 million appropriation to continue into the 2023-25 biennium.

⁵This amount reflects estimated oil tax revenue allocations for the 2019-21 biennium based on the 2021 legislative revenue forecast. House Bill No. 1066 (2019) and Senate Bill No. 2016 (2019) amend Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after \$685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next \$15 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$15 million.

⁶Section 1 of Senate Bill No. 2016 (2019) includes spending authority of \$7.1 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2019-21 biennium.

⁷Section 4 of Senate Bill No. 2012 (2021) provides a 2021-23 biennium appropriation of \$750,000 from the state disaster relief fund to the Department of Transportation to provide grants to townships for emergency township road repairs.

⁸Section 1 of House Bill No. 1025 (2021) includes a deficiency appropriation of \$3,880,540 from the state disaster relief fund, including \$3,130,540 for expenses related to flooding in the spring of 2019, fall of 2019, and spring of 2020, and \$750,000 to repay loan interest relating to Dakota Access Pipeline law enforcement response costs.

⁹This amount reflects actual oil tax revenue allocations for the 2021-23 biennium. House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) amend Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after \$685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million.

¹⁰Section 1 of House Bill No. 1016 (2021) includes spending authority of \$6 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2021-23 biennium.

¹¹Section 5 of Senate Bill No. 2015 (2023) appropriates \$5 million from the state disaster relief fund for providing emergency snow removal grants to tribal governments, counties, cities, and townships in the 2021-23 biennium. This amount is in addition to the \$20 million from the general fund appropriated in Senate Bill No. 2183 (2023) for emergency snow removal grants for the 2021-23 biennium. Because actual snow removal grant requests were less than the \$20 million appropriated from the general fund, the \$5 million from the state disaster relief fund will not be spent.

¹²This amount is an estimated based on actual expenditures through March 31, 2023, and agency estimated expenditures through June 30, 2023.

¹³This amount reflects estimated oil tax revenue allocations for the 2023-25 biennium based on the 2023 legislative revenue forecast. Senate Bill No. 2367 (2023) amends Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after \$795 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million. Because the \$5 million appropriated for snow removal grants in the 2021-23 biennium will not be spent (see footnote #11), estimated oil and gas tax collections deposited in the state disaster relief fund will total \$12,533,761 rather than \$17,533,761.

¹⁴Section 1 of Senate Bill No. 2016 (2023) includes spending authority of \$12.7 million from the state disaster relief fund for expenses related to unclosed state disasters, \$2 million for natural disaster response and recovery grants, and \$225,000 for flood mitigation efforts in the 2023-25 biennium.

FUND HISTORY

Section 37-17.1-27 (Section 4 of Senate Bill No. 2012 (2009)) establishes a state disaster relief fund. Any interest or other fund earnings must be deposited in the fund. In Senate Bill No. 2369 (2011), the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidentially declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. In Senate Bill No. 2292 (2013), the Legislative Assembly further amended the section to allow money in the fund to be used for wide area search and rescue activities. Section 6 of Senate Bill No. 2055 (2019) further amends Section 37-17.1-27 to allow the fund to be used for the state share of FEMA disaster response, recovery, and mitigation grants, to remove the requirement for Emergency Commission and Budget Section approval of the use of money that has been appropriated by the Legislative Assembly, and to provide for the Adjutant General to report to the Budget Section on fund expenditures.

ANALYSIS OF THE ELECTRONIC HEALTH INFORMATION EXCHANGE FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance ¹		\$2,355,002		\$2,084,318
Add estimated revenues				
Funds from health information network participants	\$1,341,918		\$1,470,218	
Funds from the Department of Health and Human Services (DHHS) ²	1,113,269		1,308,880	
Federal funding from the Centers for Medicare and Medicaid Services (CMS) ³	0		0	
Transfer - Health information technology planning loan fund (2021 SB 2021; 2023 HB 1021) ^{4,5}	6,000,000		3,000,000	
Total estimated revenues		8,455,187		5,779,098
Total available		\$10,810,189		\$7,863,416
Less estimated expenditures and transfers				
Health information technology and exchange network ^{2,3,4,5}	\$8,725,871		\$5,725,871	
Total estimated expenditures and transfers		8,725,871		5,725,871
Estimated ending balance		\$2,084,318		\$2,137,545

¹Section 8 of Senate Bill No. 2332 (2009) provided the Industrial Commission transfer, during the 2009-11 biennium, as requested by the Director of the Health Information Technology Office, up to \$8 million from the Bank of North Dakota's profits to the health information technology loan fund to meet any required match for federal funds or to the electronic health information exchange fund to meet any required match for federal funds.

Section 6 of House Bill No. 1021 (2011) amended Section 8 of Senate Bill No. 2332 (2009) to provide the Industrial Commission transfer, during the 2009-11 or 2011-13 biennium, up to \$8 million from the Bank of North Dakota's profits to the information technology loan fund or to the electronic health information exchange fund to meet any required match for federal funds or for ongoing operating expenditures of the health information exchange. During the 2009-11 biennium, \$500,000 was transferred to the electronic health information exchange fund, and during the 2011-13 biennium, \$7.5 million was transferred to the electronic health information exchange fund.

²Section 2 of Senate Bill No. 2021 (2017) provided a special funds appropriation of \$43,555,133 to the Information Technology Department (ITD) for a project to expand the North Dakota health information network (NDHIN). The purpose of the funding was to enhance the overall functionality of NDHIN by providing comprehensive interoperability between all Medicaid providers throughout the state. The project was intended to allow for statewide repositories for analytics, care coordination, credentialing, and advanced directives.

The Department of Health and Human Services anticipated receiving federal Health Information Technology for Economic and Clinical Health (HITECH) Act Medicaid funding of \$40.8 million for the project, which was included in House Bill No. 1012 (2017) and was to be provided to payers, providers, and existing state health information networks. Funds were expected to be used through the 2021-23 biennium; however, due to funding changes made by the federal government, DHHS and ITD do not anticipate receiving the entire amount for the project.

The Information Technology Department received \$125,100 during the 2015-17 biennium from DHHS for advanced planning documents, a state Medicaid plan, and to conduct a care coordination study of NDHIN. The Information Technology Department received \$6,333,134 in the 2017-19 biennium and \$14,584,718 in the 2019-21 biennium from DHHS for the network. The Information Technology Department anticipates \$1,113,269 will be available during the 2021-23 biennium, resulting in an estimated total of \$22,156,221 of federal HITECH funds received for the network. No additional federal HITECH funds are expected to be available after the 2021-23 biennium. Estimated federal funding for the 2023-25 biennium is from funding received by DHHS from CMS.

³The Centers for Medicare and Medicaid Services certified NDHIN as a Medicaid management information system in February 2022, which may allow ITD to request up to 75 percent federal reimbursement for eligible network expenditures; however, ITD continues to work with CMS regarding which network costs are considered eligible for reimbursement and the appropriate cost allocation formula for expenditure reimbursements. When a cost allocation formula is approved by CMS, ITD will be able to submit expenditure reimbursement requests for costs incurred since October 2021 which were not reimbursable with HITECH funding. It is unknown how much federal funding will be available for reimbursement of 2021-23 and 2023-25 biennium expenditures of the NDHIN project.

⁴Senate Bill No. 2021 (2021) provided for a transfer of \$6 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium. Section 3 of the bill provides legislative intent that the funding be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium.

The Chief Information Officer requested the Bank transfer the entire \$6 million of funding from the health information technology planning loan fund to the electronic health information exchange fund.

⁵House Bill No. 1021 (2023) provides for a transfer of \$3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2023-25 biennium. The bill also includes a \$2 million ongoing appropriation from the general fund for the Health Information Technology Office and health information network.

FUND HISTORY

North Dakota Century Code Section 54-59-27 (Senate Bill No. 2332 (2009)) establishes the electronic health information exchange fund. The fund consists of the money deposited in the fund from federal or other sources or money transferred into the fund as directed by the Legislative Assembly. The Health Information Technology Office is to administer the fund. The money in the fund is to be used to facilitate and expand the electronic health information exchange. Money in the fund may be used, subject to legislative appropriations, to provide services directly for grants and for costs of administration of the fund.

An application for a grant must be made to the Health Information Technology Office. The Health Information Technology Office is to determine the applicant's eligibility based upon criteria established by the director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee.

ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$5,291,507		\$5,269,612
Add estimated revenues				
Pesticide registration fees (North Dakota Century Code Section 4.1-34-03) ¹	\$5,275,000		\$5,495,000	
Weed seed-free forage (Section 4.1-14-04) ²	30,000		30,000	
Fertilizer registration, inspection, and tonnage fees (Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07) ^{3,4}	1,420,000		1,445,000	
Commercial feed registration, inspection, and tonnage fees (Section 4.1-41-19) ⁵	727,500		727,500	
Total estimated revenues		7,452,500		7,697,500
Total available		\$12,744,007		\$12,967,112
Less estimated expenditures and transfers				
Agriculture Commissioner (2021 HB 1009; 2023 SB 2009)				
Administrative Services Division	\$351,086		\$364,097	
Marketing and Information Division	269,026		255,186	
Wildlife Services program	433,800		433,800	
Animal Health Division (State Veterinarian)	117,637		123,602	
Plant Industries Division	1,782,396		1,914,545	
Pesticide and Fertilizer Division	3,441,836		3,739,963	
Grain Inspection and Feed Division	428,614		445,354	
Transfer to environmental impact mitigation fund (2023 SB 2009)			250,000	
Crop Protection Product Harmonization and Registration Board (2021 HB 1009; 2023 SB 2009)				
Crop protection product registration, labeling, and grants ⁶	75,000		75,000	
Minor use pesticide registration	325,000		325,000	
Department of Environmental Quality (2021 SB 2024; 2023 HB 1024)				
Ground water testing, including a \$50,000 grant for the North Dakota Stockmen's Association environmental services program	250,000		250,000	
Regional livestock development and planning grant program (2023 HB 1437) ⁷			1,200,000	
Total estimated expenditures and transfers		7,474,395		9,376,547
Estimated ending balance		\$5,269,612		\$3,590,565

¹The Legislative Assembly approved Senate Bill No. 2009 (1999), which amended Section 19-18-04, increased the biennial pesticide registration fee by \$50, from \$300 to \$350. House Bill No. 1009 (2009) further amended Section 19-18-04 to deposit all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund. In Senate Bill No. 2027 (2017), Section 19-18-04 was repealed and rewritten as Section 4.1-34-03 as part of the rewrite of agriculture statutes.

²Chapter 4.1-14 allows the Agriculture Commissioner to certify forage acreage as being free of certain weeds and weed seed. Section 4.1-14-04 provides the Agriculture Commissioner a continuing appropriation to certify forage acreage using fees charged for certifications. The Agriculture Commissioner may set and charge the fees. All weed seed-free forage fee revenue must be deposited in the environment and rangeland protection fund.

³House Bill No. 1321 (2011) repealed Section 19-20.2-08.1 that provided for the deposit of certain inspection fees in the anhydrous ammonia storage facility inspection fund. The bill provided that the fee collections are to be deposited in the environment and rangeland protection fund, and anhydrous ammonia inspection storage facility inspection duties are to be transferred from the Insurance Commissioner to the Agriculture Commissioner.

⁴Senate Bill No. 2009 (2011) amended Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 to deposit fertilizer distribution registration, licensing, and inspection fees in the environment and rangeland protection fund rather than the general fund. House Bill No. 1321 (2011) also amended Section 19-20.1-06 to deposit a portion of fertilizer distribution inspection fees in the environment and rangeland protection fund rather than the general fund. In Senate Bill No. 2027 (2017), Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 were rewritten as Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07, respectively.

⁵Section 4.1-41-19 provides for the deposit of the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than the general fund.

⁶Section 4-35-30, as created by the Legislative Assembly in House Bill Nos. 1009 (2001) and 1328 (2001), created the Crop Protection Product Harmonization and Registration Board. In Senate Bill No. 2027 (2017), Section 4-35-30 was rewritten as Section 4.1-39-02. The duties of the board relate to crop protection product labeling and registration. In House Bill No. 1009 (2021), the Legislative Assembly appropriated \$75,000 from the fund for the board for the 2021-23 biennium. Senate Bill No. 2009 (2023), as approved by the Senate, appropriates \$75,000 from the fund for the board for the 2023-25 biennium.

⁷In House Bill No. 1437 (2023), the Legislative Assembly appropriated \$1.2 million from the environment and rangeland protection fund to the Agriculture Commissioner for identifying locations for rural economic development, including animal feeding operations, agricultural processing and storage facilities, and other agriculture-related development, and assisting the review and updating of township zoning and land use regulations during the 2023-25 biennium. The bill creates a new section to Chapter 4.1-01 for the establishment of the program. Grants under the program may not exceed \$12,000 for each county included in an application. Grants of up to \$500 may be awarded to each township included in an application.

FUND HISTORY

Section 19-18-02.1, created by Senate Bill No. 2451 (1991), established the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. During the 2007-09 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Pursuant to Section 19-18-04, as amended by House Bill No. 1009 (2009), beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund.

In Senate Bill No. 2027 (2017), Sections 19-18-02.1 and 19-18-04 were repealed and rewritten as Sections 4.1-39-07 and 4.1-34-03, respectively, as part of the rewrite of agriculture statutes.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$381,570,138		\$489,366,278
Add estimated revenues				
Oil extraction tax allocations	\$251,570,000 ¹		\$219,440,000 ¹	
Total estimated revenues		251,570,000 ²		219,440,000 ²
Total available		\$633,140,138		\$708,806,278
Less estimated expenditures and transfers				
Department of Public Instruction (DPI) (2021 HB 1013; 2023 SB 2013)				
State school aid	\$143,454,500 ³		\$157,000,000 ³	
One-time funding to rewrite the state automated reporting system (STARS) application (2019 SB 2013)	319,360 ³			
Transfer to the school construction assistance revolving loan fund (2023 SB 2284)			75,000,000 ³	
Total estimated expenditures and transfers		143,773,860 ⁴		232,000,000 ⁴
Estimated ending balance		\$489,366,278		\$476,806,278
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		<u>\$232,037,347</u>		<u>\$226,713,036</u>

¹Estimated revenues - Based on actual oil extraction tax collections deposited in the fund through February 2023. The estimated allocations for the remainder of the 2021-23 biennium and the estimated allocations for the 2023-25 biennium are based on the 2023 legislative revenue forecast. House Bill No. 1286 (2023) removes the oil extraction tax rate increase that would become effective if the average West Texas Intermediate price of oil exceeded the "trigger" price for 3 consecutive months. The estimated impact of removing the triggered rate increase cannot be determined. House Bill No. 1427 (2023) creates an oil extraction tax rate reduction on production from a restimulation well. The estimated impact of the rate reduction on the production from a restimulation well cannot be determined.

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 March 31, 2023, \$820,673 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 Legislative Assembly, in Senate Bill No. 2013 (2023), appropriated \$157,000,000 from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid for the 2023-25 biennium. In Senate Bill No. 2284 (2023), the Legislative Assembly transferred \$75,000,000 from the foundation aid stabilization fund to the school construction assistance revolving loan fund.

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. The Legislative Assembly, in Senate Bill Nos. 2013 and 2015 (2023), provided \$2,381,774,851 for integrated formula payments, transportation aid, and special education grants for the 2023-25 biennium, of which \$510,860,000 is from the state tuition fund, \$157,000,000 is from the foundation aid stabilization fund, \$13,993,086 is from the strategic investment and improvements fund, and \$1,699,921,765 is from the general fund. In addition, the Legislative Assembly approved House Bill No. 1019 which includes general fund appropriations to the Department of Career and Technical Education for career and technical education grants to school districts and area centers totaling \$41,537,780 for the 2023-25 biennium. Based on this level of funding from the general fund during the 2023-25 biennium, the required reserve balance for the 2025-27 biennium would be \$261,218,932, \$11,125,690 more than the reserve required for the 2023-25 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 HEALTH CARE TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$165,393		\$0
Add estimated revenues				
Investment earnings	\$500		\$500	
Loan repayments - Principal and interest	816,708		668,344	
Total estimated revenues		817,208		668,844
Total available		\$982,601		\$668,844
Less estimated expenditures and transfers				
Department of Human Services nursing facility operating margin increases (2021 HB 1012)	\$982,601		\$0	
Department of Health and Human Services basic care facility bad debt expense (2023 SB 2012)			500,000	
Total estimated expenditures and transfers		982,601		500,000
Estimated ending balance		\$0		\$168,844

FUND HISTORY

The health care trust fund was established by the Legislative Assembly in Senate Bill No. 2168 (1999) for providing nursing alternative loans or grants. The Legislative Assembly in House Bill No. 1196 (2011) provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money was generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVilleville and Dunseith. Payments were made based on the average amount Medicare rates exceeded Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds were available for these payments and required a state match. Payments were made to the two government nursing facilities and were subsequently returned to the state, less a \$50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share was returned to its source, and the federal funds were deposited in the health care trust fund. Money in the fund is invested by the State Investment Board, and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004. The Legislative Assembly, in House Bill No. 1012 (2009), amended North Dakota Century Code Section 50-30-02 to preclude the Governor from recommending spending from the health care trust fund in draft appropriation acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry.

ANALYSIS OF THE HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance ¹		\$7,419,876		\$2,996,237
Add estimated revenues				
Loan repayments - Principal	\$1,520,656		\$602,757	
Loan repayments - Interest and miscellaneous income	69,948		18,864	
Total estimated revenues		1,590,604		621,621
Total available		\$9,010,480		\$3,617,858
Less estimated expenditures and transfers				
Loans to health care entities ²	\$0		\$0	
Bank of North Dakota fees	14,243		10,224	
Transfer - Electronic health information exchange fund (2021 SB 2021; 2023 HB 1021) ³	6,000,000		3,000,000	
Total estimated expenditures and transfers		6,014,243		3,010,224
Estimated ending balance		<u>\$2,996,237</u>		<u>\$607,634</u>

¹Section 9 of Senate Bill No. 2332 (2009) provided for a transfer of up to \$5 million of Bank of North Dakota profits to the health information technology planning loan fund, which was transferred during the 2009-11 biennium. Section 4 of House Bill No. 1021 (2011) provided for a transfer of up to \$5 million of Bank profits to the health information technology planning loan fund in the 2011-13 biennium. During the 2011-13 biennium, approximately \$4.3 million of Bank profits were transferred to the fund.

²The Health Information Technology Advisory Committee has approved \$14,227,024 of loans since the program's inception in the 2009-11 biennium. Loans have not been issued since the 2017-19 biennium. The following is a summary of loans provided to health care facilities:

St. Andrew's Health Center (Bottineau)	\$625,000	Nelson County Health System	\$305,000
Cooperstown Medical Center	396,996	Southwest Healthcare System	605,000
Wishek Hospital	761,149	CHI St. Alexius Medical Center	1,250,000
Towner County Medical Center (Cando)	924,018	Pediatric Therapy Partners	100,000
Presentation Medical Center (Rolla)	625,000	Valley Health	72,155
West River Health Services (Hettinger)	1,250,000	Knife River Care Center	125,000
Ashley Medical Center	815,652	Golden Acres Manor	98,648
Tioga Medical Center	931,320	St. Luke's Home	115,053
St. Luke's Community Hospital and Clinics (Crosby)	874,542	Richard P. Stadter Psychiatric Center	463,000
Midgarden Family Clinic (Park River)	101,590	Elm Crest Manor	74,500
7-Day Clinic Walk-In Express Care (Fargo)	50,000	Northwood Deaconess	920,125
Linton Hospital	1,073,012	Pharmacists Association	120,070
McKenzie County Health Care System	600,000	St. Gerard's Community of Care	150,194
Garrison Memorial Hospital	800,000		
		Total	<u>\$14,227,024</u>

³Senate Bill No. 2021 (2021) provided for a transfer of \$6 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium. Section 3 of the bill provides legislative intent that the funding be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium.

The Chief Information Officer requested the Bank transfer the entire \$6 million of funding from the health information technology planning loan fund to the electronic health information exchange fund.

⁴House Bill No. 1021 (2023) provides for a transfer of \$3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2023-25 biennium.

FUND HISTORY

North Dakota Century Code Section 6-09-43 (Senate Bill No. 2332 (2009)) established a health information technology planning loan fund at the Bank of North Dakota for providing low-interest loans to health care entities to assist those entities in improving health information technology infrastructure. This fund is a revolving loan fund. Pursuant to Section 9 of the bill, \$5 million was transferred from the Bank to this fund during the 2009-11 biennium. All money transferred into the fund, interest upon money in the fund, and collections of interest and principal on loans made from the fund are appropriated for disbursement. Annually, the Bank may deduct a service fee for administering the revolving loan fund.

Section 4 of House Bill No. 1021 (2011) provided the Industrial Commission transfer up to \$5,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or the health information technology loan fund in the 2011-13 biennium. The director of the Health Information Technology Office was to request transfers from the Bank only as necessary to meet cashflow needs of the funds and only upon certification by the director of a demonstrated need for health information technology planning loans. During the 2011-13 biennium, \$4,280,219 was transferred by the Bank to the health information technology loan fund.

An application for a loan must be made to the Health Information Technology Office. The director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee, may approve the application of a qualified applicant that meets the criteria established by the director of the Health Information Technology Office. The Health Information Technology Office is to forward approved applications to the Bank of North Dakota. Upon approval of the application by the Bank, the Bank is to make the loan from the revolving loan fund.

Loans are provided at a fixed interest rate of 1.00 percent. Of the 1.00 percent of interest collected, 0.50 percent is deposited in the fund and 0.50 percent is retained by the Bank as the service fee for administering the loans.

ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues ^{1,2}				
Motor vehicle fuel tax	\$178,100,000		\$181,700,000	
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		524,500,000
Total available		\$516,300,000		\$524,500,000
Less estimated deductions and transfers				
Highway Patrol	\$9,346,781		\$11,300,000	
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		22,500,000
Total available for distributions and transfers		\$495,758,495		\$502,000,000
Less estimated distributions and transfers				
State highway fund	\$303,858,495		\$307,800,000	
Counties	109,100,000		110,400,000	
Cities	62,000,000		62,800,000	
Townships	13,400,000		13,500,000	
Transit	7,400,000		7,500,000	
Total estimated distributions and transfers		495,758,495		502,000,000
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.

³North Dakota Century Code Section 21-10-13 provided for the State Treasurer to transfer up to \$60 million from the legacy earnings fund to the highway tax distribution fund on July 1 of each odd-numbered year beginning in 2023. House Bill No. 1379 (2023) amended Section 21-10-13 to provide for \$100 million of legacy fund earnings to instead be deposited in a newly created legacy earnings highway 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

	2021-23 Biennium		2023-25 Biennium	
		\$0		\$486,568,637
Beginning balance				
Add estimated revenues				
Earnings transferred from the legacy fund (2023 HB 1379; 2023 SB 2330) ¹	\$486,568,637		N/A	
Total estimated revenues		486,568,637		N/A
Total available		\$486,568,637		\$486,568,637
Less estimated expenditures and transfers				
Expenditures based on percent of market value calculation²				
Transfer to the legacy sinking and interest fund (2023 HB 1379) ³	\$0		\$102,620,461	
Transfer to the general fund for tax relief (2023 HB 1379)			225,000,000	
Transfer to the legacy earnings highway distribution fund (2023 HB 1379) ³	0		100,000,000	
Transfer to the general fund (2023 HB 1379)			29,474,088	
Transfer to the strategic investment and improvements fund (2023 HB 1379)			29,474,088	
Expenditures of excess earnings⁴				
Transfer to the general fund (2023 HB 1379)	0		0	
Transfer to the strategic investment and improvements fund (2023 HB 1379)	0		0	
Total estimated expenditures and transfers		0		486,568,637
Estimated ending balance		\$486,568,637		\$0
Reserve for future bond payments (2023 HB 1379) ⁵		0		0
Estimated uncommitted ending balance		\$486,568,637		\$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. Senate Bill No. 2330 (2023) changes the definition of investment earnings to reflect a percent of market value calculation method using 7 percent of the 5-year average value of the legacy fund assets. Senate Bill No. 2015 (2023) further amended the percent of market value calculation to increase earnings from 7 to 8 percent of the 5-year average value of the legacy fund assets; however, the Governor vetoed the increase.

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 percent of market value calculation pursuant to the change to the definition of earnings in Senate Bill No. 2330 (2023). Based on estimates provided by the Retirement and Investment Office the realized earnings, reflecting the prior definition of earnings, were estimated to total \$495 million for the 2021-23 biennium.

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. The calculation of the amount available for spending is the same as the calculation for the definition of legacy fund earnings.

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 would have been designated for the following:

- 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 defined benefit 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.

House Bill No. 1379 (2023) changes the designated spending from the legacy earnings fund to provide transfers to the legacy sinking and interest fund (\$102.6 million), the general fund for tax relief (\$225 million), and a newly created legacy earnings highway distribution fund (\$100 million) with any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund. The bill also identifies additional allocations if the earnings transferred to the fund exceed the amount available for spending.

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 would have been designated for the following:

- A portion of the excess earnings would have been retained in the legacy earnings fund as a reserve for any bond payments;
- Up to \$100 million of excess earnings would have been transferred to the legacy fund to become part of the principal (NOTE: Transfers to the legacy fund from any source, including the legacy earnings fund, become part of the principal.); and
- Any the remaining excess earnings would have been transferred to the strategic investment and improvements fund.

House Bill No. 1379 (2023) changes the designations for the excess earnings to transfer 50 percent of the excess earnings to the general fund and 50 percent to the strategic investment and improvements fund. Senate Bill No. 2330 (2023) changes the definition of legacy earnings, and as a result, the earnings transferred to the legacy earnings fund will be the same as the amount available for spending.

⁵House Bill No. 1379 (2023) removes the provision to retain a portion of the funding as a reserve for future bond payments.

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.

House Bill No. 1379 (2023) changed the designated spending from the legacy earnings fund to provide transfers to the legacy sinking and interest fund (\$102.6 million), the general fund for tax relief (\$225 million), and a newly created legacy earnings highway distribution fund (\$100 million) with any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund. House Bill No. 1379 (2023) also changed the designations for the excess earnings to transfer 50 percent of the excess earnings to the general fund and 50 percent to the strategic investment and improvements fund and to remove the provision to retain a portion of the excess earnings as a reserve for future bond payments.

Senate Bill No. 2330 (2023) changed the definition of investment earnings to reflect a percent of market value calculation method using 7 percent of the 5-year average value of the legacy fund assets. As a result, the calculation of the amount available for spending is the same as the calculation for the definition of legacy fund earnings, and the earnings transferred to the legacy earnings fund will be the same as the amount available for spending.

ANALYSIS OF THE LEGACY FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$8,074,763,216		\$8,603,724,579
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) (2019 SB 2312) ¹	\$1,582,530,000		\$1,343,220,000	
Investment earnings (losses) (2021 HB 1015, 2021 HB 1425) ^{2,3,4,5}	(567,000,000)		520,000,000	
Transfer in from legacy earnings fund			0	
Total estimated revenues		1,015,530,000		1,863,220,000
Total available		\$9,090,293,216		\$10,466,944,579
Less estimated expenditures and transfers				
Transfer of earnings to the legacy earnings fund (2021 HB 1380; 2023 HB 1379; 2023 SB 2330) ⁶	\$486,568,637		N/A	
Expenditure of principal ⁷	0		\$0	
Total estimated expenditures and transfers		486,568,637		0
Estimated ending balance		<u>\$8,603,724,579</u>		<u>\$10,466,944,579</u>

¹The oil and gas tax revenues reflect allocations for August through July (24 months). The estimated allocations reflect the March 2023 legislative forecast and final legislative action.

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. Senate Bill No. 2330 (2023) changes the definition of investment earnings to reflect a percent of market value calculation method using 7 percent of the 5-year average value of the legacy fund assets. Senate Bill No. 2015 (2023) further amended the percent of market value calculation to increase earnings from 7 to 8 percent of the 5-year average value of the legacy fund assets; however, the Governor vetoed the increase.

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	\$495,000,000	N/A
Unrealized earnings (losses)	252,305,388	167,170,302	935,625,936	(1,062,000,000)	N/A
Total investment earnings (losses)	\$525,369,488	\$669,413,658	\$1,887,514,683	(\$567,000,000)	\$520,000,000
End of biennium transfer		\$455,263,216	\$871,687,384	\$486,568,637	N/A

The investment earnings (losses) for the legacy fund for the 2021-23 biennium through February 28, 2023, were approximately (\$522.9 million), including realized earnings (losses) of \$453.7 million and unrealized earnings (losses) of (\$976.6 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 estimates provided by the Retirement and Investment Office.

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. Senate Bill No. 2330 (2023) changes the amount designated for in-state investments from 20 percent of the fund allocation balance to \$1.3 billion.

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 designates spending from the legacy earnings fund based on a percent of market value calculation. House Bill No. 1379 (2023) changes the designated spending from the legacy earnings fund.

House Concurrent Resolution No. 3033 (2023) provides a constitutional amendment that would provide for a distribution from the legacy fund to a legacy earnings fund at the beginning of each biennium rather than a transfer of earnings to the general fund at the end of each biennium subject to voter approval.

⁷The principal and earnings of the legacy fund were not available for spending until after June 30, 2017, pursuant to Section 26 of Article X of the Constitution of North Dakota. 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. House Concurrent Resolution No. 3033 (2023) provides a constitutional amendment that would decrease the amount of principal that may be spent during a biennium from 15 to 5 percent subject to voter approval.

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 LIGNITE RESEARCH FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
		\$		\$
Beginning balance		\$21,807,466		\$6,358,369
Add estimated revenues				
Separate two-cent coal severance tax	\$840,135		\$1,075,000	
50 percent of coal severance taxes deposited in the coal development trust fund ¹	1,181,439		1,470,000	
20 percent of coal severance taxes deposited in the coal development trust fund for clean coal projects ¹	472,576		630,000	
15 percent of coal severance taxes ¹	2,362,879		3,000,000	
5 percent of the general fund share of coal conversion tax	91,747		0	
Lignite research tax (2021 HB 1412) ¹	2,071,976		2,250,000	
Oil and gas tax allocation	10,000,000		10,000,000	
Investment income on Dakota Gasification Company ammonia plant and Spiritwood plant	180,000		180,000	
Revenue bonds/short-term loan ²	0		0	
Interest income, return of funds, and litigation contributions	102,865		70,000	
Total estimated revenues		17,303,617		18,675,000
Total estimated available		\$39,111,083		\$25,033,369
Less estimated expenditures and transfers ^{3,4}				
Administration	\$900,000		\$1,250,000	
Lignite feasibility studies (nonmatching grants) ⁵	6,571,150		2,839,249	
Small research grants	9,929,742		8,806,395	
Lignite marketing	2,187,000		2,187,000	
Lignite litigation ⁶	1,000,000		1,000,000	
Demonstration projects	1,367,678		1,367,678	
Advanced energy technology development	10,797,144		4,574,676	
Total estimated expenditures and transfers ⁷		32,752,714		22,024,998
Estimated ending balance		\$6,358,369		\$3,008,371

¹House Bill No. 1412 (2021) exempts 100 percent of the generation tax and 60 percent of the capacity tax from the coal conversion tax and creates a new lignite research tax to maintain the current level of allocations to the lignite research fund.

²Pursuant to North Dakota Century Code Section 54-17.5-04, the Industrial Commission may issue revenue bonds or borrow short-term funds from the Bank of North Dakota.

³The Industrial Commission has a policy stating that 18 percent of lignite research fund income will be used for small research projects, 56 percent for large demonstration research projects, 21 percent for marketing projects, and 5 percent for administration. The commission has further directed that no single large demonstration research project can receive more than 37.5 percent of available funds.

⁴The Industrial Commission has waived the fund allocation policy. The commission has committed \$22,000,000 through the 2011-13 biennium to three projects. In January 2015 the commission learned one of the projects is not proceeding and released the project's commitment of \$8,732,503. Expenditures for Lignite Vision 21 Project have been \$1,360,750 during the 2003-05 biennium, \$2,243,391 during the 2005-07 biennium, \$2,200,000 during the 2007-09 biennium, \$3,972,090 during the 2009-11 biennium, \$678,851 during the 2011-13 biennium, \$110,000 during the 2013-15 biennium, \$914,663 during the 2015-17 biennium, \$1,290,525 during the 2017-19 biennium, \$0 in the 2019-21 biennium, \$0 in the 2021-23 biennium, and anticipated expenditures of \$1,367,678 in subsequent

bienniums. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. (These amounts are net of funds that were distributed but later returned when projects did not proceed.)

⁵House Bill No. 1014 (2023) designates up to \$500,000 from the lignite research fund for contracting with the Energy and Environmental Research Center for a nonmatching study of future lignite electrical generation facilities.

⁶Lignite litigation - House Bill No. 1093 (2007) provides that \$500,000 of the amount appropriated to the lignite research fund for the 2007-09 biennium is to be used to pay for fees associated with lignite litigation that may be brought by the state to protect and promote the continued development of lignite resources. Activities associated with the litigation have been initiated with \$83,379 spent during the 2007-09 biennium, \$153,907 spent during the 2009-11 biennium, \$652,519 spent during the 2011-13 biennium, \$983,288 during the 2013-15 biennium with \$451,555 of that amount paid by industry, \$259,159 during the 2015-17 biennium with \$122,866 of that amount paid by industry, \$44,962 spent during the 2017-19 biennium with \$14,760 of that amount paid by industry, \$0 spent during the 2019-21 biennium, and \$0 spent during the 2021-23 biennium.

The State of North Dakota was successful in its litigation against the State of Minnesota during the 2017-19 biennium and will be receiving a total of \$1,410,000. Of the \$1,410,000, \$670,000 was paid to industry partners, and the remaining \$740,000 was deposited in the lignite research fund during the 2017-19 and 2019-21 bienniums. The original \$500,000 was spent by the end of the 2011-13 biennium with additional funding being provided from nonmatching program funds in subsequent bienniums.

From nonmatching funds within the lignite research fund, \$500,000 was designated for litigation expenses in the 2019-21 biennium, \$0 for the 2021-23 biennium. Of the nonmatching funds, \$313,483 was spent during the 2019-21 biennium, and the remaining \$186,517 anticipated to be spent in subsequent bienniums.

House Bill No. 1014 (2019) provided legislative intent that at least \$500,000 from the lignite research fund, including proceeds from successful litigation, is available for fees associated with lignite litigation brought by the state to protect and promote the continued development of lignite resources.

⁷The Industrial Commission has continuing appropriation authority for all money deposited in the lignite research fund pursuant to Section 57-61-01.6. The amount shown for the 2023-25 biennium includes \$250,000 of one-time funding for grant administration software pursuant to House Bill No. 1014 (2023).

FUND HISTORY

Section 57-61-01.5(2) and Section 21 of Article X of the Constitution of North Dakota provide for up to 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. Of the 70 percent, 50 percent is designated for research, development, and marketing pursuant to the passage of Initiated Measure No. 3 in June 1990, and 20 percent is designated for clean coal demonstration projects pursuant to voter approval of a constitutional amendment in June 1994. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions. Senate Bill No. 2014 (2017) reduced the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund.

From the state general fund share of coal conversion tax collections, the Legislative Assembly designated 3 percent for transfer to the lignite research fund during the 2007-09 biennium and 5 percent after the 2007-09 biennium in House Bill No. 1093 (2007).

House Bill No. 1152 (2017) changed the allocation of the state's share of oil and gas tax revenue to provide up to \$3 million of allocations to the lignite research fund. House Bill No. 1066 (2019) increased the allocation of oil and gas tax revenue to the lignite research fund by \$7 million, from \$3 million to \$10 million.

ANALYSIS OF THE MEDICAL MARIJUANA FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$1,234,230		\$1,742,260
Add estimated revenues				
Program fees:				
Dispensary and manufacturer registration fees	\$1,120,000		\$1,120,000	
Application fees, including patient and compassion center agent fees	968,074		776,000	
Total estimated revenues		2,088,074		1,896,000 ²
Total available		\$3,322,304		\$3,638,260
Less estimated Department of Health and Human Services expenditures (Pursuant to a continuing appropriation in North Dakota Century Code Section 19-24.1-40)				
Salaries and wages	\$994,727		\$1,174,555	
Indirect costs	146,225		172,660	
Operating expenditures	439,092		523,815	
Total estimated expenditures and adjustments		1,580,044 ¹		1,871,030 ²
Estimated ending balance		\$1,742,260		\$1,767,230

¹The State Department of Health presented estimated expenditures to be made through the continuing appropriation, totaling \$1,564,793, including 5 FTE positions. Estimates were increased \$12,120 for salary adjustments of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022, and \$4,000 for the expenditure impact of House Bill No. 1359 (2021).

²The Department of Health and Human Services presented estimated expenditures to be made through the continuing appropriation, totaling \$1,746,384, including 5 FTE positions. Estimates have been increased \$70,027 for salary adjustments of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and \$25,720 for increases in the health insurance rate. The estimated expenditures also include the fiscal impact of Senate Bill No. 2201 (2023) which decreases revenue by \$45,000 and increases expenditures by \$26,400 during the 2023-25 biennium.

FUND HISTORY

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly removed funding for the Medical Marijuana Division from the State Department of Health's base budget in 2019. The Legislative Assembly, in House Bill No. 1247 (2021), provided for the merger of the State Department of Health and the Department of Human Services to create the Department of Health and Human Services. In House Bill No. 1247, the Legislative Assembly provided legislative intent that, effective September 1, 2022, the State Department of Health merge into the Department of Human Services and both agencies be called the Department of Health and Human Services and that, effective September 1, 2022, the State Department of Health, including the State Health Officer, be under the authority of the Executive Director of the Department of Human Services, known as the Executive Director of the Department of Health and Human Services. The medical marijuana program is now under the authority of the Department of Health and Human Services.

ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$8,936,144		\$3,930,413
Add estimated revenues				
Oil and gas gross production tax collections	\$15,000,000 ¹		\$15,000,000 ¹	
Interest income	90,000		90,000	
Refunds	911,978		900,000	
Total estimated revenues		16,001,978		15,990,000
Total available		\$24,938,122		\$19,920,413
Less estimated expenditures and transfers				
Grant award commitments	\$20,877,709 ²		\$18,000,000	
House Bill No. 1014 (2023) Transfer for grant management software expenses			250,000 ³	
Administrative expenses	130,000		200,000	
Total estimated expenditures and transfers		21,007,709		18,450,000
Estimated ending balance		<u>\$3,930,413</u>		<u>\$1,470,413</u>

¹North Dakota Century Code Section 57-51-15 established a maximum allocation of \$40 million (\$20 million per year) to the fund. Senate Bill No. 2014 (2021) limits oil and gas gross production tax revenue allocations to the fund to \$7.5 million annually for the 2021-23 biennium. For the 2023-25 biennium, House Bill No. 1014 (2023) limits the allocations to \$15 million.

²All money in the fund is appropriated on a continuing basis, pursuant to Section 54-17.8-02. Grant commitments include projects that will draw down funds over a 10-year period. The amounts shown reflect the estimated amount available for grants and not the amount expended.

³House Bill No. 1014 (2023) provides for a transfer up to \$250,000 from the North Dakota outdoor heritage fund to the Industrial Commission for grant management software expenses.

FUND HISTORY

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

- Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improving, maintaining, and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching;
- Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and
- Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

For the 2013-15 biennium, pursuant to Section 57-51-15, 4 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund, up to \$15 million per year. House Bill No. 1176 (2015) amended Section 57-51-15 to increase the amount deposited in the North Dakota outdoor heritage fund from 4 percent of the first 1 percent of oil and gas gross production tax collections to 8 percent, and to increase the maximum oil and

gas gross production tax collection deposits from \$15 million to \$20 million per year and from \$30 million to \$40 million per biennium. For the period September 1, 2017, through August 31, 2019, Senate Bill No. 2013 (2017), a maximum of \$10 million of oil and gas gross production tax collections may be deposited in the fund. For the period September 1, 2019, through August 31, 2021, House Bill No. 1014 (2019), a maximum of \$15 million of oil and gas gross production tax collections may be deposited in the fund. For the period September 1, 2021, through August 31, 2023, Senate Bill No. 2014 (2021), a maximum of \$7.5 million per year of oil and gas gross production tax collections may be deposited in the fund. For the period September 1, 2023, through August 31, 2025, House Bill No. 1014 (2023), a maximum of \$7.5 million per year of oil and gas gross production tax collections may be deposited in the fund. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$287,678,550		\$422,486,473
Add estimated revenues and transfers				
Oil extraction tax collections	\$515,720,000 ¹		\$449,860,000 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		603,908,000		462,386,000
Total available		\$891,586,550		\$884,872,473
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 Senate Bill No. 2020 (2023) for the 2023-25 biennium	\$310,628,400 ³		\$804,659,423 ⁴	
Senate Bill No. 2196 (2023) - Payment of accrued and unpaid interest on a loan from the general fund to the Western Area Water Supply Authority			2,000,000 ⁶	
Senate Bill No. 2015 (2023) - Estimated sum for the targeted market equity pool, new and vacant FTE funding pool, and employer retirement contribution pool			2,000,000 ⁷	
House Bill No. 1431 (2021) - Appropriation to the State Water Commission to provide funding for the Mouse River flood control project	2,486,950 ²		72,013,050 ^{2,4}	
Total estimated Department of Water Resources expenditures and loans		313,115,350		880,672,473
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	151,784,727 ⁵			
Total estimated transfers		155,984,727		4,200,000
Estimated ending balance		<u>\$422,486,473</u>		<u>\$0</u>

¹Estimated oil extraction tax revenues - These amounts are based on the March 2023 legislative 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. Of the \$74.5 million, \$72 million is anticipated to be continued into the 2023-25 biennium.

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 \$313,115,350 during the 2021-23 biennium.

⁴Senate Bill No. 2020 (2023) includes \$876.7 million from the resources trust fund for defraying the expenses of the Department of Water Resources, including \$524.8 million of new appropriations for the 2023-25 biennium and \$351.9 million for carryover projects.

⁵The amount shown reflects the oil and gas tax revenue deposited in the resources trust fund in excess of the 2021 legislative revenue forecast for the period August 1, 2021, through February 28, 2023. 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.

⁶Senate Bill No. 2196 (2023) appropriates \$2 million from the resources trust fund to the Department of Water Resources to pay accrued and unpaid interest on the \$25 million loan from the general fund to the Western Area Water Supply Authority.

⁷Senate Bill No. 2015 (2023) includes funding for a targeted market equity pool, new and vacant FTE funding pool, and employer retirement contribution pool. Allocations from these pools to the Department of Water Resources will be paid primarily from the resources trust fund.

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. Section 6 of Senate Bill No. 2020 (2023) provides for the transfer of all oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the 2023 legislative forecast to the water projects stabilization fund on a quarterly basis.

ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Allocation from sales, use, and motor vehicle excise tax collections	\$9,163,584 ^{1,2}		\$9,900,000 ^{1,2}	
Total estimated revenues		9,163,584		9,900,000
Total available		\$9,163,584		\$9,900,000
Less estimated expenditures and transfers				
State Treasurer - County senior citizen matching grants	\$8,535,326 ³		\$9,900,000 ³	
Transfer to the general fund	628,258 ⁴			
Total estimated expenditures and transfers		9,163,584		9,900,000
Estimated ending balance		\$0		\$0

¹The allocation from sales, use, and motor vehicle excise tax collections is shown below.

Fiscal Year	Allocation From Sales, Use, and Motor Vehicle Excise Tax Collections	Percentage Increase (Decrease) From Previous Year
2014	\$2,311,346 (actual)	26.9%
2015	\$2,654,064 (actual)	14.8%
2016	\$3,169,878 (actual)	19.4%
2017	\$3,627,787 (actual)	14.4%
2018	\$3,886,950 (actual)	7.1%
2019	\$4,060,513 (actual)	4.5%
2020	\$4,163,710 (actual)	2.5%
2021	\$4,342,001 (actual)	4.3%
2022	\$4,529,472 (actual)	4.3%
2023	\$4,634,112 (actual)	2.3%
2024	\$4,950,000 (estimate)	6.8%
2025	\$4,950,000 (estimate)	0.0%

²Senate Bill No. 2162 (2013) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from three-fourths of one mill levied statewide to 85 percent of one mill levied statewide effective for taxable years beginning after December 31, 2012. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from three-fourths of the amount levied in the county for senior citizen programs to 85 percent of the amount levied up to one mill.

Senate Bill No. 2143 (2015) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from 85 percent of one mill levied statewide to 87.5 percent of the amount appropriated up to one mill levied statewide effective for taxable years beginning after December 31, 2014. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from 85 percent of the amount levied in the county for senior citizen programs to 87.5 percent of the amount appropriated up to one mill.

³The county senior citizen matching grants are shown below.

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
2014	\$2,290,963 (actual)	28.0%
2015	\$2,650,725 (actual)	15.7%
2016	\$3,143,803 (actual)	18.6%
2017	\$3,504,725 (actual)	11.5%
2018	\$3,723,317 (actual)	6.2%
2019	\$3,823,071 (actual)	2.7%
2020	\$3,892,217 (actual)	1.8%
2021	\$4,067,236 (actual)	4.5%
2022	\$4,207,302 (actual)	3.4%
2023	\$4,328,024 (actual)	2.9%
2024	\$4,950,000 (estimate)	14.4%
2025	\$4,950,000 (estimate)	0.0%

⁴Any funds remaining at the end of each biennium are transferred to the general fund.

FUND HISTORY

Senate Bill No. 2267 (2005) created the senior citizen services and programs fund. Statutory provisions are contained in North Dakota Century Code Sections 57-15-56(5) and 57-39.2-26.2. Current statutory provisions provide that each year during July through December, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from 87.5 percent of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer, by March 1 of the following year, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. Current statutory provisions provide that the amount of each county's annual grant is equal to 87.5 percent of the amount appropriated in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of the biennium is transferred to the general fund, except in the 2005-07 biennium any remaining money in the fund at the end of the biennium was allocated to those counties that were levying the statutory maximum for senior citizen programs in proportion to the amounts generated by those levies in those counties. Senate Bill No. 2242 (2011) amended statutory provisions to increase the amount of collections to be allocated to the fund and the amount of grants provided to counties from two-thirds of the amount levied for senior citizen programs to three-fourths of the amount levied for senior citizen programs, limited to one mill. Senate Bill No. 2162 (2013) increased these amounts to 85 percent of the amounts levied for senior citizen programs, limited to one mill. Senate Bill No. 2143 (2015) increased these amounts to 87.5 percent of the amounts appropriated for senior citizen programs, limited to one mill.

ANALYSIS OF THE SOCIAL SERVICES FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	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		\$250,000,000 ¹	
Refund of prior biennium county expenses				
Total estimated revenues		200,000,000		250,000,000
Total available		\$400,199,146		\$451,176,153
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; 2023 SB 2015)	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>\$251,176,153</u>

¹Estimated revenues - These amounts reflect the March 2023 legislative revenue forecast. Senate Bill No. 2367 (2023) increases the allocation from the state share of oil and gas taxes to the social services fund from \$200 million to \$250 million.

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 (social services) fund. The State Treasurer is required to allocate \$10 million equally to all the townships and \$10 million based on road miles.

³Section 4 of Senate Bill No. 2015 (2023) provides for a transfer of \$200 million from the social services fund to the human service finance fund.

FUND HISTORY

North Dakota Century Code 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.

Senate Bill No. 2367 (2023) amended Section 57-51.1-07.5 to change the name of the tax relief fund to the social services fund and to increase the amount of the state's share of oil and gas tax revenue deposited in the fund from \$200 million to \$250 million.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
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)	\$228,315,068 ¹		\$242,991,024 ¹	
Total estimated revenues		228,315,068		242,991,024
Total available		\$228,315,068		\$242,991,024
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$122,605,192		\$130,486,180	
City share (46.3 percent)	105,709,876		112,504,844	
Total estimated expenditures and transfers		228,315,068		242,991,024
Estimated ending balance		\$0		\$0

¹The amounts shown for the 2021-23 biennium and the 2023-25 biennium are based on the March 2023 legislative revenue forecast and legislative action affecting sales and use tax and motor vehicle tax, including the effects of House Bill Nos. 1177 and 1359. This analysis does not reflect the effect of House Bill Nos. 1210, 1212, 1430, 1455, and 1511, and Senate Bill Nos. 2006, 2141, and 2334, because based on the fiscal notes, the effect of these bills cannot be determined.

FUND HISTORY

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

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

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

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

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

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

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

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

House Bill No. 1067 (2015), which became effective July 1, 2015, and 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**

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$863,342,901		\$1,530,716,624
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; 2023 HB 1014; 2023 SB 2161, 2023 SB 2367) ^{3,4}	927,160,000		453,990,000	
Transfer from the legacy earnings fund (2023 HB 1379)	0		29,474,088	
Total estimated revenues		1,172,003,933		718,232,653
Total available		\$2,035,346,834		\$2,248,949,277
Less estimated expenditures and transfers				
Secretary of State				
Information technology project (2023 SB 2002)			\$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 (2023 SB 2015)			20,000,000	
Information Technology Department				
Information technology projects (2023 HB 1021)			15,000,000	
Attorney General				
Litigation funding pool (2021 HB 1003)	3,000,000			
Public Employees Retirement System				
Transfer to the main system retirement plan (2023 HB 1040)			135,000,000	
Department of Public Instruction				
Integrated formula payments - School district weighting factors (2023 SB 2013)			8,973,086	
Integrated formula payments - Exemption for high-cost student tuition (2023 SB 2013)			5,020,000	
Passthrough grant - Grand Forks Science Center (2023 SB 2013)			5,000,000	
Passthrough grant - Fargo Science Center (2023 SB 2013)			500,000	
North Dakota University System				
Capital building fund program (2021 SB 2003; 2023 HB 1003)	19,000,000		24,000,000	
Campus projects (2021 SB 2003)	2,863,000			
Transfer to an economic diversification research fund (2023 HB 1003)			5,500,000	
Williston State College				
Medical health care building project (2023 HB 1003)			27,962,053	
University of North Dakota				
Science, engineering, and national security corridor project (2023 HB 1003)			57,400,000	

North Dakota State University			
Center for engineering and computational sciences project (2023 HB 1003)			59,000,000
North Dakota State College of Science			
Agriculture, automation, and autonomous systems project (2023 HB 1003)			18,975,000
Dickinson State University			
Agriculture and technology education building project (2023 HB 1003)			17,100,000
Mayville State University			
Old Main renovation project (2023 HB 1003)			15,000,000
Minot State University			
Dakota Hall demolition project (2023 HB 1003)			765,000
Valley City State University			
McCarthy Hall renovation project (2023 HB 1003)			10,474,918
Dakota College at Bottineau			
Old Main renovation project (2023 HB 1003)			3,300,000
Department of Career and Technical Education			
New and expanding secondary career and technical education programs (2023 SB 1019)			500,000
Autonomous technology grant administration (2023 HB 1519)			12,500
Statewide area career center grant program - Inflationary costs (2023 SB 2015)			26,500,000
Department of Health and Human Services - Human Services Division			
Transfer to a newly created pay for success fund (2023 HB 1480)			2,500,000
Transfer to human service finance fund (2023 SB 2012)			26,950,000
Information technology projects (2023 SB 2012)			11,000,000
State Hospital project planning and design (2023 SB 2012)			12,500,000
Pregnant and parenting women residential facility projects (2023 SB 2012)			1,000,000
Southeast Human Service Center project (2023 SB 2012)			735,154
Behavioral health facility grant (2023 SB 2015)			8,250,000
Insurance Commissioner			
Study of lignite coal industry insurance (2021 HB 1010)	200,000		
Industrial Commission			
Transfer to the oil and gas research fund - Underground energy storage research project (2021 SB 2014)	9,500,000		
Transfer to the oil and gas research fund - Pipeline leak detection and prevention program (2023 HB 1014)			3,000,000
Transfer to the State Energy Research Center fund - Rare earth minerals study (2023 HB 1014)			1,500,000
Transfer to the State Energy Research Center fund - Underground energy storage research project (2023 HB 1014)			6,000,000
Transfer to the clean sustainable energy fund - Line of credit repayment and grants (2023 HB 1014)			60,000,000
Bank of North Dakota			
Transfer to the innovation loan fund to support technology advancement (2021 HB 1141)	15,000,000		
Transfer to the legacy investment for technology fund (2023 HB 1018)			10,000,000
Transfer to a newly created bulk propane storage tank revolving loan fund (2023 SB 2242)			5,000,000

Department of Corrections and Rehabilitation		
Information technology project (2023 HB 1015)		2,307,000
Heart River Correctional Center project (2023 HB 1015)		131,200,000
James River Correctional Center maintenance shop project (2023 HB 1015)		1,550,000
Adjutant General		
National Guard deferred maintenance projects (2021 HB 1016)	1,000,000	
Department of Commerce		
Beyond visual line of sight unmanned aircraft systems (2021 SB 2018; 2023 HB 1018)	19,000,000	26,000,000
Enhanced use lease grants (2021 SB 2018; 2023 HB 1018)	7,000,000	10,000,000
Job development grant (2021 SB 2018)	1,500,000	
Workforce safety grant (2021 SB 2018)	1,500,000	
Transfer to North Dakota Development Fund (2023 HB 1018)		65,000,000
Rural workforce housing grants (2023 HB 1018)		2,000,000
Tourism marketing awareness initiative (2023 HB 1018)		5,000,000
Tourism destination development initiative (2023 HB 1018)		25,000,000
Transfer to the North Dakota Development Fund (2023 SB 2015)		30,000,000
Agriculture Commissioner		
Grasslands grazing grant program (2021 HB 1009; 2023 SB 2009)	5,000,000	1,000,000
Autonomous technology grant administration (2023 HB 1519)		12,500
Transfer to the bioscience innovation fund (2023 SB 2009)		5,500,000
Upper Great Plains Transportation Institute		
Remote sensing infrastructure (2021 SB 2020)	225,000	
Transportation data intelligence center (2023 HB 1020)		432,600
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		
Waldron Hall replacement, storage sheds, and deferred maintenance (2023 HB 1020)		89,400,000
Northern Crops Research Center		
Feed center project (2023 HB 1020)		3,900,000
State Historical Society		
Historic site projects (2023 SB 2018)		3,250,000
Exhibit projects (2023 SB 2018)		300,000
Parks and Recreation Department		
Various capital projects at parks and deferred maintenance (2023 SB 2019)		10,000,000
Local park district grants (2023 SB 2019)		6,000,000
State park matching grants (2023 SB 2019)		1,500,000
Lake Metigoshe reimagined project (2023 SB 2019)		250,000
Cabin construction projects (2023 SB 2019)		2,400,000
International Peace Garden - Pavilion construction project (2023 SB 2019)		800,000
Pembina Gorge campground project (2023 SB 2019)		6,000,000

Department of Transportation			
Matching federal funds (2023 HB 1012)			114,000,000
Transfer to a newly created state flexible transportation fund (2023 HB 1012)			51,000,000
Shortline railroad loan program enhancement (2023 HB 1012)			6,500,000
Matching funds for studies of Red River Valley infrastructure projects (2023 HB 1012)			2,500,000
Environmental study along a portion of US Highway 52 (2023 HB 1012)			5,000,000
Transfer to the general fund (2021 HB 1015; 2023 SB 2015)	410,000,000		50,000,000
Administrative costs/other fees	3,517,906		4,000,000
Total estimated expenditures and transfers		504,630,210	1,267,719,811
Estimated ending balance		\$1,530,716,624	\$981,229,466
Restricted fund income			
Reserve relating to potential title disputes (2017 SB 2134; 2019 SB 2211) ^{2,5}		68,349,040	68,349,040
Loan guarantees (2011 SB 2306; 2013 SB 2287; 2019 SB 2296; 2021 SB 2230; 2023 HB 1014) ⁶		80,000,000	80,000,000
Estimated ending balance - Unobligated		\$1,382,367,584	\$832,880,426

¹The amounts shown reflect projections by the Department of Trust Lands for the 2021-23 and 2023-25 bienniums.

²Senate Bill No. 2134 (2017) changed the definition of the ordinary high water mark related to sovereign minerals, reducing the mineral revenue to the strategic investment and improvements fund (SIIF) and requiring refund payments for previously received mineral revenues. The bill appropriated \$100 million from SIIF 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. The bill provided legislative intent that the \$87 million line of credit is to be repaid from SIIF; however, the department did not access the line of credit. Mineral revenue refund repayments began in the fall of 2020, and the amounts shown reflect the amounts paid pursuant to the department's continuing appropriation.

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

³Estimated revenues - The estimated allocations reflect the March 2023 legislative revenue forecast and final legislative action.

⁴House Bill No. 1015 (2021) increased the oil and gas tax revenue allocation limit for the state disaster relief fund by \$5 million and 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 SIIF. Senate Bill No. 2014 (2021) limited the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year. Senate Bill No. 2249 (2021) increased 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) created a process to allocate 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 SIIF for the 2021-23 biennium.

House Bill No. 1014 (2023) limits the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year. Senate Bill No. 2161 (2023) increases the allocation to the State Energy Research Center fund by \$2.5 million per biennium. Senate Bill No. 2367 (2023) changes the allocation of the state's share of oil and gas tax revenue to increase the allocations to the general fund by \$60 million per biennium and to increase the allocation to the social services fund, which was previously the tax relief fund, by \$50 million per biennium. Senate Bill No. 2015 (2023) adds an allocation of \$65 million per biennium to the Public Employee's Retirement System fund from the state's share of oil and gas tax revenue. The combined effect of the bills results in a decrease in the allocations to SIIF for the 2023-25 biennium.

⁵These 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.

⁶Senate 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 SIIF 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. House Bill No. 1014 (2023) increases the limit for loan guarantees to \$140 million related to a guarantee for a line of credit to provide pipeline capacity positions beginning July 1, 2025.

FUND HISTORY

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed SIIF, 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 SIIF. 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 SIIF, 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 SIIF exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in SIIF 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 SIIF. 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 STATE TUITION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$2,015,709 ¹		\$1,541,149 ¹
Add estimated revenues				
Fines for violation of state laws	\$11,453,165 ²		\$11,000,000 ²	
Transfers from the common schools trust fund	421,020,000		499,860,000	
Total estimated revenues		432,473,165		510,860,000
Total available		\$434,488,874		\$512,401,149
Less estimated expenditures and transfers				
State aid to schools (2019 SB 2013; 2021 HB 1013)	\$432,947,725		\$510,860,000	
Total estimated expenditures and transfers		432,947,725		510,860,000
Estimated ending balance		<u>\$1,541,149¹</u>		<u>\$1,541,149¹</u>

¹Beginning/ending balance - North Dakota Century Code Section 15.1-28-03 provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, and April of each fiscal year. Fine proceeds deposited in the state tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

²Fines for violation of state laws - Fine proceeds estimated to be deposited in the state tuition fund during the 2021-23 biennium are based on actual fines deposited into the fund through March 2023 and estimated fine proceeds for the remainder of the 2021-23 biennium based on the 2021 legislative revenue forecast. Fine proceeds estimated to be deposited in the state tuition fund during the 2023-25 biennium are based on the 2023 legislative revenue forecast. The amount of state tuition fund distributions from fine proceeds is shown below.

Fiscal Year	Revenue From Fines	Percentage Increase (Decrease) From Previous Year
2003	\$4,607,423 (actual)	(3.6%)
2004	\$4,721,407 (actual)	2.5%
2005	\$4,507,137 (actual)	(4.5%)
2006	\$4,506,316 (actual)	(0.01%)
2007	\$4,590,395 (actual)	1.9%
2008	\$4,692,048 (actual)	2.2%
2009	\$4,452,118 (actual)	(5.1%)
2010	\$4,593,325 (actual)	3.2%
2011	\$4,963,691 (actual)	8.1%
2012	\$5,769,861 (actual)	16.2%
2013	\$6,158,750 (actual)	6.7%
2014	\$6,844,632 (actual)	11.1%
2015	\$7,655,890 (actual)	11.9%
2016	\$6,945,206 (actual)	(9.3%)
2017	\$5,511,247 (actual)	(20.6%)
2018	\$6,055,397 (actual)	9.9%
2019	\$5,885,838 (actual)	(2.8%)
2020	\$5,093,885 (actual)	(13.5%)
2021	\$6,144,964 (actual)	20.6%
2022	\$5,791,042 (actual)	(5.8%)
2023	\$5,662,123 (estimate)	(2.2%)
2024	\$5,500,000 (estimate)	(2.9%)
2025	\$5,500,000 (estimate)	0%

FUND HISTORY

The state tuition fund originated in 1889 with the enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Section 2 of Article IX of the Constitution of North Dakota, which provides that payments to the common schools trust fund of the state include:

- Distributions from the common schools trust fund;
- All fines for violation of state laws; and
- All other amounts provided by law.

Section 15.1-28-01 provides the state tuition fund consists of the net proceeds from all fines for violation of state laws and distributions from the common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in January, February, March, April, August, September, October, November, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. Prior to the 2007-09 biennium, the Superintendent apportioned the money in the state tuition fund among the school districts in the state based on the number of school-age children in the district. Senate Bill No. 2200 (2007) consolidated funding for the state school aid program, including per-student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology; therefore, beginning with the 2007-09 biennium, the Superintendent includes the money in the state tuition fund in state school aid payments to school districts as determined by Chapter 15.1-27.

SECTION L - HISTORICAL DATA

HISTORY OF GENERAL FUND BUDGETS	L-1
COMPARISON OF APPROPRIATIONS TO PERSONAL INCOME	L-2
COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO LEGISLATIVE BUDGETS	L-4
STATE SCHOOL AID FUNDING HISTORY	L-15
AID TO POLITICAL SUBDIVISIONS	L-30

GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers.

	Actual			Estimated	
	2015-17	2017-19	2019-21	2021-23	2023-25
Beginning balance	\$729,529,389	\$65,000,000	\$65,000,000	\$1,122,353,345	\$1,198,158,717
Tax and fee revenues	3,437,604,096	3,818,087,697	3,931,123,045	4,557,690,313	4,466,113,372
Transfers and other sources of revenue to general fund	1,511,601,317	1,095,360,965	1,820,781,277	592,879,960	503,451,928
Total available	\$5,678,734,802	\$4,978,448,662	\$5,816,904,322	\$6,272,923,618	\$6,167,724,017
Expenditures	(\$5,581,532,047)	(\$4,365,437,808)	(\$4,694,550,977)	(\$4,880,335,870)	(\$6,096,193,537)
Transfers to budget stabilization fund	(32,202,755)	(548,010,854)	0	(194,429,031)	0
Total expenditures and transfers	(\$5,613,734,802)	(\$4,913,448,662)	(\$4,694,550,977)	(\$5,074,764,901)	(\$6,096,193,537)
Ending balance	\$65,000,000	\$65,000,000	\$1,122,353,345	\$1,198,158,717	\$71,530,480

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2023-25 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2023-25 bienniums. It includes an analysis of the relationship between appropriations and the total personal income in the state. This analysis indicates that the percentage of general fund appropriations to personal income has varied with the highest percentage occurring in the 2013-15 biennium and the lowest percentage occurring in the 1967-69 biennium. Regarding all funds appropriations, the highest percentage occurred in the 1981-83 biennium and the lowest percentage in the 1967-69 biennium.

The biennial appropriation totals include major deficiency appropriations for the various bienniums made by subsequent Legislative Assemblies. The special funds appropriation totals do not necessarily reflect total expenditures of special funds since in some instances federal funds and certain fees are not specifically appropriated, but authorized to be spent by Emergency Commission action or continuing appropriations.

TOTAL RESTATED GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2023-25 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations ¹	Total Special Funds Appropriations ¹	Grand Total All Funds Appropriations	Total Personal Income	Percentage of Appropriations to Personal Income	
					General Fund	All Funds
1967-69	\$145,638,671	\$205,351,205	\$350,989,876	\$3,293,000,000 ⁹	4.42%	10.66%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,459,000,000 ⁹	5.31%	12.88%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,137,000,000 ⁹	5.47%	11.94%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$5,770,000,000 ⁹	5.16%	11.33%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,987,000,000 ⁹	5.54%	11.00%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,051,000,000 ⁹	7.14%	14.16%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,102,000,000 ⁹	6.74%	14.38%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$11,206,000,000 ⁹	8.12%	18.88%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$14,757,000,000 ⁹	6.90%	14.68%
1985-87	\$1,134,183,661 ²	\$1,339,411,840	\$2,473,595,501	\$16,544,000,000 ⁹	6.86%	14.95%
1987-89	\$1,058,708,224 ³	\$1,440,445,277	\$2,499,153,501	\$17,508,000,000 ⁹	6.05%	14.27%
1989-91	\$1,061,507,822 ⁴	\$1,760,553,694 ⁵	\$2,822,061,516	\$17,419,000,000 ⁹	6.09%	16.20%
1991-93	\$1,202,891,103 ⁶	\$2,028,208,088	\$3,231,099,191	\$19,905,000,000 ⁹	6.04%	16.23%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$24,188,000,000 ⁹	5.18%	14.12%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$27,187,000,000 ⁹	4.97%	13.22%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$29,578,000,000 ⁹	5.11%	13.51%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$32,867,000,000 ⁹	4.91%	14.85%
2001-03	\$1,728,640,384 ⁷	\$3,049,996,983	\$4,778,637,367	\$35,158,000,000 ⁹	4.92%	13.59%
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$39,270,000,000 ⁹	4.63%	13.00%
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$43,850,000,000 ⁹	4.56%	13.19%
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$52,466,000,000 ⁹	4.91%	12.63%
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$59,724,000,000 ⁹	5.52%	14.97%
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$76,861,000,000 ⁹	5.59%	13.90%
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336	\$83,790,000,000 ⁹	8.21%	16.89%
2015-17	\$5,687,291,911 ⁸	\$8,319,007,773 ⁸	\$14,006,299,684	\$80,264,000,000 ⁹	7.09%	17.45%
2017-19	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704	\$84,859,000,000 ⁹	5.22%	16.12%
2019-21	\$4,965,103,166	\$11,930,214,610	\$16,895,317,776	\$95,233,000,000 ⁹	5.21%	17.74%
2021-23	\$5,058,789,985	\$13,131,971,890	\$18,190,761,875	\$101,896,000,000 ¹⁰	4.96%	17.85%
2023-25	\$6,096,193,537	\$13,513,408,110	\$19,609,601,647	\$112,040,000,000 ¹⁰	5.44%	17.50%

¹Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

²In addition, changes made to general fund appropriations were:

- Reductions of \$12,965,250 as a result of 1987 Legislative Assembly action;
- A \$44,125,917 reduction as of May 1987 as a result of a 4 percent allotment reduction made by the Governor; and
- An increase of \$4,388,862 for Emergency Commission action and 1983-85 carryover.

³In addition, changes made to general fund appropriations were:

- Reductions of \$3,175,000 required because of the cable television sales tax referral; and
- A \$21 million budget allotment mandated by the Governor in September 1988.

⁴This amount is adjusted for revisions made to general fund appropriations, including reductions of \$95,763,770 resulting from the December 1989 sales and individual income tax referrals, increases of \$5,967,192 relating to the use of the budget stabilization fund, and increases of \$22,395,712 resulting from an August 1990, 2 percent unallotment.

⁵This amount is adjusted for revisions made to special funds appropriations, including reductions of \$14,876,540 resulting from the December 1989 gas tax referral and a net reduction of \$1,003,977 resulting from higher education tuition increases and Department of Human Services estimated income adjustments.

⁶In addition, the Legislative Assembly in House Bill No. 1046 (1991) appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than 1991-93 biennium revenue estimates made by the Legislative Assembly in 1991, excluding the effect of Sunday opening, by at least \$11 million. This did not become effective. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.

⁷The general fund appropriation amount for the 2001-03 biennium has been restated to reflect the 1.05 percent budget allotment ordered by Governor John Hoeven in July 2002.

⁸The general fund appropriation amount for the 2015-17 biennium has been restated to reflect the 6.55 percent general fund budget reductions made by the Legislative Assembly in the August 2016 special legislative session. The special fund appropriation amount has also been restated to reflect the \$116,053,293 transfer from the foundation aid stabilization fund to the Department of Public Instruction for state school aid payments, as a result of general fund budget allotments ordered by the Governor of 4.05 percent in February 2016 and 2.50 percent in August 2016.

⁹Source: United States Bureau of Economic Analysis.

¹⁰Source: IHS Markit.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2023-25 BIENNIUMS¹**

	General Fund Appropriations	Special Funds Appropriations	Total All Appropriations	General Fund Revenues ²
1967-69				
Executive budget	\$132,496,141	\$204,346,811	\$336,842,952	\$148,269,822
Legislative increase (decrease)	13,142,530	1,004,394	14,146,924	16,980,000
Legislative budget	\$145,638,671	\$205,351,205	\$350,989,876	\$165,249,822
1969-71				
Executive budget	\$166,602,105	\$216,086,092	\$382,688,197	\$181,000,000
Legislative increase (decrease)	17,084,026	45,659,367	62,743,393	22,092,623
Legislative budget	\$183,686,131	\$261,745,459	\$445,431,590	\$203,092,623
1971-73				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	(384,651)	10,528,371	10,143,720	1,769,348
Legislative budget	\$226,255,732	\$267,845,499	\$494,101,231	\$243,609,348
1973-75				
Executive budget	\$267,951,706	\$314,124,492	\$582,076,198	\$307,075,000
Legislative increase (decrease)	6,733,531	38,835,098	45,568,629	(5,705,492)
Legislative budget	\$274,685,237	\$352,959,590	\$627,644,827	\$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	23,135,698	3,168,074	26,303,772	
Legislative budget as restated	\$297,820,935	\$356,127,664	\$653,948,599	\$301,369,508
1975-77				
Executive budget	\$438,882,752	\$394,903,834	\$833,786,586	\$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				(23,135,698)
Legislative budget	\$442,529,561	\$436,181,752	\$878,711,313	\$512,971,280
1977-79				
Executive budget	\$538,440,978	\$477,421,009	\$1,015,861,987	\$647,900,000
Legislative increase (decrease)	35,376,433	87,268,156	122,644,589	371,650
Legislative budget	\$573,817,411	\$564,689,165	\$1,138,506,576	\$648,271,650

Add				
Deficiency appropriations provided by the 1979 Legislative Assembly	1,250,441	407,544	1,657,985	
Legislative budget as restated	<u>\$575,067,852</u>	<u>\$565,096,709</u>	<u>\$1,140,164,561</u>	<u>\$648,271,650</u>
1979-81				
Executive budget	\$646,401,970	\$710,607,537	\$1,357,009,507	\$694,467,657
Legislative increase (decrease)	8,317,480	57,780,260	66,097,740	10,028,475
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				(1,250,441)
Legislative budget	<u>\$654,719,450</u>	<u>\$768,387,797</u>	<u>\$1,423,107,247</u>	<u>\$703,245,691</u>
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	25,697,704	3,953,973	29,651,677	
Legislative budget as restated	<u>\$680,417,154</u>	<u>\$772,341,770</u>	<u>\$1,452,758,924</u>	<u>\$703,245,691</u>
1981-83				
Executive budget	\$1,030,540,733	\$1,043,972,705	\$2,074,513,438	\$1,129,692,934
Legislative increase (decrease)	(126,944,501)	133,544,456	6,599,955	(102,960,239)
Legislative budget	<u>\$903,596,232</u>	<u>\$1,177,517,161</u>	<u>\$2,081,113,393</u>	<u>\$1,026,732,695</u>
Add				
Deficiency appropriations provided by the 1983 Legislative Assembly	6,653,000	27,775,132	34,428,132	
Legislative budget as restated	<u>\$910,249,232</u>	<u>\$1,205,292,293</u>	<u>\$2,115,541,525</u>	<u>\$1,026,732,695</u>
1983-85				
Executive budget	\$924,455,265 ³	\$1,114,112,221	\$2,038,567,486	\$974,408,000
Legislative increase (decrease)	80,655,781	25,386,761	106,042,542	68,097,250
Legislative budget	<u>\$1,005,111,046</u>	<u>\$1,139,498,982</u>	<u>\$2,144,610,028</u>	<u>\$1,042,505,250</u>
Add				
Deficiency appropriations provided by the 1985 Legislative Assembly	12,750,124	8,556,647	21,306,771	
Legislative budget as restated	<u>\$1,017,861,170</u>	<u>\$1,148,055,629</u>	<u>\$2,165,916,799</u>	<u>\$1,042,505,250</u>
1985-87				
Executive budget	\$1,188,601,469 ⁴	\$1,292,110,406	\$2,480,711,875	\$1,219,290,080
Legislative increase (decrease)	(63,055,462)	42,502,011	(20,553,451)	(62,146,218)
Legislative budget	<u>\$1,125,546,007</u>	<u>\$1,334,612,417</u>	<u>\$2,460,158,424</u>	<u>\$1,157,413,862</u>

Add				
Deficiency appropriations provided by the 1987 Legislative Assembly	130,000	4,799,423	4,929,423	
49 th Legislative Assembly personal property tax replacement deficiency appropriation not spent until the 1985-87 biennium	8,507,654		8,507,654	
Impact of revised revenue estimate				(75,126,740)
Legislative budget as restated	<u>\$1,134,183,661</u> ⁵	<u>\$1,339,411,840</u>	<u>\$2,473,595,501</u>	<u>\$1,082,017,122</u>
1987-89				
Executive budget	\$1,114,031,918	\$1,406,353,403	\$2,520,385,321	\$1,119,465,000
Legislative increase (decrease)	<u>(56,862,745)</u>	<u>32,891,874</u>	<u>(23,970,871)</u>	<u>(56,462,787)</u>
Legislative budget	\$1,057,169,173	\$1,439,245,277	\$2,496,414,450	\$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	<u>\$1,058,708,224</u> ⁶	<u>\$1,440,445,277</u>	<u>\$2,499,153,501</u>	<u>\$1,063,002,213</u>
1989-91				
Executive budget	\$1,115,265,227	\$1,690,091,064	\$2,805,356,291	\$1,126,110,000
Legislative increase (decrease)	<u>4,520,393</u>	<u>86,034,147</u>	<u>90,554,540</u>	<u>(2,152,095)</u>
Legislative budget	\$1,119,785,620	\$1,776,125,211	\$2,895,910,831	\$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and Department of Human Services estimated income adjustments		(1,003,977)	(1,003,977)	
Use of budget stabilization fund	5,967,192		5,967,192	
2 percent unallotment (August 1990)	<u>22,395,712</u>		<u>22,395,712</u>	
Legislative budget as restated	<u>\$1,061,507,822</u>	<u>\$1,760,553,694</u>	<u>\$2,822,061,516</u>	<u>\$1,028,079,292</u>
1991-93				
Executive budget	\$1,166,588,941	\$1,901,143,193	\$3,067,732,134	\$1,185,456,000
Legislative increase (decrease)	<u>32,041,733</u>	<u>125,939,720</u>	<u>157,981,453</u>	<u>36,936,959</u>
Legislative budget	<u>\$1,198,630,674</u> ⁷	<u>\$2,027,082,913</u>	<u>\$3,225,713,587</u> ⁷	<u>\$1,222,392,959</u>

Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	<u>\$1,202,891,103</u>	<u>\$2,028,208,088</u>	<u>\$3,231,099,191</u>	<u>\$1,222,392,959</u>
1993-95				
Executive budget	\$1,228,289,194	\$2,248,975,882	\$3,477,265,076	\$1,253,054,000
Legislative increase (decrease)	<u>22,940,773</u>	<u>(88,551,589)</u>	<u>(65,610,816)</u>	<u>7,099,865</u>
Legislative budget	\$1,251,229,967	\$2,160,424,293	\$3,411,654,260	\$1,260,153,865
Add				
Deficiency appropriations provided by the 1995 Legislative Assembly	696,000	2,081,527	2,777,527	
Legislative budget as restated	<u>\$1,251,925,967</u>	<u>\$2,162,505,820</u>	<u>\$3,414,431,787</u>	<u>\$1,260,153,865</u>
1995-97				
Executive budget	\$1,345,660,131	\$2,207,522,902	\$3,553,183,033	\$1,355,491,421
Legislative increase (decrease)	<u>1,284,129</u>	<u>34,396,992</u>	<u>35,681,121</u>	<u>2,668,581</u>
Legislative budget	\$1,346,944,260	\$2,241,919,894	\$3,588,864,154	\$1,358,160,002
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	<u>\$1,352,467,281</u>	<u>\$2,242,848,894</u>	<u>\$3,595,316,175</u>	<u>\$1,358,160,002</u>
1997-99				
Executive budget	\$1,494,395,064	\$2,507,943,925	\$4,002,338,989	\$1,504,489,758
Legislative increase (decrease)	<u>(5,154,977)</u>	<u>(22,576,608)</u>	<u>(27,731,585)</u>	<u>(4,393,735)</u>
Legislative budget	\$1,489,240,087	\$2,485,367,317	\$3,974,607,404	\$1,500,096,023
Add				
Deficiency appropriations provided by the 1999 Legislative Assembly	21,507,334	250,000	21,757,334	
Legislative budget as restated	<u>\$1,510,747,421</u>	<u>\$2,485,617,317</u>	<u>\$3,996,364,738</u>	<u>\$1,500,096,023</u>
1999-2001				
Executive budget	\$1,615,319,416	\$2,711,061,796	\$4,326,381,212	\$1,625,566,507
Legislative increase (decrease)	<u>(21,280,878)</u>	<u>504,237,505</u> ⁸	<u>482,956,627</u>	<u>(20,209,113)</u>
Legislative budget	\$1,594,038,538	\$3,215,299,301	\$4,809,337,839	\$1,605,357,394

Add				
Deficiency appropriations provided by the 2001 Legislative Assembly	20,843,672	49,972,043	70,815,715	
Legislative budget as restated	<u>\$1,614,882,210</u>	<u>\$3,265,271,344</u>	<u>\$4,880,153,554</u>	<u>\$1,605,357,394</u>
2001-03				
Executive budget	\$1,706,299,108	\$2,970,092,352	\$4,676,391,460	\$1,720,969,291
Legislative increase (decrease)	<u>40,684,605</u>	<u>52,604,631</u>	<u>93,289,236</u>	<u>38,009,116</u>
Legislative budget	\$1,746,983,713	\$3,022,696,983 ⁹	\$4,769,680,696	\$1,758,978,407
Add				
Deficiency appropriations provided by the 2003 Legislative Assembly		27,300,000	27,300,000	
Less				
1.05 percent budget allotment	<u>(18,343,329)</u>		<u>(18,343,329)</u>	
Legislative budget as restated	<u>\$1,728,640,384</u> ¹⁰	<u>\$3,049,996,983</u>	<u>\$4,778,637,367</u> ¹⁰	<u>\$1,758,978,407</u>
2003-05				
Executive budget	\$1,762,103,934	\$3,231,267,168	\$4,993,371,102	\$1,772,149,343
Legislative increase (decrease)	<u>41,557,227</u>	<u>24,511,067</u>	<u>66,068,294</u>	<u>41,764,727</u>
Legislative budget	\$1,803,661,161	\$3,255,778,235	\$5,059,439,396	\$1,813,914,070
Add				
Deficiency appropriations provided by the 2005 Legislative Assembly	13,224,344	34,000,000	47,224,344	
Less				
Special funds reductions required by 2003 HB 1505		<u>(62,241)</u>	<u>(62,241)</u>	
Legislative budget as restated	<u>\$1,816,885,505</u>	<u>\$3,289,715,994</u>	<u>\$5,106,601,499</u>	<u>\$1,813,914,070</u>
2005-07				
Executive budget	\$2,007,001,269	\$3,538,353,475	\$5,545,354,744	\$2,017,154,996
Legislative increase (decrease)	<u>(17,548,646)</u>	<u>224,867,692</u>	<u>207,319,046</u>	<u>(17,406,842)</u>
Legislative budget	\$1,989,452,623	\$3,763,221,167	\$5,752,673,790	\$1,999,748,154
Add				
Deficiency appropriations provided by the 2007 Legislative Assembly	11,084,451	22,000,000	33,084,451	
Legislative budget as restated	<u>\$2,000,537,074</u>	<u>\$3,785,221,167</u>	<u>\$5,785,758,241</u>	<u>\$1,999,748,154</u>

2007-09

Executive budget	\$2,468,326,339	\$3,864,876,095	\$6,333,202,434	\$2,502,682,419
Legislative increase (decrease)	<u>(6,352,383)</u>	<u>155,638,989</u>	<u>149,286,606</u>	<u>(27,052,284)</u>
Legislative budget	\$2,461,973,956	\$4,020,515,084	\$6,482,489,040	\$2,475,630,135
Add				
Deficiency appropriations provided by the 2009 Legislative Assembly	<u>112,339,319</u>	<u>29,152,403</u>	<u>141,491,722</u>	
Legislative budget as restated	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$2,475,630,135

2009-11

Executive budget	\$3,110,921,665	\$4,598,634,482	\$7,709,556,147	\$3,175,713,942
Legislative increase (decrease)	<u>148,443,816</u>	<u>1,000,274,902</u>	<u>1,148,718,718</u>	<u>103,180,918</u>
Legislative budget	\$3,259,365,481	\$5,598,909,384	\$8,858,274,865	\$3,278,894,860
Add				
Deficiency appropriations provided by the 2011 Legislative Assembly	<u>37,230,168</u>	<u>43,433,000</u>	<u>80,663,168</u>	
Legislative budget as restated	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$3,278,894,860

2011-13

Executive budget	\$3,295,569,541	\$5,998,005,832	\$9,293,575,373	\$3,351,306,217
Legislative increase (decrease)	<u>941,116,919</u>	<u>364,281,588</u>	<u>1,305,398,507</u>	<u>1,092,272,719</u>
Legislative budget	\$4,236,686,460	\$6,362,287,420	\$10,598,973,880	\$4,443,578,936
Add				
Deficiency appropriations provided by the 2013 Legislative Assembly	<u>60,314,701</u>	<u>25,000,000</u>	<u>85,314,701</u>	
Legislative budget as restated	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$4,443,578,936

2013-15

Executive budget	\$4,786,171,981	\$7,998,462,773	\$12,784,634,754	\$4,866,676,875
Legislative increase (decrease)	<u>2,087,415,373</u>	<u>(1,116,787,817)</u>	<u>970,627,556</u>	<u>2,082,954,407</u>
Legislative budget	\$6,873,587,354	\$6,881,674,956	\$13,755,262,310	\$6,949,631,282
Add				
Deficiency appropriations provided by the 2015 Legislative Assembly	<u>6,084,026</u>	<u>393,380,000</u>	<u>399,464,026</u>	
Legislative budget as restated	<u>\$6,879,671,380</u>	<u>\$7,275,054,956</u>	<u>\$14,154,726,336</u>	<u>\$6,949,631,282</u>

2015-17

Executive budget	\$7,232,580,330	\$8,494,450,631	\$15,727,030,961	\$7,329,943,668
Legislative increase (decrease)	<u>(1,186,417,652)</u>	<u>(320,216,515)</u>	<u>(1,506,634,167)</u>	<u>(1,092,771,398)</u>
Legislative budget	\$6,046,162,678	\$8,174,234,116	\$14,220,396,794	\$6,237,172,270
Add				
Deficiency appropriations provided by the 2017 Legislative Assembly	617,010	28,720,364	29,337,374	
Less				
August 2016 special session adjustments	<u>(359,487,777)</u>	<u>116,053,293</u>	<u>(243,434,484)</u>	<u>(579,572,842)</u>
Legislative budget as restated	\$5,687,291,911 ¹¹	\$8,319,007,773	\$14,006,299,684 ¹¹	\$5,657,599,428

2017-19

Revised executive budget ¹²	\$4,621,320,412	\$8,656,595,503	\$13,277,915,915	\$4,713,426,208
Legislative increase (decrease)	<u>(311,057,771)</u>	<u>586,228,308</u>	<u>275,170,537</u>	<u>(352,719,938)</u>
Legislative budget	\$4,310,262,641	\$9,242,823,811 ¹³	\$13,553,086,452	\$4,360,706,270
Add				
Deficiency and supplemental appropriations provided by the 2019 Legislative Assembly	115,560,181	11,009,071	126,569,252	
Legislative budget as restated	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704	\$4,360,706,270

2019-21

Executive budget	\$4,936,726,893	\$9,357,096,100	\$14,293,822,993	\$4,935,448,310
Legislative increase (decrease)	<u>(93,163,727)</u>	<u>489,938,471</u>	<u>396,774,744</u>	<u>(47,488,670)</u>
Legislative budget	\$4,843,563,166	\$9,847,034,571	\$14,690,597,737	\$4,887,959,640
Add				
Deficiency and supplemental appropriations provided by the 2021 Legislative Assembly	121,540,000	2,083,180,039	2,204,720,039	
Legislative budget as restated	\$4,965,103,166	\$11,930,214,610	\$16,895,317,776	\$4,822,959,640

2021-23

Executive budget	\$4,835,670,367	\$10,183,865,389	\$15,019,535,756	\$4,893,085,742
Legislative increase (decrease)	<u>174,786,963</u>	<u>2,652,372,778</u>	<u>2,827,159,741</u>	<u>163,456,226</u>
Legislative budget	\$5,010,457,330	\$12,836,238,167	\$17,846,695,497	\$5,056,541,968
Add				
Deficiency and supplemental appropriations provided by the 2023 Legislative Assembly	48,332,655	295,733,723	344,066,378	
Legislative budget as restated	\$5,058,789,985	\$13,131,971,890	\$18,190,761,875	\$5,056,541,968

2023-25

Executive budget	\$5,864,252,193	\$12,583,011,592	\$18,447,263,785	\$6,274,013,339
Legislative increase (decrease)	<u>231,941,344</u>	<u>930,396,518</u>	<u>1,162,337,862</u>	<u>(106,289,322)</u>
Legislative budget	\$6,096,193,537	\$13,513,408,110	\$19,609,601,647	\$6,167,724,017

¹This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

²The general fund revenues include estimated general fund balances at the beginning of a biennium which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

- The 1967 Legislative Assembly increased the sales tax from 2.25 to 3 percent.
- The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from 3 to 4 percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by \$4.7 million.
- The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by \$3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by \$3.3 million. In addition revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.
- The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by \$14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by \$10 million. In addition a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the general fund.
- The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from 4 to 3 percent.
- The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by \$4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by \$7 million.
- The 1981 Legislative Assembly reduced estimated income tax collections by \$51.7 million as a result of an updating of the definition of federal taxable income and reducing income tax rates, changed the percentage of oil extraction tax going to the general fund from 45 to 30 percent resulting in a reduction of \$39,766,667, transferred a portion of the oil and gas gross production tax to the highway tax distribution fund and townships resulting in a reduction of \$32 million to general fund revenues, and added \$21.5 million due to a March 19, 1981, executive budget office revision of revenue estimates.
- The 1983 Legislative Assembly reduced revenues by \$58,406,000 due to revised revenue estimates of the executive budget office; increased revenues by \$86.03 million to change the percentage of oil extraction tax going to the general fund from 30 to 90 percent; and provided major tax increases of \$102.75 million for personal and corporate income taxes, \$41.59 million in accelerated tax collections, \$8.2 million in coal conversion taxes, \$9.5 million in cigarette taxes, and \$4.2 million in liquor taxes. Also, the executive budget and legislative revenue estimates for the 1983-85 biennium reflect an increase in the sales tax from 3 to 4 percent.
- The 1985 Legislative Assembly reduced general fund revenues by \$56,057,658 due to revised revenue estimates of the executive budget office and increased revenues by \$9,415,651 relating to a transfer from the coal development impact fund to the general fund, by \$5.32 million to remove the sales tax exemption from candy and selected carbonated beverages, and by \$7,832,450 related to keeping the percentage of the oil extraction tax allocated to the general fund at 90 percent rather than 85 percent in the original executive budget.

- Revenues for the 1985-87 biennium were reduced by \$75,126,740 after the 1985 legislative session consisting of a reduction of \$110,386,758 due to revised revenue estimates of the executive budget office, primarily a result of significant oil tax revenue shortfalls; an increase of \$18,984,018 due to a higher than estimated July 1, 1985, general fund balance; increases totaling \$16,276,000 as a result of the 1986 special session action, of which \$13,276,000 relates to a one-cent sales and use tax increase for the last 6 months of the 1985-87 biennium; and a \$3 million increase relating to increasing the individual income tax from 10.5 to 14 percent and implementing mandatory withholding effective January 1, 1987 (this is the fiscal impact after the referral measure relating to the income tax increase, which was defeated in March 1987).
- The 1987 Legislative Assembly increased general fund revenues by \$9.22 million due to revised revenue estimates of the executive budget office by \$46.14 million due to a temporary .5 percent sales, use, and aircraft excise tax increase from 5 to 5.5 percent and to include cable television; by \$8.3 million due to a 1-year 10 percent individual income tax surtax; by \$9,724,000 due to a nine-cent per package cigarette tax increase; and by \$4,255,000 due to removing the royalty owners exemption from the oil extraction tax. Revenues were reduced by \$4,625,000 to provide a 15-month oil extraction tax exemption and to reduce the oil extraction tax rate from 6.5 to 4 percent for new wells.
- The 1989 Legislative Assembly increased general fund revenues by \$32,236,000 due to revised revenue estimates of the executive budget office by \$87,241,000 due to a one-cent sales and use tax increase from 5 to 6 percent (the actual increase was from 5.5 to 6 percent; however, .5 percent was a temporary tax and the rate would have reverted to 5 percent); by \$4,714,200 for a 6 percent sales tax on bingo; by \$42.6 million to increase the individual income tax from 14 to 17 percent of federal tax liability and the equivalent increases in the long-form rates; and by \$4.6 million to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 to 1.75 percent.
- The 1991 Legislative Assembly increased general fund revenues by \$16.3 million due to allowing Sunday opening and by \$23.2 million due to a transfer from Bank of North Dakota earnings.
- The 1993 Legislative Assembly increased general fund revenues by \$11.8 million due to repealing the capital construction fund, which received a portion of the sales, use, and motor vehicle excise tax; by \$15.5 million due to increasing the cigarette tax by 15 cents (from 29 cents to 44 cents) and other tobacco products from 22 to 28 percent of the wholesale price; and by \$8.2 million due to increasing the tax on charitable gaming tickets (pull tabs) from 2 to 4.5 percent.
- The 1995 Legislative Assembly increased general fund revenues by \$2.7 million due to increasing court fees and providing that the fees be deposited in the general fund rather than with the counties, additional revenues being projected in the March revenue forecast, and requiring a sales certificate on used vehicle sales. Revenues were reduced as a result of increasing the oil extraction tax allocation to the resources trust fund and decreasing transfers from the Mill and Elevator and state agency 1993-95 estimated turnback.
- The 1997 Legislative Assembly reduced general fund revenues by \$4.4 million due to decreasing Bank of North Dakota transfers to the general fund, decreasing state aid distribution fund transfers to the general fund, expanding the exemptions from the coal conversion tax, and a reduction resulting from the March revenue forecast. Revenues were increased as a result of estimating additional agency turnback for the 1995-97 biennium and additional oil and gas gross production tax revenues and increasing the percentage of sales and use tax collections that are deposited in the general fund.
- The 1999 Legislative Assembly reduced general fund revenues by \$20.2 million due to a reduction resulting from the March revenue revision, decreasing Bank of North Dakota transfers to the general fund, and a sales tax rate reduction for used farm machinery and repair parts and used irrigation equipment. Revenues were increased as a result of increased departmental collections from governmental nursing facility payment reimbursements, the contingent sale of developmentally disabled facility loans to the Bank of North Dakota, increased special funds transfers, and additional court filing fee revenue.
- The 2001 Legislative Assembly increased general fund revenues by \$38 million due to an increase resulting from the March revenue revision, increasing Bank of North Dakota transfers to the general fund, the providing of a transfer from the student loan trust fund, and increased departmental collections from governmental nursing facility payment reimbursements.
- The 2003 Legislative Assembly increased general fund revenues by \$41.7 million due to an increase resulting from the March revenue revision, a 1 percent lodging tax increase, increasing the transfer from the student loan trust fund, and providing transfers from the water development trust fund and the health care trust fund.

- The 2005 Legislative Assembly decreased general fund revenues by \$17.4 million due to defeating the executive budget proposal to repeal North Dakota Century Code Section 54-27.2-02 providing for the end of the biennium general fund balance in excess of \$65 million to be transferred to the budget stabilization fund resulting in a reduction in revenue of \$65 million, defeating the executive budget proposal to increase the limit for oil revenues to be deposited in the general fund rather than the permanent oil tax trust fund resulting in a reduction in revenue of \$13.3 million, increasing the transfer from the lands and minerals trust fund, and providing transfers from the permanent oil tax trust fund.
- The 2007 Legislative Assembly decreased general fund revenues by \$120.85 million due to reducing the income tax "marriage penalty" and providing property tax relief by an income tax credit, decreased general fund revenues by \$12.62 million to deposit motor vehicle excise tax collections in the highway fund rather than the general fund, decreased general fund revenues by \$4.6 million to provide tax reductions and exemptions for heating fuels, and increased general fund revenues by \$115 million by providing a transfer from the permanent oil tax trust fund.
- The 2009 Legislative Assembly increased general fund revenues by \$103.18 million due to providing a \$435 million transfer from the permanent oil tax trust fund to the general fund, providing individual and corporate income tax rate reductions of \$100 million, removing a \$60 million transfer from the Bank of North Dakota to the general fund, defeating the executive recommendation to increase the limit of oil revenues deposited in the general fund rather than the permanent oil tax trust fund by \$39 million, and depositing \$30.46 million of motor vehicle excise tax collections in the highway fund rather than the general fund.
- The 2011 Legislative Assembly increased general fund revenues by \$1,092,270,000 due to providing a \$295 million transfer from the property tax relief sustainability fund, providing a \$305 million transfer from the strategic investment and improvements fund, increasing the amount of oil and gas tax revenues deposited in the general fund by \$229 million, transferring the permanent oil tax trust fund balance of \$615 million at the end of the 2009-11 biennium, removing a transfer of \$60 million from the Bank of North Dakota, removing a transfer of \$239 million from the lands and minerals trust fund, removing a transfer of \$232 million from the permanent oil tax trust fund, defeating the executive recommendation to deposit \$45.7 million of motor vehicle excise taxes in the highway tax distribution fund rather than the general fund, and providing individual and corporate income tax rate reductions of \$145 million. The amount shown also reflects adjustments made during the November 2011 special session to reflect an additional \$336.6 million for the actual general fund balance on July 1, 2011, and a decrease in general fund revenue of \$11 million due to an increase in available tax credits for contributions to the housing incentive fund from \$4 million to \$15 million.
- The 2013 Legislative Assembly increased general fund revenues by \$2,082,950,000 due to providing a \$520 million transfer from the strategic investment and improvements fund; providing a \$341.79 million transfer from the property tax relief fund; removing 2011-13 transfers of \$744.8 million to the property tax relief fund, \$720 million to the highway fund, and \$30 million to the housing incentive fund all of which affected the estimated beginning balance; and approving individual and corporate income tax rate reductions of \$250 million.
- The 2015 Legislative Assembly decreased general fund revenues by \$1.1 billion primarily due to removing a \$700 million transfer from the strategic investment and improvements fund and reducing the general fund revenue forecast by \$419 million.
- The 2017 Legislative Assembly decreased general fund revenues by \$352.7 million primarily due to changes to the oil and gas tax allocation formula and various transfers.
- The 2019 Legislative Assembly decreased general fund revenues by \$112.5 million primarily due to the establishment of an insurance premium tax credit for an invisible reinsurance pool and reducing the general fund revenue forecast.

³This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

⁴This is the amount of general fund appropriations recommended by Governor Alan Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor George Sinner recommended reductions to general fund appropriations which totaled \$72,995,855. Governor Sinner's revised general fund appropriation level was \$1,115,605,614.

⁵In addition to adjustments for deficiency appropriations, Governor Sinner mandated a 4 percent general fund allotment reduction totaling \$44,125,917 as of May 1987, the 50th Legislative Assembly made general fund reductions totaling \$12,965,250, and \$4,388,862 was added for Emergency Commission action and 1983-85 carryover which resulted in a 1985-87 general fund spending level of \$1,081,481,356.

⁶Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by Governor Sinner because of an anticipated reduction in general fund revenues.

⁷In addition the Legislative Assembly in House Bill No. 1046 (1991) appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than the 1991-93 biennium revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by Governor Sinner during the 1991-93 biennium of \$4,305,000.

⁸The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.

⁹The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

¹⁰In addition to an adjustment for deficiency appropriations, Governor John Hoeven mandated a 1.05 percent general fund allotment reduction totaling \$18,343,329 in July 2002.

¹¹In addition to an adjustment for deficiency appropriations, the Legislative Assembly made additional general fund reductions totaling \$359,487,777 in a special session in August 2016.

¹²The amounts shown reflect the revised executive budget recommended by Governor Doug Burgum for the 2017-19 biennium rather than the original executive budget recommended by Governor Jack Dalrymple. Governor Dalrymple's budget provided for total appropriations of \$12,475,345,672, of which \$4,780,662,854 is from the general fund, for the 2017-19 biennium.

¹³The special funds appropriation increase from the prior biennium results primarily from the Legislative Assembly adding \$1.85 billion of appropriation authority for higher education tuition income and local funds. If higher education tuition income and local funds had not been specifically appropriated, the 2017-19 biennium legislative budget would have been approximately \$7.40 billion, a \$920 million decrease from the 2015-17 biennium special funds legislative budget of \$8.32 billion.

**COMPARISON OF AGENCY REQUESTS, EXECUTIVE RECOMMENDATIONS, AND LEGISLATIVE APPROPRIATIONS FOR
STATE SCHOOL AID FOR THE 1967-69 THROUGH 2023-25 BIENNIUMS**

Biennium	Department of Public Instruction Request	Executive Recommendation	Legislative Appropriation	Appropriated Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment	Appropriated Percentage Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment
1967-69					
General fund state school aid appropriation	\$48,200,000	\$38,450,000	\$45,500,000	\$9,650,000	26.9%
1st-year per student payments	N/A	\$220	\$220	\$44	25.0%
2nd-year per student payments	N/A	\$220	\$220	\$0	0.0%
1969-71					
General fund state school aid appropriation	\$51,750,000	\$48,700,000	\$50,200,000	\$4,700,000	10.3%
1st-year per student payments	N/A	\$230	\$230	\$10	4.5%
2nd-year per student payments	N/A	\$230	\$240	\$10	4.3%
1971-73					
General fund state school aid appropriation	\$67,200,000	\$51,135,000	\$54,385,000	\$4,185,000	8.3%
1st-year per student payments	N/A	Not specified	\$250	\$10	4.2%
2nd-year per student payments	N/A	Not specified	\$260	\$10	4.0%
1973-75					
Total state school aid appropriation	\$77,025,000	\$67,000,000	\$118,200,000	\$63,815,000	117.3%
Less federal revenue sharing			25,300,000	25,300,000	
General fund appropriation	<u>\$77,025,000</u>	<u>\$67,000,000</u>	<u>\$92,900,000</u>	<u>\$38,515,000</u>	70.8%
1st-year per student payments	N/A	Not specified	\$540	\$280	107.7%
2nd-year per student payments	N/A	Not specified	\$540	\$0	0.0%
1975-77					
Total state school aid appropriation	\$156,600,000	\$156,600,000	\$153,378,805	\$35,178,805	29.8%
Less federal revenue sharing	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>(13,300,000)</u>	
General fund appropriation	<u>\$144,600,000</u>	<u>\$144,600,000</u>	<u>\$141,378,805</u>	<u>\$48,478,805</u>	52.2%
1st-year per student payments	\$620	\$620	\$640	\$100	18.5%
2nd-year per student payments	\$680	\$680	\$690	\$50	7.8%

1977-79

Total state school aid appropriation	\$187,000,000	\$185,000,000	\$186,752,000	\$33,373,195	21.8%
Less federal revenue sharing	11,000,000	11,000,000	11,000,000	(1,000,000)	
General fund appropriation	<u>\$176,000,000</u>	<u>\$174,000,000</u>	<u>\$175,752,000</u>	<u>\$34,373,195</u>	24.3%
1st-year per student payments	\$765	\$765	\$775	\$85	12.3%
2nd-year per student payments	\$840	\$840	\$850	\$75	9.7%

1979-81

State school aid					
Per student payments	\$255,943,625	\$243,074,830	\$256,252,000	N/A	
Less: 20-mill district and 21-mill county deducts	61,080,000	61,080,000	63,631,500	N/A	
Net per student payments	<u>\$194,863,625</u>	<u>\$181,994,830</u>	<u>\$192,620,500</u>	<u>N/A</u>	
Tuition fund distributions			16,500,000 ¹	N/A	
Textbooks	6,000,000	5,000,000			
Transportation aid	<u>21,910,000</u>	<u>21,910,000</u>	<u>22,073,500</u>	<u>N/A</u>	
Total state school aid appropriation	\$222,773,625	\$208,904,830	\$231,194,000	\$44,442,000	23.8%
Less					
Federal revenue sharing		12,400,000	12,400,000	1,400,000	
Oil and gas bonuses			5,300,000	5,300,000	
Vietnam bonus sinking funds			4,400,000	4,400,000	
Tuition fund distributions			<u>16,500,000 ¹</u>	<u>16,500,000</u>	
General fund appropriation	<u>\$222,773,625</u>	<u>\$196,504,830</u>	<u>\$192,594,000 ²</u>	<u>\$16,842,000</u>	9.6%
1st-year per student payments	\$875	\$875	\$903	\$53	6.2%
1st-year tuition fund payments			Not specified	N/A	N/A
Total 1st-year payments	<u>\$875</u>	<u>\$875</u>	<u>\$903</u>	<u>\$53</u>	6.2%
2nd-year per student payments	\$970	\$922	\$970	\$67	7.4%
2nd-year tuition fund payments			Not specified	N/A	N/A
Total 2nd-year payments	<u>\$970</u>	<u>\$922</u>	<u>\$970</u>	<u>\$67</u>	7.4%

1981-83

State school aid					
Per student payments	\$429,250,044	\$429,250,044	\$385,961,408	\$129,709,408	
Less: 20-mill district and 21-mill county deducts	69,300,000	71,972,000	34,972,000 ³	(28,659,500)	
Net per student payments	<u>\$359,950,044</u>	<u>\$357,278,044</u>	<u>\$350,989,408</u>	<u>\$158,368,908</u>	
Appropriation for 21-mill levy replacement		\$34,000,000			
Tuition fund distributions			29,877,400	13,377,400	
Transportation aid	<u>40,053,500</u>	<u>40,053,500</u>	<u>37,715,468</u>	<u>15,641,968</u>	
Total state school aid appropriation	\$400,003,544	\$431,331,544	\$418,582,276	\$187,388,276	81.1%

Less					
Oil extraction tax		128,000,000	169,266,667 ⁴	169,266,667	
Oil and gas bonuses			16,000,000	10,700,000	
Federal revenue sharing			700,000	(11,700,000)	
Vietnam bonus sinking funds				(4,400,000)	
Tuition fund distributions			29,877,400	13,377,400	
General fund appropriation	<u>\$400,003,544</u>	<u>\$303,331,544</u>	<u>\$202,738,209</u>	<u>\$10,144,209</u>	5.3%
1st-year per student payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
1st-year tuition fund payments			Not specified	N/A	N/A
Total 1st-year payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
2nd-year per student payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
2nd-year tuition fund payments			Not specified	N/A	N/A
Total 2nd-year payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
1983-85					
State school aid					
Per student payments	\$372,716,564	\$321,223,600	\$351,139,250	(\$34,822,158)	
Less: 20-mill deduct		38,000,000	38,000,000	3,028,000	
Net per student payments	\$372,716,564	\$283,223,600	\$313,139,250	(\$37,850,158)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
Total state school aid appropriation	\$444,351,616	\$359,158,652	\$389,766,802	(\$28,815,474)	(6.9%)
Less					
Oil extraction tax	103,000,000	101,877,000		(169,266,667) ⁶	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
General fund appropriation	<u>\$309,351,616</u>	<u>\$220,981,652</u>	<u>\$352,666,802</u> ⁷	<u>\$149,928,593</u>	74.0%
1st-year per student payments	\$1,526	\$1,400	\$1,400	(\$191)	(12.0%)
1st-year tuition fund payments	N/A ⁸	N/A ⁸	120 ⁵	120	N/A
Total 1st-year payments	\$1,526 ⁸	\$1,400 ⁸	\$1,520	(\$71)	(4.5%)
2nd-year per student payments	\$1,648	\$1,400	\$1,350	(\$50)	(3.6%)
2nd-year tuition fund payments	N/A ⁸	N/A ⁸	170 ⁵	50	41.7%
Total 2nd-year payments	\$1,648 ⁸	\$1,400 ⁸	\$1,520	\$0	0.0%

1985-87

State school aid

Per student payments	\$392,518,482	\$378,745,728	\$369,727,725	\$18,588,475	
Less: 20-mill deduct	<u>42,432,000</u>	<u>42,432,000</u>	<u>39,709,423</u>	<u>1,709,423</u>	
Net per student payments	\$350,086,482	\$336,313,728	\$330,018,302	\$16,879,052	
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Transportation aid	<u>41,511,724</u>	<u>41,511,724</u>	<u>40,068,810</u>	<u>541,258</u>	
Total state school aid appropriation	\$439,493,206	\$425,720,452	\$417,982,112	\$28,215,310	7.2%

Less

Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Federal revenue sharing	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	
General fund appropriation	<u>\$391,598,206</u>	<u>\$377,638,452</u>	<u>\$369,900,112</u> ¹⁰	<u>\$17,233,310</u>	4.9%

1st-year per student payments	\$1,470	\$1,406	\$1,425 ¹⁰	\$75	5.6%
1st-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u> ⁹	<u>25</u>	14.7%
Total 1st-year payments	\$1,660	\$1,596	\$1,620	\$100	6.6%
2nd-year per student payments	\$1,544	\$1,502	\$1,455 ¹⁰	\$30	2.1%
2nd-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u> ⁹	<u>25</u>	0.0%
Total 2nd-year payments	\$1,734	\$1,692	\$1,650	\$30	1.9%

1987-89

State school aid

Per student payments	\$455,264,726	\$360,756,666	\$355,570,464	(\$14,157,261)	
Less: 20-mill deduct	<u>39,204,350</u>	<u>39,204,350</u>	<u>39,070,442</u>	<u>(638,981)</u>	
Net per student payments	\$416,060,376	\$321,552,316	\$316,500,022	(\$13,518,280)	
Tuition fund distributions	47,895,000	43,100,000	43,100,000 ¹¹	(4,795,000)	
Transportation aid	<u>40,068,810</u>	<u>40,068,810</u>	<u>38,109,386</u>	<u>(1,959,424)</u>	
Total state school aid appropriation	\$504,024,186	\$404,721,126	\$397,709,408	(\$20,272,704)	(4.9%)

Less

Federal revenue sharing				(187,000)	
Tuition fund distributions	<u>47,895,000</u>	<u>43,100,000</u>	<u>43,100,000</u> ¹¹	<u>(4,795,000)</u>	
General fund appropriation	<u>\$456,129,186</u>	<u>\$361,621,126</u>	<u>\$354,609,408</u> ¹²	<u>(\$15,290,704)</u>	(4.1%)

1st-year per student payments	\$1,729	\$1,413	\$1,400 ¹²	(\$55)	(3.8%)
1st-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u> ¹¹	<u>(18)</u>	(9.2%)
Total 1st-year payments	\$1,924	\$1,590	\$1,577	(\$73)	(4.4%)
2nd-year per student payments	\$1,806	\$1,440	\$1,412 ¹²	\$12	0.9%
2nd-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u> ¹¹	<u>25</u>	0.0%
Total 2nd-year payments	\$2,001	\$1,617	\$1,589	\$12	0.8%

1989-91

State school aid					
Per student payments	\$458,214,936	\$402,575,604	\$378,769,140	\$23,198,676	
Less: Mill deduct					
40 mills	77,400,055	77,400,055			
21 mills 1st year, 22 mills 2nd year			41,207,625	2,137,183	
Net per student payments	\$380,814,881	\$325,175,549	\$337,561,515	\$21,061,493	
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
Transportation aid	40,000,000	34,200,000	36,637,073	(1,472,313)	
Total state school aid appropriation	\$461,514,881	\$400,075,549	\$422,398,588	\$24,689,180	6.2%
Less					
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
General fund appropriation	\$420,814,881	\$359,375,549	\$374,198,588 ¹³	\$19,589,180	5.5%
1st-year per student payments	\$1,850	\$1,641	\$1,525 ¹³	\$113	8.0%
1st-year tuition fund payments	169	169	200	23	13.0%
Total 1st-year payments	\$2,019	\$1,810	\$1,725	\$136	8.6%
2nd-year per student payments	\$1,942	\$1,690	\$1,545 ¹³	\$20	1.3%
2nd-year tuition fund payments	169	169	200		0.0%
Total 2nd-year payments	\$2,111	\$1,859	\$1,745	\$20	1.2%

1991-93

State school aid					
Per student payments	\$435,561,700	\$381,730,789	\$386,784,025	\$8,014,885	
Less: Mill deduct					
40 mills	76,762,904				
22 mills		42,131,994	42,076,240	868,615	
Net per student payments	\$358,798,796	\$339,598,795	\$344,707,785	\$7,146,270	
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
Transportation aid	36,274,714	36,274,714	36,306,549	(330,524)	
Total state school aid appropriation	\$442,473,510	\$423,098,965	\$428,239,790	\$5,841,202	1.4%
Less					
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
General fund appropriation	\$395,073,510	\$375,873,509	\$381,014,334 ¹⁴	\$6,815,746	1.8%
1st-year per student payments	\$1,750	\$1,531	\$1,552 ¹⁴	\$7	0.5%
1st-year tuition fund payments	198	197	197	(3)	(1.5%)
Total 1st-year payments	\$1,948	\$1,728	\$1,749	\$4	0.2%
2nd-year per student payments	\$1,825	\$1,587	\$1,608 ¹⁴	\$56	3.6%
2nd-year tuition fund payments	198	198	198	1	0.5%
Total 2nd-year payments	\$2,023	\$1,785	\$1,806	\$57	3.3%

1993-95

State school aid					
Per student payments	\$457,832,320	\$472,112,798	\$404,839,927	\$18,055,902	
Less: Mill deduct					
40 mills	74,254,832				
50 mills 1st year, 60 mills 2nd year		103,271,462			
23 mills 1st year, 24 mills 2nd year			43,920,035	1,843,795	
Net per student payments	\$383,577,488	\$368,841,336	\$360,919,892	\$16,212,107	
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
Transportation aid	35,538,279	31,521,432	35,600,000	(706,549)	
Total state school aid appropriation	\$466,341,223	\$446,379,768	\$442,536,892	\$14,297,102	3.3%
Less					
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
General fund appropriation	\$419,115,767	\$400,362,768 ¹⁵	\$396,519,892 ¹⁶	\$15,505,558	4.1%
1st-year per student payments	\$1,860	Not specified	\$1,570	(\$38)	(2.4%)
1st-year tuition fund payments	197	\$192	192	(6)	(3.0%)
Total 1st-year payments	\$2,057	\$192	\$1,762	(\$44)	(2.4%)
2nd-year per student payments	\$1,900	Not specified	\$1,636 ¹⁶	\$66	4.2%
2nd-year tuition fund payments	197	\$192	192		0.0%
Total 2nd-year payments	\$2,097	\$192	\$1,828	\$66	3.7%

1995-97

State school aid					
Per student payments	\$426,533,854	\$417,050,148	\$456,215,232	\$51,375,305	
Less: Mill deduct					
24 mills	46,010,284	46,010,284			
28 mills 1st year, 32 mills 2nd year			59,709,197	15,789,162	
Net per student payments	\$380,523,570	\$371,039,864	\$396,506,035	\$35,586,143	
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid	36,000,798	36,000,798	36,000,798	400,798	
Total state school aid appropriation	\$462,541,368	\$453,057,662	\$478,523,833	\$35,986,941	8.1%
Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			880,000 ¹⁷	880,000	
General fund appropriation	\$416,524,368	\$407,040,662	\$431,626,833 ¹⁸	\$35,106,941	8.9%
1st-year per student payments	\$1,662	\$1,652	\$1,757	\$121	7.4%
1st-year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹	(2)	(1.0%)
Total 1st-year payments	\$1,873	\$1,842	\$1,947	\$119	6.5%
2nd-year per student payments	\$1,734	\$1,668	\$1,862	\$105	6.0%
2nd-year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹		0.0%
Total 2nd-year payments	\$1,945	\$1,858	\$2,052	\$105	5.4%

1997-99

State school aid					
Per student payments	\$519,317,404	\$483,650,506	\$501,586,540	\$45,371,308	
Less: Mill deduct					
36.05 mills 1st year, 39.91 mills 2nd year	78,727,193				
32.42 mills 1st year, 33.34 mills 2nd year		73,281,153			
32 mills			72,298,601	12,589,404	
Net per student payments	\$440,590,211	\$410,369,353	\$429,287,939	\$32,781,904	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
Limited English proficient student payments			300,000	300,000	
Equity payments		20,000,000 ²⁰			
Transportation aid	37,671,610	37,128,220	36,768,320	767,522	
Total state school aid appropriation	\$527,534,965	\$516,770,717	\$515,629,403	\$37,105,570	7.8%
Less					
Transportation aid - Special funds				(880,000)	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
General fund appropriation	\$478,261,821	\$467,497,573	\$466,356,259 ²¹	\$34,729,426	8.0%
1st-year per student payments	\$2,010	\$1,899	\$1,954	\$92	4.9%
1st-year tuition fund payments	225 ²²	204 ²²	204 ²²	14	7.4%
Total 1st-year payments	\$2,235	\$2,103	\$2,158	\$106	5.2%
2nd-year per student payments	\$2,121	\$1,935	\$2,032	\$78	4.0%
2nd-year tuition fund payments	225 ²²	204 ²²	204 ²²		0.0%
Total 2nd-year payments	\$2,346	\$2,139	\$2,236	\$78	3.6%

1999-2001

State school aid					
Per student payments	\$546,659,759	\$517,678,909	\$520,678,909	\$19,092,369	
Less: 32-mill deduct	78,072,650	78,072,650	78,072,650	5,774,049	
Net per student payments	\$468,587,109	\$439,606,259	\$442,606,259	\$13,318,320	
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
Limited English proficient student payments	300,000	300,000	400,000	100,000	
Transportation aid	36,400,000	36,000,000	36,000,000	(768,320)	
Total state school aid appropriation	\$558,815,326	\$529,434,476	\$532,534,476	\$16,905,073	3.3%
Less					
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
General fund appropriation	\$505,287,109	\$475,906,259	\$479,006,259	\$12,650,000	2.7%
1st-year per student payments	\$2,195	\$2,129	\$2,145	\$113	5.6%
1st-year tuition fund payments	234 ²³	220 ²³	220 ²³	16	7.8%
Total 1st-year payments	\$2,429	\$2,349	\$2,365	\$129	5.8%
2nd-year per student payments	\$2,371	\$2,221	\$2,230	\$85	4.0%
2nd-year tuition fund payments	234 ²³	220 ²³	220 ²³		0.0%
Total 2nd-year payments	\$2,605	\$2,441	\$2,450	\$85	3.6%

2001-03

State school aid

Per student payments	\$555,110,467	\$532,704,091	\$522,264,541	\$1,585,632	
Less: 32-mill deduct	<u>83,611,330</u>	<u>83,611,330</u>	<u>84,942,893</u>	<u>6,870,243</u>	
Net per student payments	\$471,499,137	\$449,092,761	\$437,321,648	(\$5,284,611)	
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
Limited English proficient student payments	450,000	450,000	650,000	250,000	
Teacher compensation payments			35,036,000 ²⁴	35,036,000	
Transportation aid	<u>36,600,000</u>	<u>36,000,000</u>	<u>36,000,000</u>		
Total state school aid appropriation	\$569,895,162	\$552,781,786	\$576,246,673	\$43,712,197	8.2%
Less					
Tuition fund distributions	<u>61,346,025</u>	<u>67,239,025</u>	<u>67,239,025</u>	<u>13,710,808</u>	
General fund appropriation	<u>\$508,549,137</u>	<u>\$485,542,761</u>	<u>\$509,007,648</u>	<u>\$30,001,389</u>	6.3%
1st-year per student payments	\$2,364	\$2,323	\$2,287	\$57	2.6%
1st-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>	<u>80</u>	36.4%
Total 1st-year payments	\$2,630	\$2,623	\$2,587	\$137	5.6%
2nd-year per student payments	\$2,506	\$2,420	\$2,347	\$60	2.6%
2nd-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>		
Total 2nd-year payments	\$2,772	\$2,720	\$2,647	\$60	2.3%

2003-05

State school aid

Per student payments	\$605,477,848	\$534,667,340	\$555,800,961	\$33,536,420	
Less: Mill deduct ²⁵	<u>92,127,848</u>	<u>92,460,350</u>	<u>101,870,971</u>	<u>16,928,078</u>	
Net per student payments	\$513,350,000	\$442,206,990	\$453,929,990	\$16,608,342	
Tuition fund distributions	69,495,371	69,495,371	69,495,371	2,256,346	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments		66,277,000	51,854,000 ²⁶	16,818,000	
Transportation aid	<u>36,000,000</u>	<u>35,200,000</u>	<u>34,800,000</u>	<u>(1,200,000)</u>	
Total state school aid appropriation	\$619,495,371	\$613,829,361	\$610,729,361	\$34,482,688	6.0%
Less					
Tuition fund distributions	<u>69,495,371</u>	<u>69,495,371</u>	<u>69,495,371</u>	<u>2,256,346</u>	
General fund appropriation	<u>\$550,000,000</u>	<u>\$544,333,990</u>	<u>\$541,233,990</u>	<u>\$32,226,342</u>	6.3%
1st-year per student payments	\$2,766	\$2,430	\$2,509	\$162	6.9%
1st-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>	<u>35</u>	11.7%
Total 1st-year payments	\$3,101	\$2,765	\$2,844	\$197	7.4%
2nd-year per student payments	\$2,843	\$2,528	\$2,623	\$114	4.5%
2nd-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>		0.0%
Total 2nd-year payments	\$3,178	\$2,863	\$2,958	\$114	4.0%

2005-07

State school aid					
Per student payments	\$628,674,605	\$599,665,519	\$607,953,450	\$52,152,489	
Less: Mill deduct ²⁷	<u>122,961,760</u>	<u>122,961,760</u>	<u>124,549,691</u>	<u>22,678,720</u>	
Net per student payments	\$505,712,845	\$476,703,759	\$483,403,759	\$29,473,769	
Tuition fund distributions	71,600,000	71,600,000	71,600,000	2,104,629	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments	50,912,120	50,912,120	50,912,120 ²⁸	(941,880)	
Transportation aid	<u>34,800,000</u>	<u>34,800,000</u>	<u>33,500,000</u>	<u>(1,300,000)</u>	
Total state school aid appropriation	\$663,674,965	\$634,665,879	\$640,065,879	\$29,336,518	4.8%
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>71,600,000</u>	<u>71,600,000</u>	<u>2,104,629</u>	
General fund appropriation	<u>\$592,074,965</u>	<u>\$563,065,879</u>	<u>\$568,465,879</u>	<u>\$27,231,889</u>	5.0%
1st-year per student payments	\$2,880	\$2,726	\$2,765	\$142	5.4%
1st-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>	<u>16</u>	4.8%
Total 1st-year payments	\$3,231	\$3,077	\$3,116	\$158	5.3%
2nd-year per student payments	\$3,073	\$2,826	\$2,879	\$114	4.1%
2nd-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>		0.0%
Total 2nd-year payments	\$3,424	\$3,177	\$3,230	\$114	3.7%

2007-09²⁹

State school aid					
Per student formula payments	\$703,565,879	\$724,165,879	\$726,165,879	N/A	
Transportation aid payments	<u>33,500,000</u>	<u>33,500,000</u>	<u>33,500,000</u>	N/A	
Total state school aid appropriation	\$737,065,879	\$757,665,879	\$759,665,879	N/A	
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>76,200,000</u>	<u>76,200,000</u>	N/A ²⁹	N/A ²⁹
General fund appropriation	<u>\$665,465,879</u>	<u>\$681,465,879</u>	<u>\$683,465,879</u>	N/A ²⁹	N/A ²⁹
1st-year per student payments	Not specified	\$3,042	\$3,250	N/A ²⁹	N/A ²⁹
2nd-year per student payments	Not specified	\$3,142	\$3,325	N/A ²⁹	N/A ²⁹

2009-11

State school aid					
Per student formula payments	\$837,125,879	\$837,125,879	\$808,370,295	\$82,204,416	
Supplemental operations grants			16,795,584	16,795,584	
Supplemental one-time grants			85,644,337	85,644,337	
Mill levy reduction grants			299,444,264 ³⁰	299,444,264	
Transportation aid payments	<u>38,500,000</u>	<u>38,500,000</u>	<u>48,500,000</u> ³¹	<u>15,000,000</u>	
Total state school aid appropriation	\$875,625,879	\$875,625,879	\$1,258,754,480	\$499,088,601	65.7%

Less					
Federal funds			85,644,337	85,644,337	N/A
Tuition fund distributions	85,500,000	85,500,000	86,300,000	10,100,000	13.3%
Property tax relief sustainability fund			4,233,000	4,233,000	N/A
General fund appropriation	<u>\$790,125,879</u>	<u>\$790,125,879</u>	<u>\$1,082,577,143</u>	<u>\$399,111,264</u>	58.4%
1st-year per student payments	Not specified	\$3,420	\$3,200	(\$125)	(3.8%)
2nd-year per student payments	Not specified	\$3,779	\$3,779	\$579	18.1%
2011-13					
State school aid					
Per student formula payments	\$919,459,478 ³²	\$919,459,478 ³²	\$918,459,478 ³²	\$110,089,183	
Supplemental operations grants				(16,795,584)	
Supplemental one-time grants				(85,644,337)	
Federal education jobs fund program payments	21,242,838	21,242,838	21,242,838	21,242,838	
Rapid enrollment grants			5,000,000	5,000,000	
Mill levy reduction grants	341,790,000	341,790,000	341,790,000	42,345,736	
Transportation aid payments	<u>48,500,000</u>	<u>48,500,000</u>	<u>48,500,000</u>		
Total state school aid appropriation	\$1,330,992,316	\$1,330,992,316	\$1,334,992,316	\$76,237,836	6.1%
Less					
Federal funds	21,242,838	21,242,838	21,242,838	(64,401,499)	(75.2%)
Tuition fund distributions	101,638,000	101,638,000	101,638,000	15,338,000	17.8%
Property tax relief sustainability fund	341,790,000	341,790,000		(4,233,000)	(100.0%)
Oil and gas impact grant fund			5,000,000	5,000,000	N/A
General fund appropriation	<u>\$866,321,478</u>	<u>\$866,321,478</u>	<u>\$1,207,111,478</u>	<u>\$124,534,335</u>	11.5%
1st-year per student payments	Not specified	\$3,879	\$3,910	\$131	3.5%
2nd-year per student payments	Not specified	\$3,979	\$3,980	\$70	1.8%
2013-15					
State school aid					
Integrated formula payments	\$1,787,400,000 ³³	\$1,787,400,000 ³³	\$1,752,100,000 ³³	\$833,640,522 ³³	
Federal education jobs fund program payments				(21,242,838)	
Rapid enrollment grants	17,000,000	17,000,000	13,600,000	8,600,000	
Mill levy reduction grants				(341,790,000) ³³	
Transportation aid payments	<u>53,500,000</u>	<u>53,500,000</u>	<u>53,500,000</u>	<u>5,000,000</u>	
Total state school aid appropriation	\$1,857,900,000	\$1,857,900,000	\$1,819,200,000	\$484,207,684	36.3%
Less					
Federal funds				(21,242,838)	N/A
Tuition fund distributions	140,326,000	140,326,000	140,326,000	38,688,000	38.1%
Property tax relief fund	714,173,838	714,173,838			N/A
Oil and gas impact grant fund				(5,000,000)	N/A
General fund appropriation	<u>\$1,003,400,162</u>	<u>\$1,003,400,162</u>	<u>\$1,678,874,000</u>	<u>\$471,762,522</u>	39.1%
1st-year integrated per student payment rate	Not specified	\$8,810 ³³	\$8,810 ³³	\$4,830	121.4%
2nd-year integrated per student payment rate	Not specified	\$9,092 ³³	\$9,092 ³³	\$282	3.2%

2015-17

State school aid					
Integrated formula payments	\$1,900,000,000	\$1,900,000,000	\$1,916,640,000	\$164,540,000	
Rapid enrollment grants	14,800,000	14,800,000	12,504,530 ³⁴	(1,095,470)	
Transportation aid payments	<u>60,000,000</u>	<u>60,000,000</u>	<u>57,000,000</u>	<u>3,500,000</u>	
Total state school aid appropriation	\$1,974,800,000	\$1,974,800,000	\$1,986,144,530	\$166,944,530	9.2%
Less					
Foundation aid stabilization fund			116,053,293 ³⁴	116,053,293 ³⁴	N/A
Tuition fund distributions	<u>219,134,000</u>	<u>219,134,000</u>	<u>219,134,000</u>	<u>78,808,000</u>	56.2%
General fund appropriation	<u>\$1,755,666,000</u>	<u>\$1,755,666,000</u>	<u>\$1,650,957,237</u> ³⁴	<u>(\$27,916,763)</u> ³⁴	(1.7%)
1st-year integrated per student payment rate	Not specified	\$9,482	\$9,365	\$273	3.0%
2nd-year integrated per student payment rate	Not specified	\$9,766	\$9,646	\$281	3.0%

2017-19

State school aid					
Integrated formula payments	\$1,937,375,000	\$1,947,120,547 ³⁵	\$1,935,204,163	\$18,564,163	
Rapid enrollment grants			6,000,000	(6,504,530)	
Transportation aid payments	<u>57,000,000</u>	<u>51,300,000</u> ³⁵	<u>55,400,000</u>	<u>(1,600,000)</u>	
Total state school aid appropriation	\$1,994,375,000	\$1,998,420,547	\$1,996,604,163	\$10,459,633	0.5%
Less					
Foundation aid stabilization fund		140,000,000 ³⁵	301,000,000	184,946,707	159.4%
Tuition fund distributions	<u>288,264,000</u>	<u>301,264,000</u>	<u>305,546,905</u>	<u>86,412,905</u>	39.4%
General fund appropriation	<u>\$1,706,111,000</u>	<u>\$1,557,156,547</u>	<u>\$1,390,057,258</u>	<u>(\$260,899,979)</u>	(15.8%)
1st-year integrated per student payment rate	Not specified	\$9,646	\$9,646	\$0	0.0%
2nd-year integrated per student payment rate	Not specified	\$9,742 ³⁵	\$9,646	\$0	0.0%

2019-21

State school aid					
Integrated formula payments	\$1,930,921,258	\$2,050,702,323 ³⁶	\$2,098,202,429	\$162,998,266	
Rapid enrollment grants			3,000,000	(3,000,000)	
Transportation aid payments	<u>55,400,000</u>	<u>55,400,000</u> ³⁶	<u>56,500,000</u>	<u>1,100,000</u>	
Total state school aid appropriation	\$1,986,321,258	\$2,106,102,323	\$2,157,702,429	\$161,098,266	8.1%
Less					
Foundation aid stabilization fund	295,000,000	232,781,065 ³⁶	113,000,000	(188,000,000)	(62.5%)
Tuition fund distributions	<u>301,264,000</u>	<u>379,764,000</u>	<u>377,764,000</u>	<u>72,217,095</u>	23.6%
General fund appropriation	<u>\$1,390,057,258</u>	<u>\$1,493,557,258</u>	<u>\$1,666,938,429</u>	<u>\$276,881,171</u>	19.9%
1st-year integrated per student payment rate	Not specified	\$9,839 ³⁶	\$9,839	\$193	2.0%
2nd-year integrated per student payment rate	Not specified	\$10,036 ³⁶	\$10,036	\$197	2.0%

2021-23

State school aid					
Integrated formula payments	\$2,098,202,429	\$2,112,224,733 ³⁷	\$2,131,825,000	\$33,622,571	
Rapid enrollment grants	0		0	(3,000,000)	
Transportation aid payments	<u>56,500,000</u>	<u>56,500,000</u> ³⁷	<u>58,100,000</u>	<u>1,600,000</u>	
Total state school aid appropriation	\$2,154,702,429	\$2,168,724,733	\$2,189,925,000	\$32,222,571	1.5%
Less					
Foundation aid stabilization fund	110,000,000	193,000,000 ³⁷	143,454,500	30,454,500	27.0%
Tuition fund distributions	<u>377,764,000</u>	<u>433,020,000</u>	<u>433,020,000</u>	<u>55,256,000</u>	14.6%
General fund appropriation	<u>\$1,666,938,429</u>	<u>\$1,542,704,733</u>	<u>\$1,613,450,500</u>	<u>(\$53,487,929)</u>	(3.2%)
1st-year integrated per student payment rate	Not specified	\$10,036 ³⁷	\$10,136	\$100	1.0%
2nd-year integrated per student payment rate	Not specified	\$10,036 ³⁷	\$10,237	\$101	1.0%

2023-25

State school aid					
Integrated formula payments	\$2,131,825,000	\$2,270,040,156 ³⁸	\$2,299,674,851	\$167,849,851	
Transportation aid payments	<u>58,100,000</u>	<u>58,100,000</u> ³⁸	<u>58,100,000</u>	<u>0</u>	
Total state school aid appropriation	\$2,189,925,000	\$2,328,140,156	\$2,357,774,851	\$167,849,851	7.7%
Less					
Foundation aid stabilization fund	143,454,500	281,669,656 ³⁸	157,000,000	13,545,500	9.4%
Strategic investment and improvements fund			13,993,086	13,993,086	N/A
Tuition fund distributions	<u>433,020,000</u>	<u>513,832,000</u>	<u>510,860,000</u>	<u>77,840,000</u>	18.0%
General fund appropriation	<u>\$1,613,450,500</u>	<u>\$1,532,638,500</u>	<u>\$1,675,921,765</u>	<u>\$62,471,265</u>	(3.9%)
1st-year integrated per student payment rate	Not specified	\$10,646 ³⁸	\$10,646	\$409	4.0%
2nd-year integrated per student payment rate	Not specified	\$10,965 ³⁸	\$11,072	\$426	4.0%

N/A - Not available or not applicable

¹ Tuition fund distributions - 1979-81 - Distributions from the state tuition fund were appropriated for the first time by the 1979 Legislative Assembly but were distributed in previous bienniums. The state tuition fund consists of the net proceeds from all fines for violation of state laws, leasing of school lands, and the interest income from the state common schools permanent trust fund pursuant to North Dakota Century Code Section 15-44-01.

² Adjusted 1979-81 appropriation - In addition to the amounts shown, the 1981 Legislative Assembly appropriated \$12 million from the general fund as a deficiency appropriation for the 1979-81 biennium.

³ Mill deduct - 1981-83 - The appropriation for the 1981-83 biennium was based on only the 20-mill district deduct not on the 21-mill county deduct.

⁴ Oil extraction tax - 1981-83 - Actual oil extraction tax collections in 1981-83 were less than originally estimated, and the 1983 Legislative Assembly subsequently appropriated \$25 million from the lands and minerals trust fund and \$6 million from the general fund for foundation aid to be distributed during the 1981-83 biennium.

⁵ Tuition fund distributions - 1983-85 - Actual tuition fund distributions for the 1983-85 biennium were \$45,792,952, which resulted in payments of \$176 per census unit in 1984 and \$202 per census unit in 1985.

- 6 Oil extraction tax - 1983-85 - The 1983 Legislative Assembly provided that 90 percent of oil extraction tax collections would be deposited in the general fund rather than the allocated 60 percent to the school aid program and 30 percent to the general fund. The remaining 10 percent was deposited in the resources trust fund.
- 7 State school aid - 1983-85 - The actual number of students was less than anticipated and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$347,425, 231.
- 8 Per student payments - 1983-85 - The per student payments requested by the Department of Public Instruction and recommended by the Governor for the 1983-85 biennium included the use of money in the state tuition fund. The 1983 Legislative Assembly provided per student foundation aid payments that were in addition to state tuition fund payments.
- 9 Tuition fund distributions - 1985-87 - Actual 1985-87 biennium tuition fund distributions were \$51,575,818, which resulted in payments of \$209 per census unit in 1986 and \$216 per census unit in 1987.
- 10 Adjusted 1985-87 appropriation - Due to executive budget allotments and Legislative Assembly general fund appropriation reductions, the total 1985-87 biennium general fund foundation aid distribution was reduced to \$348,731,488. The actual per student payments were \$1,425 and \$1,367 for 1986 and 1987, respectively.
- 11 Tuition fund distributions - 1987-89 - Actual 1987-89 biennium tuition fund distributions were \$50,603,504, which resulted in payments of \$215 per census unit in 1988 and \$206 per census unit in 1989.
- 12 Adjusted 1987-89 appropriation - Due to reductions resulting from a cable television sales tax referral and executive budget allotments, the 1987-89 biennium general fund state school aid distribution was reduced to \$347,212,599. The actual per student payments were \$1,400 and \$1,385 for 1988 and 1989, respectively.
- 13 Adjusted 1989-91 appropriation - Due to the net effect of tax referrals, budget unallotments, and a \$7 million general fund deficiency appropriation provided by the 1991 Legislative Assembly, the actual 1989-91 biennium general fund foundation aid distribution was reduced to \$358,302,784. The actual per student payments were \$1,411 and \$1,537 in 1990 and 1991, respectively.
- 14 Adjusted 1991-93 appropriation - Due to executive budget allotments, the 1991-93 biennium general fund state school aid distribution was reduced to \$380,310,085. The actual per student payments were \$1,552 and \$1,542 in 1992 and 1993, respectively.
- 15 Executive recommendation - 1993-95 - The amounts shown were included in Governor George A. Sinner's budget recommendation. Governor Edward T. Schafer's budget recommendation included a general fund appropriation of \$381,014,334 for foundation aid.
- 16 State school aid - 1993-95 - The amount distributed for state school aid was increased to \$397,794,664 to reflect approximately \$600,000 available from the transportation aid appropriation and approximately \$1,300,000 available from the amount appropriated for school district restructuring, resulting in an additional payment of \$46 per student in the 2nd year of the biennium.
- 17 Transportation aid - 1995-97 - The 1995 Legislative Assembly appropriated \$880,000 of special funds for transportation aid. The special funds were from the abandoned motor vehicle fund (\$250,000) and the public transportation fund (\$630,000).
- 18 State school aid - 1995-97 - The actual number of students was less than anticipated, and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$429,307,277.
- 19 Tuition fund payments - 1995-97 - The Department of Public Instruction request for the 1995-97 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 20 Equity payments - 1997-99 - The executive recommendation for the 1997-99 biennium included \$20 million for equity payments to school districts.
- 21 State school aid - 1997-99 - The actual number of students was less than anticipated, and, consequently, the statutory formula will not provide for the distribution of the entire appropriation.
- 22 Tuition fund payments - 1997-99 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.

- 23 Tuition fund payments - 1999-2001 - The Department of Public Instruction request for the 1999-2001 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 24 Teacher compensation payments - 2001-03 - Governor Schafer's executive recommendation did not include an appropriation for teacher compensation payments; however, Governor John Hoeven's budget recommendation included \$50,009,575 for teacher compensation payments of \$2,000 the 1st year of the biennium and an additional \$1,500 the 2nd year for school district instructional and administrative personnel. The legislative appropriation excluded administrative personnel and provides for payments of \$1,000 the 1st year of the biennium and an additional \$2,000 the 2nd year.
- 25 Mill deduct - 2003-05 - The mill deduct used in the calculation of the 2003-05 state school aid for the Department of Public Instruction request and the executive budget recommendation was 32 mills. The Legislative Assembly increased the mill deduct from 32 mills to 34 mills for the 1st year of the 2003-05 biennium and to 36 mills for the 2nd year of the 2003-05 biennium.
- 26 Teacher compensation payments - 2003-05 - The Legislative Assembly provided a general fund appropriation of \$51,854,000 to continue the current level of teacher compensation payments of \$1,000 for 1st year teachers and \$3,000 per 2nd year returning teachers. The Legislative Assembly did not adopt the executive budget recommendation to provide an additional \$500 per 3rd year returning teachers in the 1st year of the 2003-05 biennium and an additional \$1,000 per 4th year returning teachers in the 2nd year of the biennium.
- 27 Mill deduct - 2005-07 - The mill deduct used in the calculation of the 2005-07 state school aid for the Department of Public Instruction request and the executive budget recommendation was 38 mills for the 1st year and 40 mills for the 2nd year of the biennium. The Legislative Assembly did not change the mill deduct of 38 mills for the 1st year of the biennium, but the Legislative Assembly increased the mill deduct from 40 mills to 41 mills for the 2nd year of the 2005-07 biennium.
- 28 Teacher compensation payments - 2005-07 - The Legislative Assembly provided a general fund appropriation of \$50,912,120 to continue the current level of teacher compensation payments of \$1,000 for 1st year teachers and \$3,000 for other teachers.
- 29 The 2007 Legislative Assembly did not change the executive budget recommendation to consolidate funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology. Therefore, the legislative appropriations and per student payment amounts are not comparable between the 2005-07 and 2007-09 bienniums.
- 30 The executive budget recommendation included a continuing appropriation from the permanent oil tax trust fund for property tax relief by providing mill levy reduction grants totaling an estimated \$300 million for the 2009-11 biennium. The 2009 Legislative Assembly provided \$295 million from the general fund for mill levy reduction grants. The 2011 Legislative Assembly provided deficiency appropriations totaling \$4,444,264, of which \$211,264 is from the general fund and \$4,233,000 is from the property tax relief sustainability fund, for the 2009-11 biennium for mill levy reduction grants.
- 31 In addition to the \$43.5 million provided for transportation grants, the 2009 Legislative Assembly provided a \$5 million contingent appropriation from the general fund for supplemental transportation aid payments. If prior to April 30, 2011, the Office of Management and Budget determined the June 30, 2011, general fund balance would exceed \$30 million, the Department of Public Instruction was to provide the supplemental transportation aid payments according to the percentage of the total transportation formula amount each school district was entitled to receive. The February 2011 executive revenue forecast estimated the conditions would be met and the contingent supplemental funding was made available.
- 32 In addition to the funding provided in the Department of Public Instruction appropriation, the 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid--\$8 million from state school aid and \$1 million from transportation aid--from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. Any additional excess funds remaining at the end of the 2009-11 biennium were distributed according to 2009 House Bill No. 1400.

- 33 The 2013 Legislative Assembly approved a change in the K-12 state school aid funding formula. The formula change discontinued the mill levy reduction grant program and provided the state determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. This base level of support was funded through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement was set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources was provided by the state through the integrated formula payment.
- 34 Due to budget reductions approved by the Legislative Assembly in an August 2016 special legislative session, the Superintendent of Public Instruction reduced funding from the general fund for rapid enrollment grants by \$2,295,470. Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293.
- 35 The executive budget recommendation consisted of recommendations from Governor Jack Dalrymple's budget. In January 2017 Governor Doug Burgum released the revised executive budget recommendation, which did not include an increase in the integrated formula payment rate in the 2nd year of the 2017-19 biennium, a reduction of \$9,745,547 in integrated formula payments, and further reduced transportation aid payments by \$5.1 million to provide a total of \$46.2 million during the 2017-19 biennium. Governor Burgum also recommended an additional \$60 million in funding from the foundation aid stabilization fund to offset a reduction in funding from the general fund and to provide a total of \$200 million from the foundation aid stabilization fund for state school aid.
- 36 The executive budget recommendation consisted of recommendations from Governor Burgum's budget, which included funding to increase integrated per student payment rates by 2 percent each year of the 2019-21 biennium at a cost of \$62 million and adjust the state school aid formula to provide blended on-time funding at a cost of \$24.1 million. The executive budget recommendation also recognized savings by transitioning the state school aid formula from the dollar hold harmless and the per student hold harmless for school districts (\$14 million) and excluding new property from the 12 percent limitation in property tax increases resulting in an increased local share (\$8.9 million). The executive budget recommendation did not include an increase in transportation aid payments during the 2019-21 biennium. Governor Burgum also recommended an additional \$122.8 million in funding from the foundation aid stabilization fund, over the base budget of \$110 million, to provide a total of \$232.8 million from the foundation aid stabilization fund for state school aid.
- 37 The executive budget recommendation consisted of recommendations from Governor Burgum's budget, which did not include funding to increase integrated per student payment rates. The executive budget recommendation included an increase in funding for the cost-to-continue integrated formula payments and enrollment growth of \$14 million. The executive budget recommendation did not include an increase in transportation aid payments during the 2021-23 biennium. Governor Burgum also recommended \$83 million of one-time funding from the foundation aid stabilization fund for state school aid over the base budget of \$110 million, to provide a total of \$193 million from the foundation aid stabilization fund for state school aid.
- 38 The executive budget recommendation consisted of recommendations from Governor Burgum's budget, which would 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. The executive budget recommendation included cost-to-continue savings of \$35.3 million in integrated formula payments related to lower enrollment and transition minimum reductions. The executive budget recommendation did not include an increase in transportation aid payments during the 2023-25 biennium. Governor Burgum also recommended \$138.2 million of one-time funding from the foundation aid stabilization fund for state school aid over the base budget of \$143.5 million, to provide a total of \$281.7 million from the foundation aid stabilization fund for state school aid.

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT
ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 2015-17 THROUGH 2023-25 BIENNIUMS**

	2015-17	2017-19	2019-21	2021-23	2023-25
Assistance to political subdivisions (excluding school-related funding)					
General fund appropriations					
Grants to public libraries	\$2,033,000	\$1,737,528	\$1,737,528	\$1,737,582	\$1,737,582
Library Vision grants	237,500	237,500	237,500	237,500	237,500
Library Vision grants to tribal libraries					50,000
Public library repairs and maintenance matching grants	250,000				
Homestead credit	18,690,000	16,012,000	17,110,000	18,000,000	72,400,000
Disabled veterans' property tax credits	7,175,091	8,808,200	11,140,200	16,300,000	18,745,000
Primary residence credit					103,225,000
Aid to health districts	4,250,000	3,250,000	4,725,000	4,725,000	4,725,000
Children's special health services grants for multidisciplinary clinics	31,156	31,156			
Suicide prevention grants	176,000	179,655	945,000	1,102,613	1,102,613
Emergency medical services training	940,000	846,000	846,000	846,000	846,000
Emergency medical services operations	6,066,550	5,625,000	5,750,000	5,750,000	5,750,000
Public water system operator certification and training program	180,000	180,000	125,000	125,000	125,000
Funds to local public health units for immunization services	1,276,853 ¹				
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences	640,000	640,000	520,000	625,270	755,292
County and tribal veterans' service officers outreach and training			30,000		
Tobacco Synar program enforcement requirements to local public health			75,000	75,000	75,000
Matching funds to counties and cities for senior citizen services and programs	1,347,894	1,347,894	1,347,894	1,412,988	1,412,988
Indian welfare assistance to counties	5,942,875	1,629,964			
State administration of child support enforcement ²					
Child welfare, service payments to the elderly and disabled, and technology costs - State paying county share	19,300,000	23,300,000	23,300,000	23,300,000	23,300,000
County emergency human services mill levy grants	3,900,000				
County social and human service program				1,240,391 ³	1,240,391 ³
Economic assistance and social services pilot program		26,000,000 ³			
Boys' and girls' club work	53,000	53,000	53,000	0	0
Soil conservation district grants	1,133,362	1,091,520	1,091,520	1,211,520	1,361,520
Clerk of court	23,036,858	23,936,056	24,957,631	25,212,502	26,125,566
Grants to airports	934,500	900,000	500,000	475,000	475,000
Snow removal grants				20,000,000	
Rural transit program grants					1,250,000
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties	104,664,000 ⁴				
Transportation funding distributions to townships in non-oil-producing counties	7,676,000 ⁴				
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties	228,952	180,000	171,000	118,000	118,000
Child care facility grants	2,131,267				

	2015-17	2017-19	2019-21	2021-23	2023-25
Back the blue grants					3,500,000
Law enforcement resiliency grants					400,000
Law enforcement staffing grants					29,000
Agriculture infrastructure grants					10,000,000
Community service supervision grants	500,000	350,000	350,000	350,000	350,000
Guardianship grants	1,328,600	1,328,600	1,950,000	2,450,000	7,100,000
State-paid property tax relief credits	241,525,000				
Total general fund (excluding school-related funding)	\$455,648,458	\$117,664,073	\$96,962,273	\$125,294,366	\$286,436,452
Percentage of total general fund appropriations	8.0%	2.7%	2.0%	2.5%	4.7%
Special funds appropriations and revenue allocations					
Noxious weed control	\$1,375,274	\$1,375,274	\$1,375,274	\$1,425,274	\$1,453,969
State aid distribution funds to cities and counties ⁶	181,312,894	191,748,438	193,534,502	228,315,068	242,991,024
County aid distribution fund ⁶				1,087,000	1,208,000
Public transportation services (public transportation fund) ⁷	8,186,900	8,200,000	7,777,138	7,400,000	7,500,000
Insurance tax to fire departments (insurance tax distribution fund)	15,681,207	14,235,561	17,989,505	19,588,470	20,688,040 ²⁹
Aid to health districts (tobacco prevention and control trust fund)		2,000,000	525,000		
Aid to health districts (community health trust fund)				525,000	3,275,000
Local public health pandemic response (community health trust fund)				4,515,296	0
Tobacco education and cessation program grants to local public health districts (tobacco prevention and control trust fund)	8,025,491	6,500,000			
Tobacco education program grants to local public health districts (community health trust fund)			6,500,000	6,250,000	6,250,000
Tobacco cessation program grants to local public health districts (community health trust fund)		50,000	85,000		
Emergency medical services operations (insurance tax distribution fund)	1,250,000	1,250,000	1,125,000	1,125,000	1,125,000
Rural emergency medical services and rural ambulance service district operations (community health trust fund)					7,000,000
Community health trust fund cessation grants (community health trust fund)	234,000				500,000
Community health trust fund youth vaping grants (community health trust fund)					300,000
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
Abandoned vehicle cleanup (abandoned vehicle fund)	215,000	215,000	215,000	215,000	250,000
Gaming enforcement grants	510,000	510,000	510,000	750,000	750,000
Law enforcement grants	9,000,000				
County social and human service program ³		134,700,000 ³	173,700,000 ³	187,223,092 ³	225,547,251 ³
Matching funds to counties and cities for senior citizen services and programs ⁸	6,797,665	7,900,000	8,513,710	9,163,584	9,900,000
Energy development impact grants (oil and gas impact grant fund)	78,073,753 ⁹	25,000,000 ⁹	2,000,000 ⁹		
Energy impact fund		15,000,000 ¹⁰			
Grants to airports (Aeronautics Commission special funds collections)	5,550,000	5,800,000	5,300,000	7,075,000	10,625,000
Grants to airports (airport infrastructure fund)				20,000,000 ¹¹	20,000,000 ¹¹
Grants to airports (strategic investment and improvements fund)			20,000,000		
Snow removal grants (disaster relief fund)				5,000,000	

	2015-17	2017-19	2019-21	2021-23	2023-25
Municipal infrastructure fund distributions			29,875,000 ¹²	115,000,000 ¹²	115,000,000 ¹²
County and township infrastructure fund distributions				115,000,000 ¹²	115,000,000 ¹²
Motor vehicle fuel tax and registration fee allocations ¹⁴	202,000,000	202,800,000	192,873,316	184,500,000	186,700,000
Legacy earnings highway distribution fund					40,000,000 ³⁰
Flexible transportation fund township projects					42,800,000 ³¹
Telecommunications tax allocations	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000
Coal severance tax allocations ¹⁵	14,634,192	14,700,000	15,000,000	14,000,000	14,000,000
Coal conversion tax allocations ¹⁵	8,895,768	9,270,000	8,500,000	8,000,000	8,000,000
Distributions to cities from the strategic investment and improvements fund	282,000,000				
Oil and gas gross production tax allocations ¹⁶	548,374,060	662,720,000	533,760,000	801,160,000	682,390,000
Political subdivision allocation fund	15,660,518				
City, county, and tribal park system grants				5,000,000	6,000,000
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties (strategic investment and improvements fund)	128,000,000 ⁴				
Transportation funding distributions to counties, cities, and townships in oil-producing counties (strategic investment and improvements fund)	240,000,000 ⁵				
Federal Emergency Management Agency repayment (state disaster relief fund)			200,000		
Safeguarding Tomorrow through Ongoing Risk Mitigation (state disaster relief fund)					1,000,000
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (state disaster relief fund)		8,100,000 ¹⁸		7,450,000 ¹⁷	750,000 ¹⁷
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (tax relief fund)				11,800,000 ¹⁷	
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (highway fund)				10,000,000 ¹⁷	
Emergency township road repairs (state disaster relief fund)				750,000 ¹⁸	
Water projects ¹⁹	141,981,634	305,375,000	385,200,000	912,394,712 ¹⁹	782,683,950 ¹⁹
Rice Lake flood mitigation (state disaster relief fund)	2,000,000				
Fargo interior flood control (state disaster relief fund)	30,000,000				
Bismarck area flood levees (state disaster relief fund)	4,000,000				
Marion area flood mitigation (state disaster relief fund)					225,000
Cigarette tax allocations ²⁰	3,074,672	2,990,000	2,750,000	2,600,000	2,600,000
Energy conservation grants to political subdivisions	1,200,000	460,000	1,200,000	1,200,000	1,200,000
Public Employees Retirement System (PERS) main system defined benefit retirement plan unfunded liability (oil tax revenues and strategic investment and improvements fund)					120,000,000 ²¹
Total special funds (excluding school-related funding)	\$1,954,833,028	\$1,637,699,273	\$1,625,308,445	\$2,706,312,496	\$2,695,512,234
Total major direct assistance to political subdivisions (excluding school-related funding)	\$2,410,481,486	\$1,755,363,346	\$1,722,270,718	\$2,831,606,862	\$2,981,948,686

	2015-17	2017-19	2019-21	2021-23	2023-25
School-related assistance to political subdivisions					
General fund appropriations - School-related funding					
State school aid - Integrated formula payments	\$1,548,661,168 ²²	\$1,334,657,258 ²²	\$1,610,438,429 ²²	\$1,555,350,500 ²²	\$1,617,821,765 ²²
Rapid enrollment grants	8,754,681 ²³				
School district safety grants	604,264 ²⁴				
Reimbursement for CPR training	35,219 ²³				
Transportation aid payments to school districts	57,107,256 ²⁵	55,400,000	56,500,000	58,100,000 ²⁵	58,100,000
Special education contracts	18,500,000	19,300,000	24,000,000	27,000,000	24,000,000
School food services	1,380,000	1,380,000	1,380,000		
Adult education	4,102,815	3,100,000	4,400,000		
Mentoring grants	2,700,000	2,050,000	2,125,764		
Prekindergarten grants		1,500,000	1,500,000	1,500,000	15,900,000
Prekindergarten space grants	123,599				
English language learner grants	1,000,000 ²⁶				
Medicaid matching grants	0 ²³				
Program grant pool		1,530,000 ²⁷	1,500,000 ²⁷		
Free meal program					6,000,000
Para-to-teacher program					3,000,000
Administrative cost sharing reimbursement					125,000
Regional education association merger grants					70,000
Educational Technology Council grants	1,457,060				
EduTech services, including school district antivirus licenses and PowerSchool funding	3,518,764	3,188,249	3,311,619	2,824,877	2,905,260
School district information technology network costs (statewide information technology network costs)	4,780,862	4,434,278	5,077,970	4,589,718	6,272,610
School district and area center grants for career and technical education	23,057,941	20,389,580	24,887,780	26,837,780	41,537,780
Total general fund - School-related funding	\$1,675,783,629	\$1,446,929,365	\$1,735,121,562	\$1,676,202,875	\$1,775,732,415
Percentage of total general fund appropriations	29.5%	32.7%	34.9%	33.6%	29.1%
Special funds appropriations and revenue allocations - School-related funding					
State school aid - Integrated formula payments (state tuition fund)	\$219,134,000	\$305,546,905	\$377,764,000	\$433,020,000 ²²	\$510,860,000 ²²
State school aid - Integrated formula payments (foundation aid stabilization fund)	116,053,293 ²²	295,000,000 ²²	110,000,000 ²²	143,454,500 ²²	157,000,000 ²²
State school aid - Integrated formula payments (strategic investment and improvements fund)					13,993,086 ²²
English language learner grants (foundation aid stabilization fund)		500,000 ²⁶			
Grants for adult education programs (displaced homemaker fund)	225,000	225,000	225,000	225,000	225,000
Rapid enrollment grants (foundation aid stabilization fund)		6,000,000 ²²	3,000,000 ²²		
Regional education association merger grants (foundation aid stabilization fund)		100,000 ²²			
School food services (special funds made available through carryover)				1,380,000	1,380,000
Adult education (special funds made available through carryover)				5,000,000	5,500,000
Mentoring program (special funds made available through carryover)				2,125,764	2,500,000
Program grant pool (special funds made available through carryover)				900,000 ²⁷	1,200,000 ²⁷
School board training (special funds made available through carryover)					1,500,000
Amira reading tool (special funds made available through carryover)					1,600,000
Teacher retention program (special funds made available through carryover)					2,300,000
Science of reading and literacy instruction (special funds made available through carryover)					1,000,000

	2015-17	2017-19	2019-21	2021-23	2023-25
Dyslexia identification training (special funds made available through carryover)					279,000
Reading learning platform training (special funds made available through carryover)					558,000
Educational Technology Council grants	600,000	85,000			
EduTech services, including school district antivirus licenses and PowerSchool funding		6,564,518	6,334,154	6,367,062	6,759,048
School district information technology network costs (statewide information technology network costs)		100,000	90,000	90,000	90,000
Statewide area career center initiative grants (career academies)				88,276,228 ²⁸	28,500,000 ²⁸
School district and area center grants for career and technical education		2,477,000			500,000
Vocational education	131,804				
Total special funds - School-related funding	<u>\$336,144,097</u>	<u>\$616,598,423</u>	<u>\$497,413,154</u>	<u>\$680,838,554</u>	<u>\$735,744,134</u>
Total major school-related assistance to political subdivisions	<u>\$2,011,927,726</u>	<u>\$2,063,527,788</u>	<u>\$2,232,534,716</u>	<u>\$2,357,041,429</u>	<u>\$2,511,476,549</u>
Total general fund assistance to political subdivisions	\$2,131,432,087	\$1,564,593,438	\$1,832,083,835	\$1,801,497,241	\$2,062,168,867
Total special funds assistance	<u>\$2,290,977,125</u>	<u>\$2,254,297,696</u>	<u>\$2,122,721,599</u>	<u>\$3,387,151,050</u>	<u>\$3,431,256,368</u>
Total major direct assistance to political subdivisions	<u>\$4,422,409,212</u>	<u>\$3,818,891,134</u>	<u>\$3,954,805,434</u>	<u>\$5,188,648,291</u>	<u>\$5,493,425,235</u>

¹ The 2015 Legislative Assembly provided in the department's base budget, an additional \$1 million and \$576,853, respectively for the universal vaccine program. The department reduced 2015-17 biennium funding by \$100,000 due to agency wide operating expense reductions included in their budget bill and then, due to the 2015-17 biennium budget reductions approved in August 2016, the department further reduced funding for immunizations funding by \$1.7 million to provide a total of \$1.3 million for the universal vaccine program through June 30, 2016. The department discontinued the program as of July 1, 2016.

² The Department of Human Services is unable to determine the amount of general fund support in the department's legislative appropriation for state administration of child support and for paying the county costs of child welfare, service payments to the elderly and disabled, and technology costs.

³ The 2017 Legislative Assembly approved, in Senate Bill No. 2206, funding of \$160.7 million, of which \$26 million is from the general fund and \$134.7 million is from the tax relief fund, for a state-paid economic assistance and social services pilot program during the 2017-19 biennium. The \$26 million from the general fund was appropriated in House Bill No. 1012 (2017). Senate Bill No. 2015 (2019) transfers \$173.7 million from the tax relief fund to the human service finance fund to continue the program. 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 budget includes \$200 million from the social services fund and \$26,950,000 from the strategic investment and improvements fund for the program.

⁴ House Bill No. 1012 (2015) appropriated \$8 million from the general fund (\$7,676,000 after the August 2016 general fund budget reductions, to the State Treasurer to provide allocations for the benefit of townships in non-oil-producing counties for township roads. House Bill No. 1176 (2015) appropriated \$112 million (\$104,664,000 after the August 2016 budget reductions) from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions. Senate Bill No. 2103 (2015) appropriated \$16 million from the strategic investment and improvements fund to the State Treasurer for transportation funding distributions to non-oil-producing county townships and \$112 million from the strategic investment and improvements fund to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions.

⁵ Senate Bill No. 2103 (2015) appropriated \$240 million from the strategic investment and improvements fund to the Department of Transportation for funding distributions to oil-producing political subdivisions.

⁶ 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. The 2021 Legislative Assembly approved House Bill No. 1449 creating the county aid distribution fund which receives an allocation equal to .05 percent of total collections from sales and motor vehicle excise taxes. The State Treasurer distributes the funds to eligible counties. The 2023 Legislative Assembly continued the county aid distribution fund in House Bill No. 1359.

- ⁷ Prior to the 2009-11 biennium, \$3 of each motor vehicle registration fee was deposited in the public transportation fund. Beginning with the 2009-11 biennium, the \$3 fee is deposited in the highway tax distribution fund, and the public transportation fund receives 1.5 percent of distributions from the highway tax distribution fund. . The 2015-17 biennium amounts include a \$200,000 contingent general fund transfer to the public transportation fund.
- ⁸ The 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided in Senate Bill No. 2267 that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two thirds of one mill levied statewide each year. The 2011 Legislative Assembly, in Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The 2013 Legislative Assembly, in Senate Bill No. 2162, increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year. The 2015 Legislative Assembly, in Senate Bill No. 2143, increased the amount of collections allocated to the fund to 87.5 percent of the amount appropriated up to one mill.
- ⁹ House Bill No. 1176 (2015) provides \$139.3 million for energy infrastructure impact grants from money deposited in the oil and gas impact grant fund, of which \$132.5 million is designated for specific grant categories. The amount shown for the 2015-17 biennium reflects the actual oil and gas tax revenue allocations to the fund, which were less than the appropriation due to lower oil prices than forecasted. Senate Bill No. 2013 (2017) provides \$25 million for airport grants from money deposited in the oil and gas impact grant fund. House Bill No. 1013 (2019) transfers \$2 million from the strategic investment and improvements fund to the oil and gas impact grant fund for grants to political subdivisions during the 2019-21 biennium.
- ¹⁰ The 2017 Legislative Assembly, in Senate Bill No. 2013, established the energy impact fund and appropriated \$15 million from the fund for a grant to the Williston airport. During the 2017-19 biennium only, the fund is to receive \$4 million of oil and gas tax allocations. The Legislative Assembly also provided for transfers to the fund during the 2017-19 biennium from the political subdivision allocation fund (\$8 million) and strategic investment and improvements fund (\$3 million).
- ¹¹ House Bill No. 1066 (2019), establishes 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. During the 2019-21 biennium revenue was not sufficient to provide oil and gas tax revenue to be deposited into the fund for airport projects.
- ¹² House Bill No. 1066 (2019), established the municipal infrastructure fund and the county and township infrastructure fund for grants to nonoil producing political subdivisions for eligible infrastructure projects. House Bill No. 1015 (2021) 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. The amounts shown for the 2021-23 and 2023-25 bienniums reflect the 2023 legislative revenue forecast.
- ¹⁴ 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.
- ¹⁵ 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 of the coal conversion tax had been allocated to the county in which the plant is located. House Bill No. 1412 (2021) provides a coal conversion tax exemption for the general fund portion of the tax, but maintains the current level of allocations to the political subdivisions. The bill also creates a new lignite research tax to maintain the current level of allocations to the lignite research fund.
- ¹⁶ 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 2019-21 and 2021-23 bienniums reflect the 2023 legislative revenue forecast.
- ¹⁷ The 2019 Legislative Assembly, in Section 4 of Senate Bill No. 2016 (2019), appropriated \$8.1 million from the state disaster relief fund for distributions to townships prior to July 1, 2019. The 2021 Legislative Assembly, in House Bill No. 1015 (2021), appropriated \$8.2 million from the state disaster relief fund and \$11.8 million from the tax relief fund for distributions to townships during the 2021–23 biennium. House Bill 1015 (2021) also appropriated \$10 million from the highway fund to the Department of Transportation to be used to match federal funds for township road and bridge projects. The 2023 Legislative Assembly approved carryover of \$750,000 from the \$8.2 million appropriated (2021) in from the state disaster relief fund to the 2023-25 biennium.
- ¹⁸ The 2021 Legislative Assembly, in Section 4 of Senate Bill No. 2012, appropriated \$750,000 from the state disaster relief fund to the Department of Transportation to provide grants to townships that do not have sufficient funds from any local source to complete emergency township road repairs.

- ¹⁹ Funding for the 2013-15 biennium is not provided as carryover appropriations are not separable from total appropriations for water projects. Funding from a Bank of North Dakota line of credit is included for the 2015-17 biennium (\$200 million), 2017-19 biennium (\$75 million), 2019-21 biennium (\$75 million), 2021-23 biennium (\$50 million), and 2023-25 biennium (\$100 million). 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).
- ²⁰ 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. Senate Bill No. 2156 (2021) raises the legal age to purchase and use tobacco products from 18 to 21 which may decrease cigarette tax collections.
- ²¹ In House Bill No. 1040 (2023), the Legislative Assembly closed the main system defined benefit retirement plan to new hires beginning January 1, 2025. The bill increases employer contributions by 1 percent beginning January 1, 2024, resulting in total employer contributions of 8.12 percent for employees hired on or before December 31, 2019. Beginning January 1, 2026, the employer contribution rate for state agencies will change to the actuarially determined employer contribution (ADEC) rate to address the unfunded liability of the main system defined benefit plan over a closed period of 31.5 years. The state will pay for the political subdivision portion of the unfunded liability. The estimated ADEC rate on January 1, 2026, is 30.5 percent. The employer contribution rate for political subdivisions will increase from 7.12 to 8.12 percent. Section 31 of House Bill No. 1040 amends Section 57-51.1-07.5 to provide \$65 million of the state share of oil and gas tax revenues be deposited in the PERS fund for the main system plan beginning in the 2023-25 biennium. Section 35 of the bill provides for a \$135 million transfer from the strategic investment and improvements fund to the PERS fund for the purpose of reducing the unfunded liability of the PERS main system plan during the 2023-25 biennium. **Approximately 60 percent of the main system defined benefit retirement plan unfunded liability is the responsibility of political subdivisions; therefore approximately \$120 million of the \$200 million appropriated by the Legislative Assembly to reduce the unfunded liability during the 2023-25 biennium is provided on behalf of political subdivisions.**
- ²² Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts, due to 2015-17 biennium budget reductions approved by the Legislative Assembly in August 2016, were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293. In 2017 the Legislative Assembly provided a total of \$295 million from the foundation aid stabilization fund for integrated formula payments during the 2017-19 biennium, of which \$185 million is considered one-time funding. In addition the Legislative Assembly provided one-time funding from the foundation aid stabilization fund for rapid enrollment grants (\$6 million) and regional education association merger grants (\$100,000). In Senate Bill No. 2013 (2019) the Legislative Assembly provided an ongoing appropriation of \$110 million from the foundation aid stabilization fund for integrated formula payments during the 2019-21 biennium. In addition, the Legislative Assembly, in Senate Bill No. 2265 (2019) provided a one-time appropriation of \$3 million from the foundation aid stabilization fund for rapid enrollment grants only during the 1st year of the 2019-21 biennium. In House Bill No. 1013 (2021) the Legislative Assembly provided a total of \$2,131,825,000 for integrated formula payments. In Senate Bill No. 2013 (2023) the Legislative Assembly provided a total of \$2,299,674,851 for integrated formula payments.
- ²³ In 2015 the Legislative Assembly provided funding made available from the general fund for rapid enrollment grants (\$14.8 million), CPR training grants (\$450,000), and a civics education grant (\$200,000) are one-time funding items. These one-time funding items were reduced due to the budget reductions approved by the Legislative Assembly in August 2016. In addition to these reductions, the Superintendent of Public Instruction reduced ongoing funding for Medicaid matching grants and operating expenses.
- ²⁴ The Legislative Assembly, in Section 12 of 2015 Senate Bill No. 2013, provided the amount appropriated for school district safety grants in Section 1 of Chapter 59 of the 2013 Session Laws is not subject to Section 54-44.1-11 and any unexpended funds are available for school district safety grants during the 2015-17 biennium. The Superintendent of Public Instruction continued \$849,130 from the 2013-15 biennium for school district safety grants during the 2015-17 biennium.
- ²⁵ In addition to \$57 million provided from the general fund for transportation aid during the 2015-17 biennium in Senate Bill No. 2013 (2015), the Legislative Assembly provided, in Section 13 of Senate Bill No. 2015 (2015), that if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. In 2017 the Legislative Assembly repealed Section 13 of Chapter 49 of the 2015 Session Laws related to the additional transportation grants. In 2021, the Legislative Assembly, in House Bill No. 1027, codified transportation reimbursements and allowed school districts to be reimbursed based on the latest available student enrollment; however, for the 2021-22 and 2022-23 school years, school districts may be reimbursed using the greater of the 2018-19 miles and rides or previous year miles and rides, resulting in an estimated \$1.6 million increase to transportation funding.
- ²⁶ The Legislative Assembly provided in Senate Bill No. 2013 (2015), \$1 million for grants to the four school districts that serve the largest number of first- and second-level English language learners in K-12. The Superintendent of Public Instruction must distribute a pro rata share of the available grant dollars to each eligible district based upon the total number of first- and second-level English language learners C247enrolled in the four districts. In 2017 the Legislative Assembly removed funding from the general fund for English language learner grants and, in Senate Bill No. 2272, provided one-time funding from the foundation aid stabilization fund for English language learner grants.

²⁷ The 2017 Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. In addition the Legislative Assembly provided, in Section 9 of House Bill No. 1013 (2017), the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department continued \$700,711 in the 2017-19 biennium to increase the program grant pool. In 2019, the Legislative Assembly, in Senate Bill No. 2013, reduced funding in the transportation efficiency line item by \$3,000 and transferred the remaining funding of \$27,000 from the transportation efficiency line item to the program grant pool. In addition, funding for the program grant pool is decreased by \$606,711, to provide a total of \$1,500,000 from the general fund for leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, family engagement initiatives, and transportation efficiency. In 2021, the Legislative Assembly, in House Bill No. 1013, changed the funding source and reduced funding for the program grant pool to provide funding for leveraging the senior year, a leadership program, and family engagement. In 2023, the Legislative Assembly increased funding for the program grant pool \$300,000 from carryover for leveraging the senior year to provide a total of \$1,200,000 from 2021-23 carryover deposited in the department's operating fund for the program grant pool.

²⁸ 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. In House Bill No. 1199 (2023), the Legislative Assembly authorized the department to access a \$68,276,228 Bank of North Dakota line of credit to be repaid using funding appropriated from the Coronavirus Capital Projects Fund. House Bill No. 1199 also included a \$2 million general fund appropriation to the department for the purpose of paying accrued interest on the line of credit. In Senate Bill No. 2015 (2023), the Legislative Assembly appropriated \$26.5 million from the strategic investment and improvements fund to the department for the purpose of defraying inflationary costs of existing career academy projects under the statewide area career center initiative grant program during the 2023-25 biennium.

²⁹ Senate Bill No. 2211 (2023) amends Section 18-04-05 to provide a continuing appropriation from the insurance tax distribution fund for payments to fire departments and districts.

³⁰ House Bill No. 1012 (2023) creates the legacy earnings highway distribution fund and provides that 28.5 percent of deposits in the fund be distributed for county and township road projects, 10 percent be distributed for township road projects through the legacy earnings township highway aid fund, and 1.5 percent be deposited in the public transportation fund. Section 21-10-13 provides for \$100 million of legacy fund earnings be deposited in the legacy earnings highway distribution fund each biennium.

³¹ House Bill No. 1012 (2023) amends Section 24-02-37.3 to provide that 25 percent of motor vehicle excise tax collections deposited in the flexible transportation fund be allocated for township road and bridge projects in non-oil producing counties.