

SUMMARY OF KEY RECOMMENDATIONS

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2009	\$391,840,942 ¹
Add estimated 2009-11 general fund revenues and transfers	2,783,873,000
Total resources available	\$3,175,713,942
Less recommended 2009-11 general fund appropriations	3,110,921,665 ²
Estimated general fund balance - June 30, 2011	\$64,792,277³

¹This amount reflects a transfer of \$111,092,167 from the June 30, 2009, general fund balance to the budget stabilization fund, \$22,532,907 of recommended 2007-09 deficiency appropriations, and \$10,000,000 of estimated 2007-09 unspent general fund appropriation authority.

²This amount consists of \$2,753,672,083 of ongoing general fund appropriations and \$357,249,582 of one-time general fund appropriations.

³In addition, the budget stabilization fund is projected to have a June 30, 2011, balance of \$311 million and the permanent oil tax trust fund is projected to have a June 30, 2011, balance of \$829 million.

TOTAL APPROPRIATIONS SUMMARY

	2007-09 Legislative Appropriations	Increase (Decrease)	2009-11 Executive Budget
General fund	\$2,461,973,956 ¹	\$648,947,709	\$3,110,921,665
Estimated income	4,020,515,084	578,119,398	4,598,634,482 ²
Total all funds	\$6,482,489,040¹	\$1,227,067,107	\$7,709,556,147²

¹The amounts shown reflect a \$5 million contingent general fund appropriation for school district deferred maintenance and physical plant improvement grants which became effective in February 2008.

²The amounts shown do not reflect \$300 million for property tax relief included in the executive budget recommendation as a continuing appropriation from the permanent oil tax trust fund.

2009-11 GENERAL FUND REVENUES

1. Includes **general fund revenues** of \$2.68 billion, \$618.7 million, or 30.1 percent, more than the 2007-09 biennium revenues as projected at the close of the 2007 Legislative Assembly.
2. Includes an **estimated beginning general fund balance** of \$391.8 million after making the recommended transfer of \$111.1 million to the budget stabilization fund. The projected July 1, 2009, balance made at the close of the 2007 Legislative Assembly was \$18.66 million.
3. Projects state agency **general fund turnback** of \$10 million at the end of the 2007-09 biennium.
4. Major areas of **revenue growth** as compared to the **original** 2007-09 forecast include:
 - a. Sales and use taxes increasing by \$229.5 million, or 25 percent.
 - b. Individual income taxes increasing by \$177.7 million, or 35.7 percent. Individual income taxes reflect a revenue reduction of \$100 million relating to income tax relief.

- c. Corporate income taxes increasing by \$114.3 million, or 76.9 percent.
- d. Interest income increasing by \$23.6 million, or 64.7 percent.
5. Recommends **reducing individual income tax** brackets by 8 percent to 20 percent decreasing general fund collections by \$100 million.
6. Does not extend the **property tax income tax credits** approved by the 2007 Legislative Assembly for the 2007-09 biennium and provides for the distribution of \$300 million from the permanent oil tax trust fund for property tax relief for 2009-11.
7. Reduces **transfers from special funds** by \$92 million, from \$199 million in 2007-09 to \$107 million in 2009-11. Major transfers and changes include:
 - a. Transfers \$60 million from the Bank of North Dakota, the same amount authorized for the 2007-09 biennium.
 - b. Transfers \$2.5 million from the Mill and Elevator Association, \$2.5 million less than the amount authorized for the 2007-09 biennium. The executive budget recommends repealing the transfer of \$5 million for the 2007-09 biennium.
 - c. Discontinues the \$3.1 million transfer during the 2007-09 biennium from the student loan trust fund.
 - d. Discontinues the \$115 million transfer during the 2007-09 biennium from the permanent oil tax trust fund.
 - e. Increases the transfer from the lands and minerals trust fund by \$28.5 million, from \$15 million in 2007-09 to \$43.5 million in 2009-11.
8. Anticipates **oil prices** to average \$58.56 per barrel during the first year of the 2009-11 biennium and projects prices to increase to an average price of \$61 per barrel by the end of the biennium. The average oil price in November 2008 for North Dakota crude oil was \$43.87 per barrel and the price on December 22, 2008, was \$19.77.
9. **Oil production** for September 2008 averaged 188,246 barrels per day and is anticipated to increase to 200,000 barrels per day by the end of the 2007-09 biennium. Oil production is anticipated to increase to 210,000 barrels per day during fiscal year 2010 and continue to increase to approximately 215,000 barrels per day by the end of fiscal year 2011. The preliminary average oil production for October 2008 was 203,785 barrels per day.
10. Increases the maximum amount of oil and gas tax collections that may be deposited in the general fund from the current level of \$71 million to \$110 million. Additional amounts are deposited in the permanent oil tax trust fund.
11. Increases the maximum allocations of oil and gas taxes to individual counties by \$1 million per year. The increase is anticipated to provide

additional revenue of \$7.7 million to counties and reduce revenues to the permanent oil tax trust fund by \$7.7 million for the 2009-11 biennium.

12. Increases the maximum amount of oil and gas tax collections that may be deposited in the oil and gas impact grant fund from the current level of \$6 million to \$20 million per biennium. This change is estimated to reduce permanent oil tax trust fund revenues by \$14 million for the 2009-11 biennium.

2009-11 GENERAL FUND APPROPRIATIONS

	2007-09 Legislative Appropriations	Increase (Decrease)	2009-11 Executive Budget
Ongoing appropriations	\$2,317,447,307	\$436,224,776	\$2,753,672,083
One-time appropriations	144,526,649	212,722,933	357,249,582
Total	\$2,461,973,956	\$648,947,709	\$3,110,921,665

1. Includes general fund appropriations of \$3.1 billion, \$648.9 million more than the 2007-09 legislative appropriations.
2. Major general fund appropriations increases relate to:
 - a. Higher education - \$145.6 million.
 - b. Department of Transportation - \$120 million.
 - c. Department of Human Services - \$113.9 million.
 - d. Department of Public Instruction - \$104.5 million.
 - e. State employee salary and health insurance - \$53.7 million.
 - f. State Historical Society - \$20 million.
 - g. State Fair Association - \$16.5 million.
 - h. Main Research Center - \$12.2 million.
 - i. Judicial branch - \$11.4 million.

2009-11 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of \$4.6 billion, \$578.1 million more than the 2007-09 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
 - a. Federal funds - \$360.1 million.
 - b. State Water Commission - \$96.8 million.
 - c. Tobacco Prevention and Control Advisory Committee - \$18.6 million.
 - d. Department of Transportation - \$17.3 million.
 - e. Office of Management and Budget - (\$16.5 million).
 - f. Land Department - \$14.7 million.
 - g. Department of Public Instruction - \$9.3 million.
 - h. Public Employees Retirement System - (\$9.1 million).
 - i. State Historical Society - \$7.9 million.
 - j. Veterans Home - (\$7.2 million).

2009-11 - ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Projects "ongoing" general fund revenues of \$2.68 billion and transfers of \$107.3 million for the 2009-11 biennium, \$30.2 million more than the recommended "ongoing" general fund appropriations of \$2.75 billion.
2. Recommends \$357.2 million of "one-time" general fund appropriations and \$300 million of ongoing property tax relief funding from the permanent oil tax trust fund from the estimated \$1,520.9 million of "one-time" resources available in the general fund and permanent oil tax trust fund for the 2009-11 biennium.
3. Retains an estimated \$1,204.9 million at the end of the 2009-11 biennium, \$64.8 million in the general fund, \$829 million in the permanent oil tax trust fund, and \$311.1 million in the budget stabilization fund.

HIGHER EDUCATION

1. Increases **general fund** support by \$145,575,323, or 31.1 percent, including approximately \$74.1 million of one-time funding from the general fund. The increase in funding is due in part to increasing funding for campus operations by approximately \$49 million, increasing funding for major capital projects by approximately \$33.1 million, and increasing funding for student financial assistance by approximately \$34 million.
2. Decreases support from **special funds** by \$1,023,657, or .6 percent.
3. Adjusts the authorized number of **full-time equivalent (FTE) positions** from 2,136.59 to 2,141.42 to reflect the number of FTE positions supported by the general fund.
4. Funding of \$49.4 million from the general fund for **campus parity** as requested by the State Board of Higher Education for costs to continue the fiscal year 2009 legislatively authorized salary increases, 5 percent per year salary increases for the 2009-11 biennium, estimated health insurance increases, and operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011.
5. Provides \$10 million from the general fund for **campus equity** payments.
6. Funding of \$40,348,428, of which \$40,000,000 is from the general fund and \$348,428 is from federal funds, for the **student financial assistance grant program**. The expanded program will assist approximately 11,340 students compared to the current level of 4,000 students. In addition, the program will increase the average individual student grants from \$800 to \$2,000. Of the \$40,000,000 general fund appropriation, \$700,000 is designated for grants to tribally controlled community colleges to defray the costs of education associated with enrollment of nonbeneficiary students. The total program funding amount represents an increase of \$34,360,931 from the 2007-09 legislative appropriation of \$5,987,497. In addition to the 2007-09 legislative appropriation of \$5,987,497, the Legislative Assembly

provided \$700,000 from the permanent oil tax trust fund for grants to tribally controlled community colleges.

7. A **common information services pool** of \$30,250,638, of which \$29,209,438 is from the general fund and \$1,041,200 is from special funds, is provided for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding includes an increase of \$2,306,255 for parity, \$1,220,000 for increased bandwidth costs, and \$1,041,200 for ConnectND support positions. This level of funding represents an increase of \$4,267,345 from the 2007-09 ongoing appropriation of \$25,983,293.

ELEMENTARY AND SECONDARY EDUCATION

1. Provides funding of \$891.1 million, of which \$805.6 million is from the general fund and \$85.5 million is from the state tuition fund, for the **state school aid program**. This level of funding represents an increase of \$110.3 million, of which \$101 million is from the general fund and \$9.3 million is from the state tuition fund, compared to the 2007-09 legislative appropriation of \$780.8 million.
2. Provides \$625,000 of **one-time general fund appropriations** for a grant to the North Dakota Geographic Alliance for funds necessary to match funds available from the National Geographic Society (\$125,000) and for one-time programming changes to the department's state automated reporting system (STARS) computer application used to gather school district information (\$500,000).
3. Provides funding of \$38.5 million from the general fund for transportation aid, an increase of \$5 million from the 2007-09 biennium appropriation of \$33.5 million.
4. Provides funding of \$15.5 million from the general fund for special education contract, a decrease of \$2 million from the 2007-09 appropriation.
5. Provides \$2.3 million of funding from the general fund for a new **mentorship grant program** to provide training to new teachers.
6. Provides \$500,000 from the general fund to support three new pilot programs in **instructional coaching**.
7. Increases **federal funding for other grants** by approximately **\$13.2 million**, or 5.9 percent, from the 2007-09 appropriation of \$224 million due to increases in the Early Reading First grant (\$4.5 million), the school food and nutrition program (\$3 million), and in Title I basic grants (\$9.5 million).

HUMAN SERVICES

1. Provides a total general fund appropriation for the Department of Human Services of \$721.5 million, \$127.6 million, or 21.5 percent, more than the \$593.9 million appropriated for the 2007-09 biennium.

2. Adds \$10.2 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 63.15 percent in federal fiscal year 2009 to 63.01 percent in federal fiscal year 2010. The department estimates North Dakota's FMAP to remain at 63.01 percent for federal fiscal year 2011.
3. Adds \$37.7 million, of which \$13.9 million is from the general fund, for **rebasement Medicaid payment rates** for hospitals, physicians, chiropractors, and ambulances beginning the first year of the biennium.
4. Provides \$94.7 million, of which \$37.1 million is from the general fund for a 7 percent **inflationary increase** for the second year of the 2009-11 biennium for rebased services (hospitals, physicians, chiropractors, and ambulances) and 7 percent annual inflationary increases for other service providers. The 2007 Legislative Assembly approved a 4 percent inflationary increase for the first year of the 2007-09 biennium and a 5 percent inflationary increase for the second year of the biennium.
5. Adds \$169.9 million, of which \$17.3 million is from the general fund, for **cost, caseload, and utilization changes** for major grant programs, including Medicaid, long-term care, developmental disabilities, basic care, foster care, child care, subsidized adoption, food stamps, etc.
6. Adds \$5.5 million, of which \$2 million is from the general fund, to increase the **medically needy** income levels to 83 percent of the federal poverty level.
7. Adds \$15 million, of which \$4.5 million is from the general fund, for **Healthy Steps** (children's health insurance program), including increasing program eligibility to 200 percent of the federal poverty level. As of October 1, 2008, the Healthy Steps income level is 150 percent of the federal poverty level.
8. Adds \$4.9 million, of which \$4.4 million is from the general fund, for a **global behavioral health initiative** to address the capacity issues at the community level and provide consistent payment rates among all regions for behavioral services.
9. Provides \$4,296,298 of **one-time funding** from the general fund for State Hospital extraordinary repairs (\$3,231,017), Developmental Center extraordinary repairs (\$712,675), and equipment over \$5,000 (\$352,606).

CAPITAL CONSTRUCTION

1. Includes a total of \$1,099.3 million for the following capital projects:
 - a. \$381.3 million for major capital projects.
 - b. \$48.4 million for extraordinary repairs.
 - c. \$669.6 million for bond payments and other projects.

The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$127,803,817	\$253,510,236
Extraordinary repairs	39,946,988 ¹	8,422,713 ¹
Bond payments	18,301,696	1,098,633
Other projects	311,043	649,894,620
Total	\$186,363,544	\$912,926,202

¹The executive budget identifies that \$23,183,506 of the total extraordinary repair funding of \$48,369,701 is for deferred maintenance.

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

STATE EMPLOYEES

- Provides funding for **state employee salary increases** equal to 5 percent of salaries, with a minimum increase of \$100 per month effective July 1, 2009, and a 5 percent increase with a \$100 minimum effective July 1, 2010.
- Provides funding for Supreme Court **justices'** and district court **judges'** salary increase of 5 percent for each year of the biennium.
- Continues funding for the cost of **health insurance** premiums for state employees. The executive budget provides \$825.97 per month for state employee health insurance premiums, an increase of \$167.89, or 25.5 percent, compared to the 2007-09 premium of \$658.08 per month.
- Provides \$24.4 million in **market equity compensation adjustments** to certain agencies. Of the \$24.4 million, \$13.7 million is from the general fund and \$10.7 million from special funds.
- Includes a total of 11,128.18 FTE positions, 163.42 FTE positions more than the 2007-09 authorized level.

CORRECTIONS

- Provides a total general fund appropriation for the Department of Corrections and Rehabilitation of \$173.2 million, \$1.6 million, or .95 percent, more than the \$171.6 million appropriated for the 2007-09 biennium. The 2007-09 general fund appropriation includes a transfer of \$41 million to the State Penitentiary land fund for the prison expansion and renovation project.
- Provides \$22.5 million from the general fund and \$44.5 million from the State Penitentiary land fund for the **prison expansion and renovation project** to provide a net increase of 251 prison beds. The 2007 Legislative Assembly approved a transfer of \$41 million from the general fund to the State Penitentiary land fund during the 2007-09 biennium.
- Adds \$1 million from the general fund for 11 **new FTE** positions.
- Adds \$4 million from the general fund for **salary equity** adjustments.

- Adds \$500,000 from the general fund to provide a total of \$8.6 million for **female contract housing**.
- Provides \$1.7 million from the general fund for **conversion of long-term temporary employees to 21 FTE positions**.
- Adds \$4.5 million from the general fund for a total of \$27.9 million to **house inmates in transitional facilities** including the Missouri River Correctional Center.
- Provides \$1.525 million from the general fund for addressing **deferred maintenance** needs.

INFORMATION TECHNOLOGY

- Recommends \$104.2 million, of which \$58.7 million is from the general fund, for state **agency information technology projects** for the 2009-11 biennium.
- Increases funding for the **statewide longitudinal data system** by \$2,221,315 from the general fund, including \$183,279 of ongoing funding for a new FTE position and \$2,038,036 of one-time funding for contractual services.
- Increases funding for the **statewide wide area network** by \$1,797,064 from the general fund, including \$597,064 of ongoing funding and \$1,200,000 of one-time funding, for increasing the bandwidth to each kindergarten through grade 12 school.
- Increases funding for EduTech by \$4,954,495, of which \$4,196,934 is from the general fund, for the **statewide deployment of the PowerSchool application** for kindergarten through grade 12 schools. Includes the transfer of 22 FTE positions from North Dakota State University to the Information Technology Department and 7 new FTE positions.

ECONOMIC DEVELOPMENT

- Combines the biomass research incentive fund with the **renewable energy development fund** and appropriates \$5 million from the general fund, \$2 million more than the \$3 million appropriated for the renewable energy development fund for the 2007-09 biennium.
- Provides \$2 million from the general fund for the North Dakota **Trade Office**, \$500,000 more than the \$1,500,000 general fund appropriation for the 2007-09 biennium.
- Provides \$400,000, of which \$250,000 is from the general fund, for the **InnovateND program**, an increase of \$100,000 from the 2007-09 appropriation of \$300,000, of which \$150,000 was from the general fund.
- Provides \$1,200,000 from the general fund for the **Operation Intern program**, double the \$600,000 general fund appropriation for the 2007-09 biennium.
- Recommends a transfer of \$2 million from the general fund to the **workforce enhancement fund**, the same amount as transferred in the 2007-09 biennium.

6. Provides \$3.5 million from the general fund for matching grants to local communities to establish or expand **child care options** to support working families.
7. Provides \$2 million from the general fund for installation of biofuels blender pumps and other **alternative energy projects**.

TRANSPORTATION

1. Anticipates **federal highway construction funds** of \$500.9 million for the 2009-11 biennium compared to \$453.7 million for the 2007-09 biennium.
2. Anticipates funding for **federal emergency relief projects** of \$33.7 million for the 2009-11 biennium compared to \$2.5 million for the 2007-09 biennium.
3. Provides a **one-time** transfer of \$120 million from the **general fund** to the highway tax distribution fund for infrastructure repairs and improvements.
4. Provides funding of \$7.5 million from the highway fund for the driver's license computer program replacement project.
5. Changes the highway tax distribution fund formula for allocating motor vehicle fuel tax and registration fee collections to the state, cities, counties, townships, and public transportation programs.

MILITARY-RELATED PROGRAMS

1. Recommends unexpended funds for the **veterans' bonus program** from the 2007-09 biennium of approximately \$1.5 million be carried over and utilized for similar bonuses during the 2009-11 biennium. In addition, the executive budget provides \$500,000 from the general fund to expand eligibility for the veterans' bonus program to include multiple deployments.
2. Provides funding of \$1,057,743 from the general fund to enhance the **reintegration program** to support National Guard members and their families.

PROPERTY TAX RELIEF

1. Provides a separate distribution of \$300 million from the permanent oil tax trust fund through the school funding formula for mill levy reduction and property tax relief. These distributions are to reduce the amount of money school districts need to raise locally through property taxes. Districts will be required to provide a dollar-for-dollar reduction in local taxes for each dollar received.
2. Does not extend the property tax income tax credits approved by the 2007 Legislative Assembly for the 2007-09 biennium which were projected to reduce general fund income tax revenues by \$112 million for the biennium.

ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS AS IDENTIFIED AND RECOMMENDED IN THE 2009-11 EXECUTIVE BUDGET

Ongoing General Fund Revenues, Transfers, and Appropriations

Recommended ongoing revenues	\$2,676,585,000
Recommended transfers	107,288,000 ¹
Total estimated ongoing revenues and transfers	\$2,783,873,000
Recommended ongoing appropriations	(2,753,672,083) ²
Excess	\$30,200,917

¹This amount includes recommended transfers from the Bank of North Dakota (\$60,000,000), Mill and Elevator Association (\$2,500,000), lands and minerals trust fund (\$43,500,000), and gas tax administration (\$1,288,000).

²In addition, the executive budget includes \$357,249,582 of recommended "one-time" general fund appropriations.

Identified One-Time Resources and Related Appropriations

One-time resources	
Estimated beginning balance in selected funds	\$954,380,089 ¹
Estimated 2009-11 permanent oil tax trust fund revenues	566,508,000
Total estimated one-time resources	\$1,520,888,089
Recommended one-time general fund appropriations	(357,249,582) ²
Recommended ongoing property tax relief funding from permanent oil tax trust fund	(300,000,000)
Excess of one-time revenues over recommended appropriations	\$863,638,507

¹Includes the estimated July 1, 2009, balance in the:

General fund	\$391,840,942
Permanent oil tax trust fund	562,539,147
Total	\$954,380,089

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

Agency/Description	Bill No.	General Fund Appropriation
Secretary of State	HB 1002	
Database and processing platform migration project		\$780,000
Office of Management and Budget	HB 1015	
Administrative projects		156,041
Facility Management Division repairs and equipment		3,670,000
ConnectND system		1,000,000
Prairie Public Broadcasting digital towers		2,016,200
Centers of excellence		15,000,000

Agency/Description	Bill No.	General Fund Appropriation
Information Technology Department	SB 2021	
Statewide longitudinal data system		2,038,036
Increased bandwidth for kindergarten through grade 12 schools		1,200,000
Statewide deployment of the PowerSchool application in kindergarten through grade 12 schools		936,638
Criminal Justice Information Sharing Initiative projects		369,748
Center for Distance Education online course development software update		100,000
State Auditor	HB 1004	
Electronic working papers		150,000
Tax Department	HB 1006	
Integrated tax system payment		5,356,702
Onsite support for GenTax system		1,134,000
Oil and gas taxes - Integration into GenTax system		1,500,000
Legislative Assembly	SB 2001	
Legislative applications replacement system computer project		3,910,827
Committee room improvements		1,430,000
Computer equipment replacement		92,500
Hand-held computer devices		279,547
Legislative Council	SB 2001	
Office equipment replacement		20,000
Office improvements		50,000
Judicial branch	SB 2002	
Uniform court information system replacement		7,258,129
Management reserve fund		600,000
Office equipment and furniture		288,124
Information technology equipment		109,088
Retirement and Investment Office	HB 1022	
Teachers' Fund for Retirement		5,000,000
Department of Public Instruction	HB 1013	
STARS school data collection system rewrite		500,000
North Dakota Geographic Alliance		125,000
North Dakota University System	SB 2003	
Capital projects and master plan development		49,928,245
Deferred maintenance		20,000,000
Emergency preparedness and security		4,000,000
Electronic medical records system (UND School of Medicine and Health Sciences)		225,000
School for the Deaf	HB 1013	
Facility master plan		41,000
Virtual services business plan		25,000

Agency/Description	Bill No.	General Fund Appropriation
North Dakota Vision Services - School for the Blind	HB 1013	
Equipment		39,200
Extraordinary repairs		31,000
Veterans Home	SB 2007	
Electronic health record system		133,600
Construction project manager		110,088
Carpet and floor tile repairs		20,000
Department of Human Services	HB 1012	
Equipment over \$5,000		352,606
State Hospital - Extraordinary repairs		3,231,017
Developmental Center - Extraordinary repairs		712,675
Industrial Commission	SB 2014	
Renewable energy program		5,000,000
Study sand deposits for use in the fracturing process for oil and gas wells		62,001
Evaluate possible coal bed methane drilling areas		31,151
Labor Commissioner	HB 1007	
Discrimination study		60,000
Bank of North Dakota	SB 2014	
Biofuels PACE		1,400,000
Highway Patrol	SB 2011	
Capitol security upgrade		80,000
Weigh station repairs		100,000
Department of Corrections and Rehabilitation	SB 2015	
Prison expansion project		22,465,804
Extraordinary repairs		1,525,000
Equipment		636,000
Adjutant General	HB 1016	
Motorola lease purchase payment		1,525,347
Expansion of the veterans' bonus program		500,000
Construction of an operations center facility for the Air National Guard in Fargo		476,000
Boiler replacements (Minot Air Force Reserve Center and Raymond J. Bohn Armory in Bismarck)		500,000
Statewide seamless base map		2,100,000
Computer-aided dispatch system - Phase 2		1,000,000
Lease or purchase of additional State Radio tower space		500,000
State Radio equipment and software purchases		160,000
National Crime Information Center security enhancements		311,500

Department of Commerce	SB 2018	
Alternative energy and energy efficiency programs		2,000,000
Transfer to the workforce enhancement fund		2,000,000
Matching grants to communities to establish or expand child care options		3,500,000
Tourism grant to promote the commission of the USS <i>Bismarck</i>		100,000
NDSU Extension Service	SB 2020	
Interactive video equipment upgrade		132,000
Branch Research Centers and Main Research Center	SB 2020	
Construction of a research greenhouse facility		11,450,400
Complete construction of the beef research facility		2,612,400
Office building additions and renovation projects at the North Central, Williston, Langdon, and Dickinson		2,937,200
Research Extension Centers		
Deferred maintenance		500,000
State Fair Association	SB 2009	
Construction of a new grandstand		17,000,000
Historical Society	HB 1018	
Heritage Center expansion		18,000,000
New exhibit development		330,000
Compact shelving for archives		350,000
Extraordinary repairs and small projects		795,000
Marketing and signage		75,000
Parks and Recreation Department	HB 1019	
International Peace Garden equipment		55,000
Community grant program		700,000
Capital projects		2,359,768
Department of Transportation	SB 2012	
Transfer to highway tax distribution fund for infrastructure improvements		120,000,000
Total		\$357,249,582

EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION

In addition to general agency budget recommendations, elected officials' salary increases, and capital construction bonding proposals, the following recommendations included in the executive budget require statutory changes by the 2009 Legislative Assembly to implement:

REVENUES

- Amends NDCC Section 57-51.1-07.2 to increase the general fund share of oil and gas taxes from the current level of \$71 million to \$110 million (Section 12 of House Bill No. 1015 (2009)).
- Amends NDCC Section 57-51-15 to:
 - Increase the maximum amount of oil and gas gross production tax collections that may be deposited in the oil and gas impact grant fund from \$6 million to \$20 million (Section 7 of Senate Bill No. 2013 (2009)).
 - Increase county caps used for the distribution of oil and gas gross production tax to counties by \$1 million per year. This results in an estimated increase of \$7.7 million available for distribution to counties during the 2009-11 biennium (Section 7 of Senate Bill No. 2013 (2009)).
- Amends NDCC Section 57-51.1-07.3 to increase the maximum amount of oil and gas tax collections that may be deposited in the oil and gas research fund from \$3 million to \$5 million per biennium (Section 2 of Senate Bill No. 2014 (2009)).
- Amends NDCC Section 54-27.2-03 to allow the Governor to order transfers from the budget stabilization fund to provide for any general fund revenue shortfall rather than only a shortfall in excess of 2.5 percent (Section 11 of House Bill No. 1015 (2009)).
- Reduces individual income tax rates by .42 percent reducing the top rate from 5.54 percent to 5.12 percent and the lowest rate from 2.0 percent to 1.68 percent. This results in an estimated decrease in individual income tax collections of \$100 million for the 2009-11 biennium. (The bill containing the proposed changes is pending introduction.)
- Amends NDCC Section 37-17.1-07.1 to increase the maximum fee for a facility for the hazardous chemicals preparedness and response program from \$150 to \$475 (Section 2 of House Bill No. 1016 (2009)).

FUNDING TRANSFERS

- Provides for transfers from Bank of North Dakota profits to the general fund of \$60 million, the same as the 2007-09 biennium. The 2009-11 transfer may not reduce the Bank's capital below \$225 million (Section 10 of Senate Bill No. 2014 (2009)). For the 2007-09 biennium, the transfer was not allowed to reduce the Bank's capital below \$175 million. Based

on the executive budget recommendations that anticipate a \$60 million transfer from the Bank of North Dakota during the 2007-09 biennium and \$60 million during the 2009-11 biennium, the Bank's capital at the end of the 2009-11 biennium is projected to be \$300 million.

- Repeals the transfer from Mill and Elevator Association profits to the general fund of \$5 million for the 2007-09 biennium (Section 3 of Senate Bill No. 2014 (2009)).
- Provides for transfers from Mill and Elevator Association profits to the general fund of \$2.5 million for the 2009-11 biennium (Section 11 of Senate Bill No. 2014 (2009)).
- Provides for a transfer from the lands and minerals trust fund to the general fund of \$43.5 million, \$28.5 million more than the \$15 million transfer authorized for the 2007-09 biennium (Section 6 of Senate Bill No. 2013 (2009)).

ELEMENTARY EDUCATION

- Makes changes affecting the school funding formula. (The bill containing the proposed changes is pending introduction.)

PROPERTY TAX RELIEF

- Provides a continuing appropriation of up to \$300 million per biennium from the permanent oil tax trust fund for providing property tax relief to counties through the school funding formula (Section 15 of House Bill No. 1013 (2009)). The bill containing the program's details is pending introduction.

HIGHER EDUCATION

- Continues provisions approved by the 2007 Legislative Assembly allowing for the continuation of higher education institutions' special funds, including tuition; the carryover at the end of each biennium unspent general fund appropriations; and block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding (Senate Bill No. 2038 (2009)).
- Amends NDCC Section 15-62.2-02 to increase student financial assistance grants from \$1,000 to \$2,000 per academic year (Section 17 of Senate Bill No. 2003 (2009)).
- Amends NDCC Section 15-10-37 to provide students an incentive to participate and graduate in science, technology, engineering, and math programs and remain in North Dakota and work in these fields (Section 18 of Senate Bill No. 2003 (2009)).

STATE DEPARTMENT OF HEALTH

- Amends NDCC Sections 43-12.2-01 and 43-12.2-03 relating to the state community matching loan repayment program for nurse practitioners, physician assistants, and certified nurse midwives to increase the maximum loan repayment amount from \$10,000 to \$30,000 and increase the number of recipients (Sections 4 and 5 of House Bill No. 2004 (2009)).

DEPARTMENT OF HUMAN SERVICES

- Amends NDCC Section 50-24.1-02.3 to increase the funeral set-aside for Medicaid recipients from \$5,000 to \$7,000 (Section 6 of House Bill No. 1012 (2009)).
- Amends NDCC Section 50-29-04 to increase the eligibility income limits for Healthy Steps (children's health insurance program) to 200 percent of the federal poverty level. As of October 1, 2008, the Healthy Steps income level is 150 percent of the federal poverty level (Section 7 of House Bill No. 1012 (2009)).
- Require background checks of all child care providers (Senate Bill No. 2123 (2009)).

INDUSTRIAL COMMISSION

- Combines the biomass research incentive fund with the renewable energy development fund (Senate Bill No. 2129 (2009)).

MILITARY-RELATED PROGRAMS

- Recommends unexpended funds for the veterans' bonus program from the 2007-09 biennium be continued and utilized for similar bonuses during the 2009-11 biennium (Section 3 of House Bill No. 1016 (2009)).
- Amends NDCC Section 37-38-03 to expand eligibility for the veterans' bonus program to include multiple deployments (Section 4 of House Bill No. 1016 (2009)).

TRANSPORTATION

- Recommends amending the highway tax distribution fund formula to include the distribution of amounts previously excluded from the formula and changes to the percentage allocations on funds in the highway tax distribution fund. Under current law, funds in the highway tax distribution fund are allocated 63.0 percent to the highway fund, 23.0 percent to counties, and 14.0 percent to cities. The proposed changes provide that funds be allocated 63.28 percent to the highway fund, 20.17 percent to counties, 12.28 percent to cities, 2.74 percent to townships, and 1.53 percent to public transportation. Certain funds previously deposited directly into the public transportation fund, the township highway aid fund, and the highway fund will be deposited into the highway tax distribution fund and allocated pursuant to the proposed new formula (Section 2 of Senate Bill No. 2012 (2009)). The bill containing the statutory changes is pending introduction.

RETIREE HEALTH CREDIT

- Provides for and funds an increase in the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and pays for the increase by increasing the retiree health credit employer contribution by .14 percent, from 1 percent to 1.14 percent of payroll (Senate Bill No. 2154 (2009)).

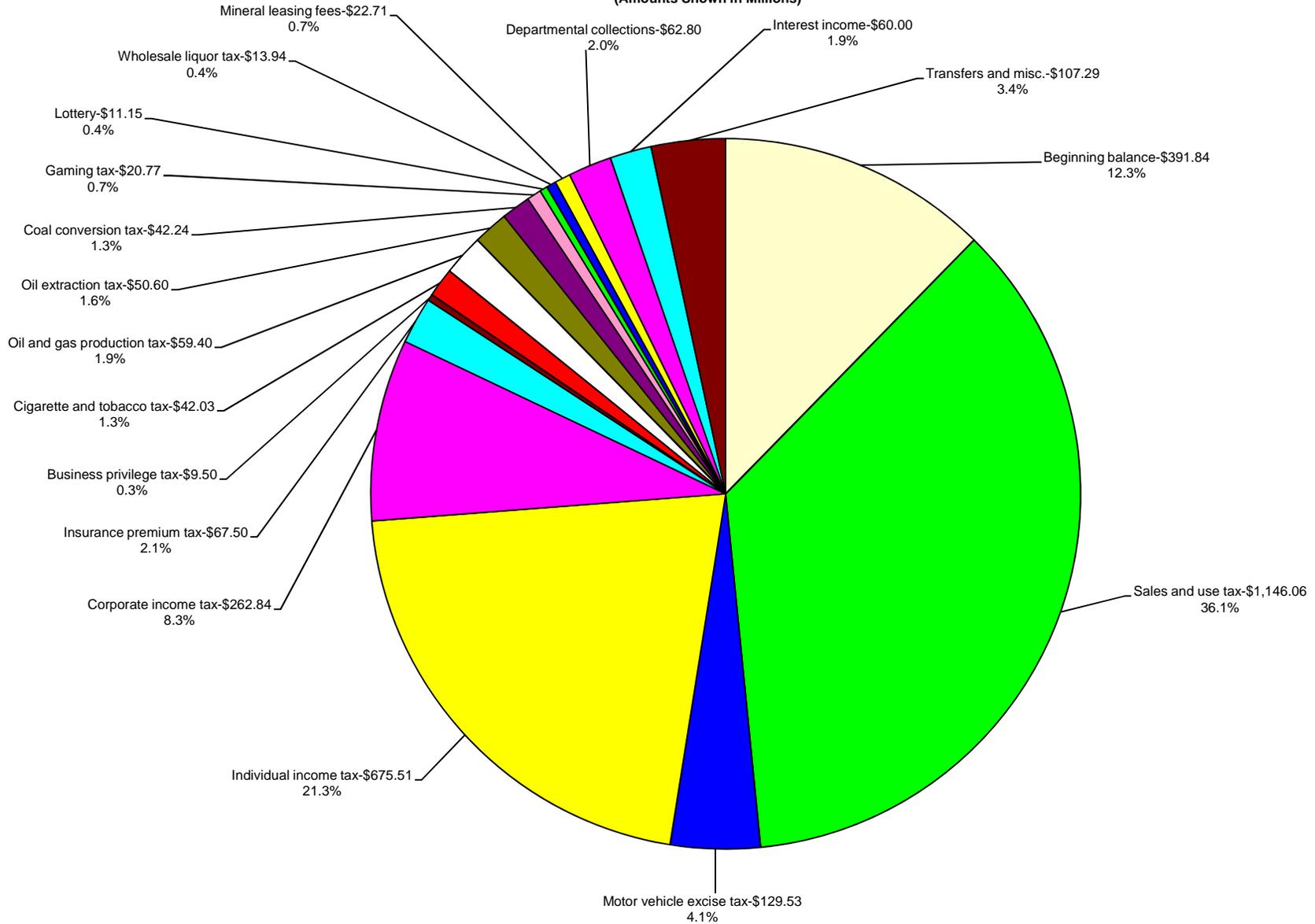
TEACHERS' FUND FOR RETIREMENT

- Provides funding of \$5 million for supplemental retirement payments for retired teachers (Section 4 of House Bill No. 1022 (2009)). The bill containing the statutory changes is pending introduction.

2009-11 ESTIMATED GENERAL FUND REVENUES

Total 2009-11 Estimated General Fund Revenues - \$3,175.71

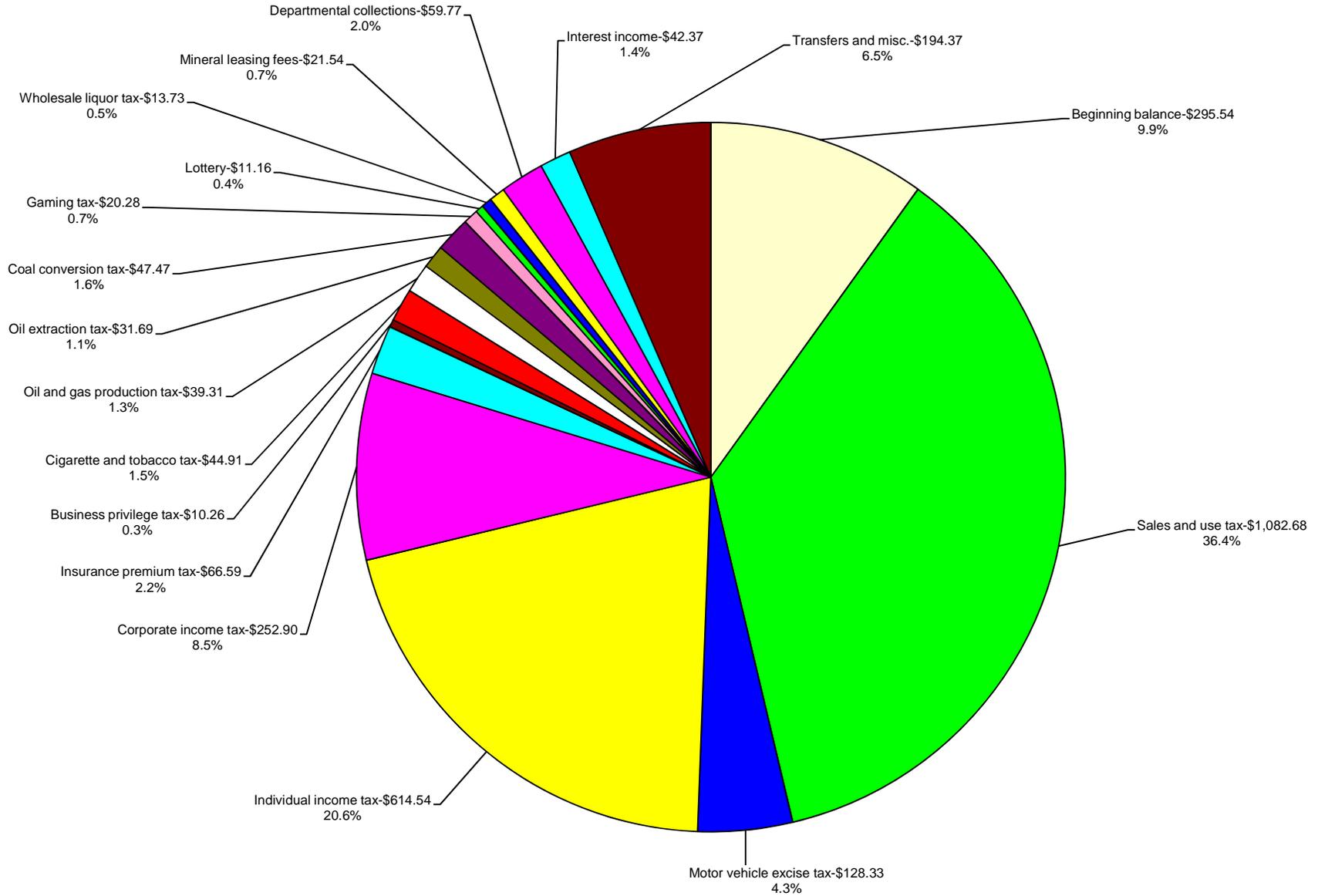
(Amounts Shown in Millions)



2007-09 ESTIMATED GENERAL FUND REVENUES

Total 2007-09 Estimated General Fund Revenues - \$2,977.44

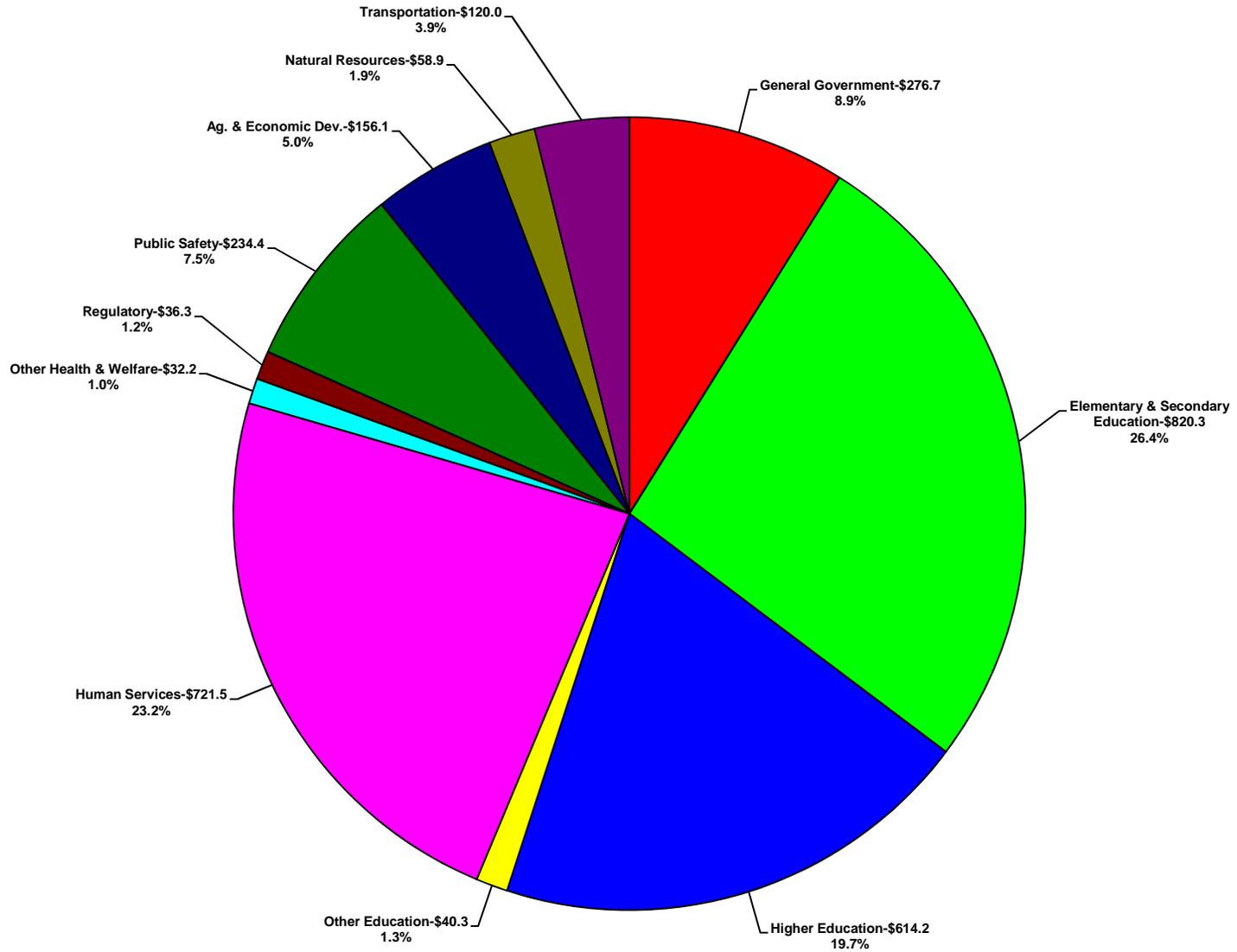
(Amounts Shown in Millions)



2009-11 BIENNIUM RECOMMENDED GENERAL FUND APPROPRIATIONS

Amounts Shown in Millions

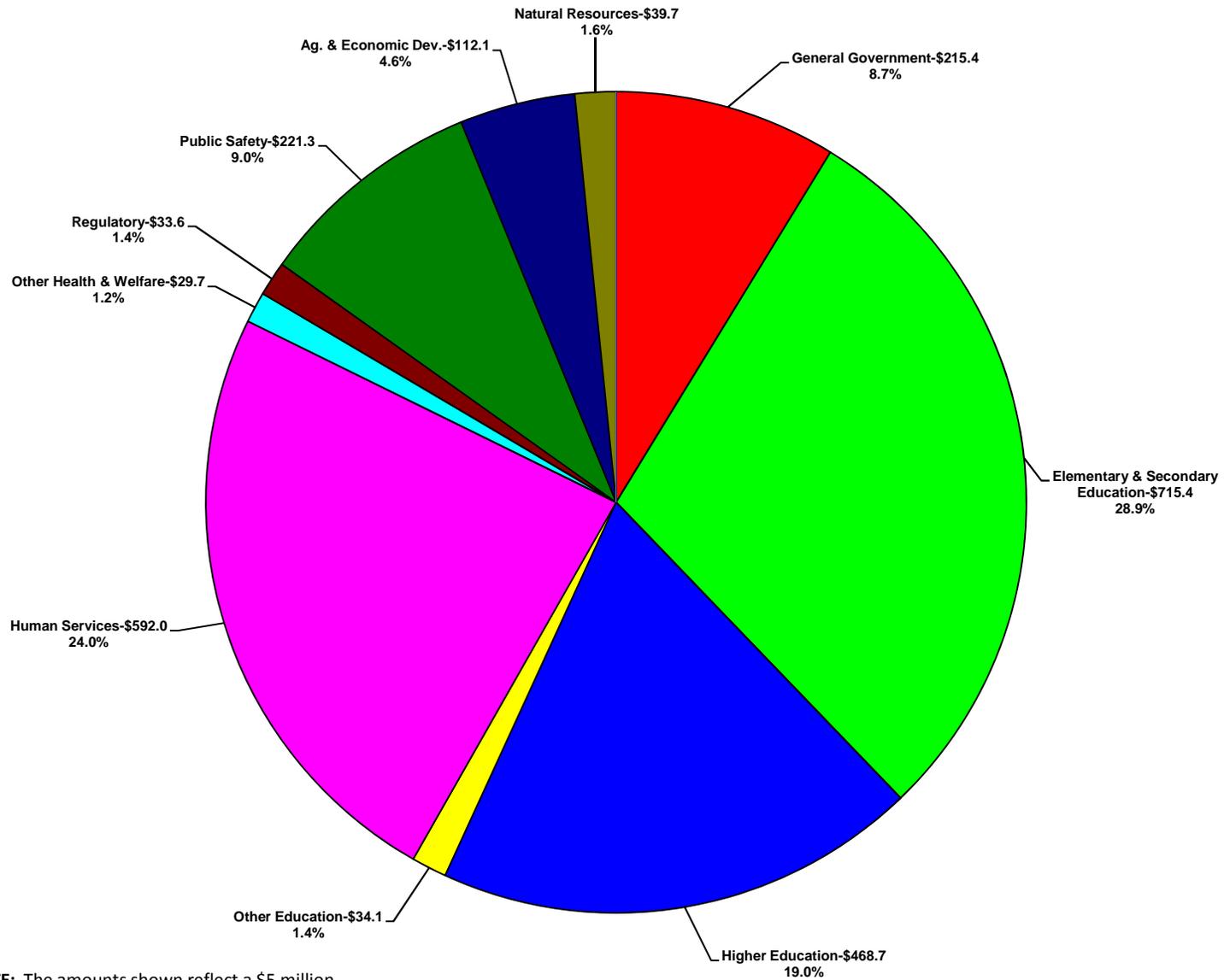
Total 2009-11 Executive Budget General Fund Recommendation - \$3,110.9



2007-09 BIENNIUM GENERAL FUND APPROPRIATIONS

Amounts Shown in Millions

Total 2007-09 General Fund Appropriations - \$2,462.0

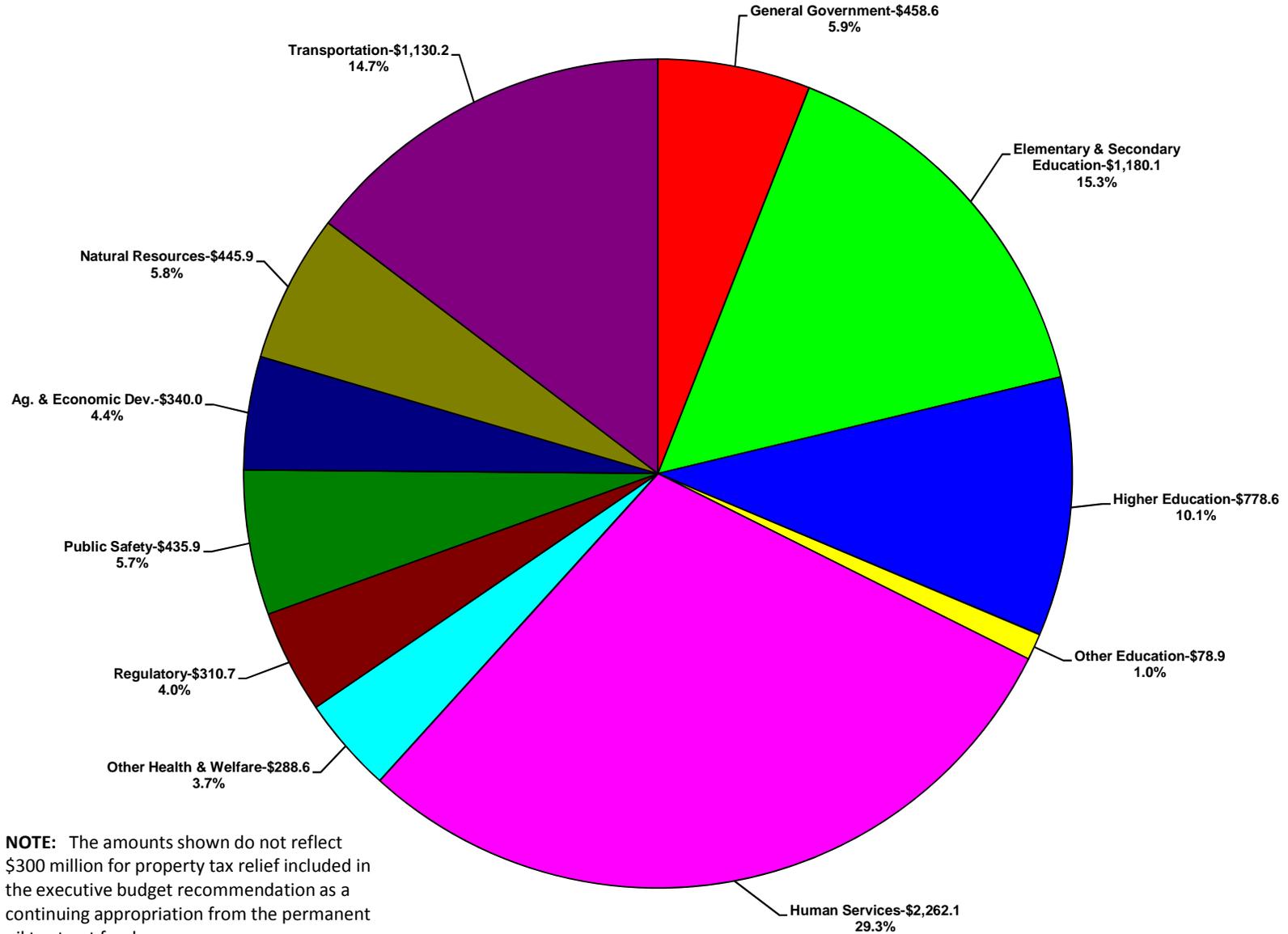


NOTE: The amounts shown reflect a \$5 million contingent general fund appropriation for school district deferred maintenance and physical plant improvement grants which became effective in February 2008.

2009-11 BIENNIUM RECOMMENDED ALL FUNDS APPROPRIATIONS

Amounts Shown in Millions

Total 2009-11 Executive Budget All Funds Recommendation - \$7,709.6

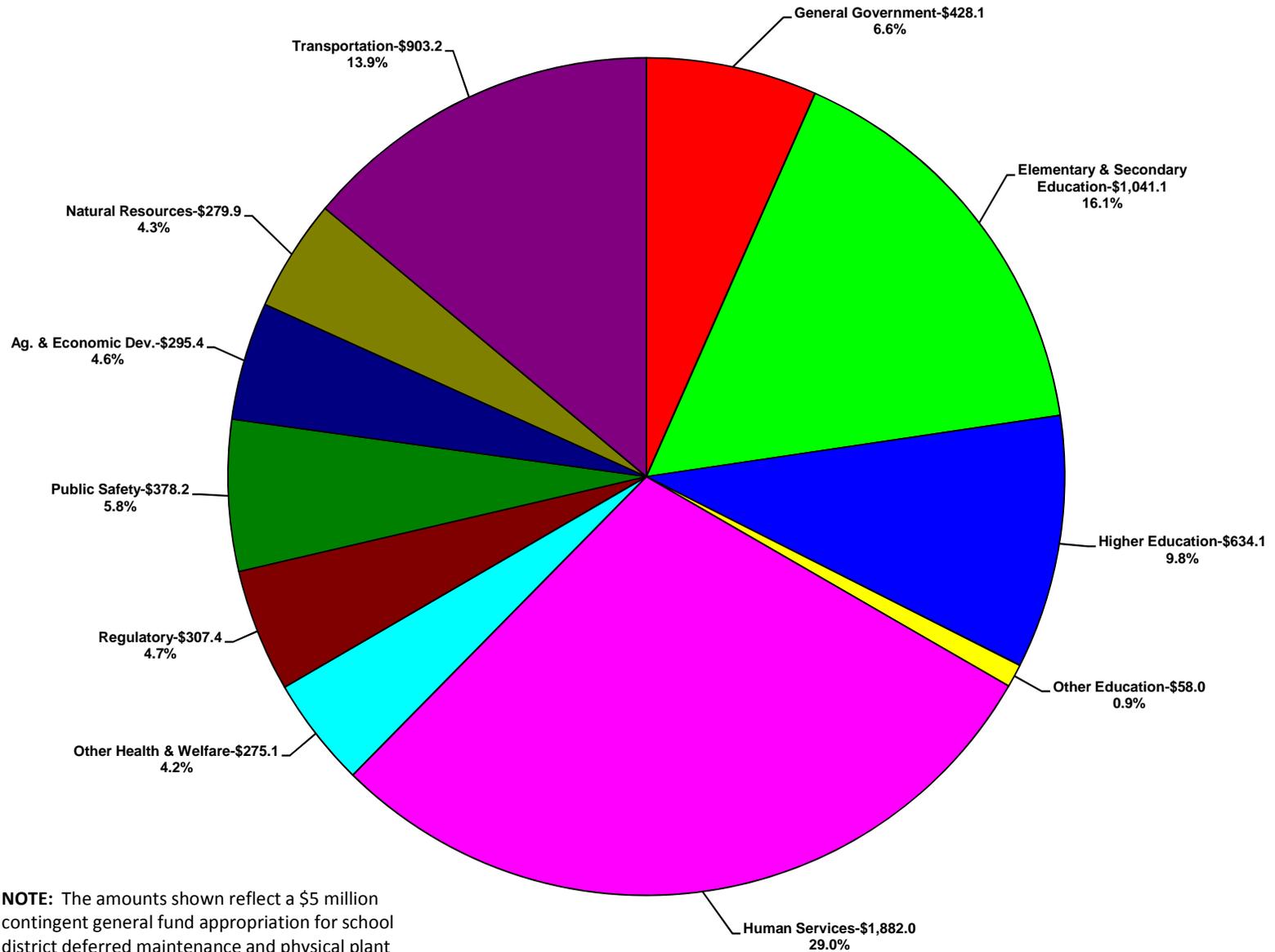


NOTE: The amounts shown do not reflect \$300 million for property tax relief included in the executive budget recommendation as a continuing appropriation from the permanent oil tax trust fund.

2007-09 BIENNIUM ALL FUNDS APPROPRIATIONS

Amounts Shown in Millions

Total 2007-09 All Funds Appropriations - \$6,482.5



NOTE: The amounts shown reflect a \$5 million contingent general fund appropriation for school district deferred maintenance and physical plant improvement grants which became effective in February 2008.

HISTORIC GENERAL FUND APPROPRIATIONS AND END-OF-BIENNIUM BALANCES

Biennium	General Fund Appropriations (In Millions) ¹	End-of-Biennium General Fund Balance (In Millions)	General Fund Balance as a Percentage of Appropriations
1967-69	\$145.64	\$20.60 ²	14.1%
1969-71	\$183.69	\$25.90 ²	14.1%
1971-73	\$226.26	\$52.50 ²	23.2%
1973-75	\$297.82	\$150.50 ³	50.5%
1975-77	\$442.53	\$208.30 ³	47.1%
1977-79	\$575.07	\$151.00 ³	26.3%
1979-81	\$680.42	\$174.50 ³	25.6%
1981-83	\$910.25	\$43.40 ³	4.8%
1983-85	\$1,017.86	\$150.41 ³	14.8%
1985-87	\$1,134.18	\$18.66 ³	1.6%
1987-89	\$1,058.71	\$40.00 ^{3,4}	3.8%
1989-91	\$1,061.51	\$105.67 ³	10.0%
1991-93	\$1,202.89	\$19.76 ³	1.6%
1993-95	\$1,251.93	\$31.15 ³	2.5%
1995-97	\$1,352.47	\$65.00 ^{3,5}	4.8%
1997-99	\$1,510.75	\$61.11 ³	4.0%
1999-2001	\$1,614.88	\$62.24 ³	3.9%
2001-03	\$1,727.97 ⁶	\$14.79 ^{3,7}	0.9%
2003-05	\$1,816.89	\$68.02 ^{3,8}	3.7%
2005-07	\$2,000.54	\$295.54 ^{3,9}	14.8%
2007-09	\$2,461.97	\$391.84 ¹⁰ (estimate)	15.9%
2009-11	\$3,110.92 ¹¹	\$64.79 (estimate)	2.1%

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

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

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

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

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

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

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

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

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

¹⁰In addition to the amount shown, the executive budget anticipates transferring \$111.1 million to the budget stabilization fund. Pursuant to NDCC Section 54-27.2-01, after June 30, 2009, the budget stabilization fund is limited to no more than 10 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly.

¹¹The amount shown reflects recommended general fund appropriations for the 2009-11 biennium.

GENERAL FUND REVENUES - KEY RECOMMENDATIONS AND ECONOMIC ASSUMPTIONS

General fund revenue growth - General fund revenues, **excluding transfers** and beginning balance, for the 2009-11 biennium are anticipated to increase by 7.6 percent, or \$189 million, from the revised 2007-09 revenue forecast and by 30.1 percent, or \$618.7 million, from the original 2007-09 revenue forecast.

Taxable sales and purchases - Sales and use tax collections are estimated to increase by \$63.4 million, or 5.9 percent, during the 2009-11 biennium, resulting in additional general fund revenues of \$63.4 million compared to the revised 2007-09 forecast.

Motor vehicle excise tax - Motor vehicle excise tax collections are expected to total \$129.5 million in 2009-11, an increase of \$1.2 million from the revised 2007-09 forecast of \$128.3 million, but a reduction of \$13.1 million, or 9.2 percent, from the 2007-09 revised estimate of general fund and highway fund collections from this tax of \$142.6 million. For the 2007-09 biennium, 10 percent of motor vehicle excise tax collections were deposited in the highway fund pursuant to Sections 13 and 15 of House Bill No. 1012 (2007). This allocation is effective only for the 2007-09 biennium. Therefore, the 2009-11 biennium revenue estimates include these collections only in the general fund rather than the general fund and highway fund.

Individual income tax - Individual income tax collections are expected to increase by 9.9 percent, or \$61 million, for an anticipated total of \$675.5 million during the 2009-11 biennium. This amount reflects a revenue reduction of \$100 million relating to income tax relief. This compares to the revised forecast for 2007-09 of \$614.5 million and the original 2007-09 forecast of \$497.8 million. The original and revised forecast amounts for the 2007-09 biennium reflect a revenue reduction of \$101 million relating to property tax income tax credits. These credits are effective only for the 2007 and 2008 tax years.

Corporate income tax - Corporate income tax collections are expected to increase by 3.9 percent, or \$9.9 million, for an anticipated total of \$262.8 million during the 2009-11 biennium. Corporate income tax collections are currently projected to total \$252.9 million during the 2007-09 biennium, compared to the original 2007-09 forecast of \$148.6 million. The amounts for the 2007-09 biennium reflect a revenue reduction of \$11 million relating to property tax income tax credits. These credits are effective only for the 2007 and 2008 tax years.

Oil and gas tax collections - Total state oil and gas tax collections are expected to increase from \$636 million in 2007-09 to \$676.5 million in 2009-11. North Dakota Century Code Section 57-51.1-07.2 provides that if oil and gas production and oil extraction tax collections during a biennium exceed \$71 million, the excess amount must be transferred from the general

fund to the permanent oil tax trust fund. An estimated \$565 million will be transferred to the permanent oil tax trust fund for the 2007-09 biennium. The executive budget recommends increasing the general fund share of oil and gas taxes from the current level of \$71 million to \$110 million per biennium, increasing the maximum biennial allocations of oil and gas revenues to the oil and gas impact fund from the current level of \$6 million to \$20 million, increasing the maximum allocations of gross production tax collections to individual counties by \$1 million per year, and increasing the maximum biennial allocation to the oil and gas research fund from the current level of \$3 million to \$5 million. The executive budget anticipates \$566.5 million will be transferred to the permanent oil tax trust fund for the 2009-11 biennium.

Oil prices - North Dakota crude oil prices averaged \$43.87 per barrel in November 2008. Oil prices are anticipated to gradually increase to \$59 per barrel during fiscal year 2009. Prices are expected to fluctuate between \$59 and \$66 during the 2009-11 biennium, with an average price of \$61 per barrel in fiscal year 2010 and \$63 per barrel in fiscal year 2011.

Oil production - Oil production for September 2008 averaged 188,246 barrels per day and is anticipated to increase to 200,000 barrels per day by the end of the 2007-09 biennium. Oil production is anticipated to increase to 210,000 barrels per day during fiscal year 2010 and continue to increase to approximately 215,000 barrels per day by the end of fiscal year 2011.

Coal conversion - Coal conversion tax collections are expected to total \$42.2 million in 2009-11, a decrease of \$5.2 million from 2007-09. The decrease is primarily due to tax exemptions granted to Coal Creek Station Units 1 and 2 for repowering projects, pursuant to NDCC Chapter 57-60.

Permanent oil tax trust fund transfer - The 2007 Legislative Assembly transferred \$115 million from the permanent oil tax trust fund to the general fund during the 2007-09 biennium. The Governor is not recommending a transfer from the permanent oil tax trust fund to the general fund during the 2009-11 biennium; however, the Governor is recommending a \$300 million continuing appropriation from the permanent oil tax trust fund for the property tax relief proposal.

Mill and Elevator Association transfers - The 2009-11 executive budget recommends a transfer of \$2.5 million from Mill and Elevator Association profits to the general fund for the 2009-11 biennium. The executive budget also recommends repealing the \$5 million transfer from the mill to the general fund for the 2007-09 biennium. The mill reported a loss of approximately \$800,000 in fiscal year 2008 and a \$12 million loss for the first quarter of fiscal year 2009.

Lands and minerals transfers - The Governor recommends general fund transfers from the lands and minerals trust fund of \$43.5 million in 2009-11, an increase of \$28.5 million approved by the Legislative Assembly for the 2007-09 biennium. Additional funds are available in the lands and minerals trust fund due to increased oil activity on state-owned lands.

**MAJOR GENERAL FUND REVENUE CHANGES - 2009-11 EXECUTIVE BUDGET REVENUE FORECAST
COMPARED TO 2007-09 ORIGINAL AND REVISED REVENUE FORECASTS**

General Fund Revenue Sources and Beginning Balance	2007-09 Original Legislative Revenue Forecast	Increase (Decrease) 2007-09 Revised Forecast Compared to 2007-09 Original Forecast	2007-09 Revised Revenue Forecast	Increase (Decrease) 2009-11 Executive Budget Forecast Compared to 2007-09 Revised Forecast	2009-11 Percentage Increase (Decrease) Compared 2007-09 Revised Forecast	2009-11 Executive Budget Revenue Forecast	Total Increase (Decrease) 2009-11 Executive Budget Forecast Compared to 2007-09 Original Forecast	2009-11 Percentage Increase (Decrease) Compared 2007-09 Original Forecast
Beginning balance	\$218,350,170 ¹	\$77,191,006	\$295,541,176 ²	\$96,299,766	32.6%	\$391,840,942 ³	\$173,490,772	79.5%
Revenues								
Sales and use tax	916,540,678	166,138,105	1,082,678,783	63,381,217	5.9%	1,146,060,000	229,519,322	25.0%
Motor vehicle excise tax	113,558,900 ⁴	14,774,156	128,333,056 ⁴	1,194,944	0.9%	129,528,000	15,969,100	14.1%
Individual income tax	497,816,000 ⁵	116,722,328	614,538,328 ⁵	60,968,672	9.9%	675,507,000 ⁵	177,691,000	35.7%
Corporate income tax	148,569,848 ⁶	104,333,850	252,903,698 ⁶	9,938,302	3.9%	262,842,000	114,272,152	76.9%
Insurance premium tax	55,470,000	11,120,545	66,590,545	909,455	1.4%	67,500,000	12,030,000	21.7%
Cigarette and tobacco tax	47,366,000	(2,460,313)	44,905,687	(2,876,687)	(6.4%)	42,029,000	(5,337,000)	(11.3%)
Oil and gas production tax	39,839,000	(529,685)	39,309,315	20,090,685	51.1%	59,400,000 ⁷	19,561,000	49.1%
Oil extraction tax	31,161,000	529,685	31,690,685	18,909,315	59.7%	50,600,000	19,439,000	62.4%
Coal conversion tax	47,447,000	18,410	47,465,410	(5,220,410)	(11.0%)	42,245,000	(5,202,000)	(11.0%)
Departmental collections	56,729,639	3,039,594	59,769,233	3,030,767	5.1%	62,800,000	6,070,361	10.7%
Other revenues	103,407,844	15,932,155	119,339,999	18,734,001	15.7%	138,074,000	34,666,156	33.5%
Total revenues	\$2,057,905,909	\$429,618,830	\$2,487,524,739	\$189,060,261	7.6%	\$2,676,585,000	\$618,679,091	30.1%
Total transfers and other sources								
Transfer - Bank of North Dakota	\$60,000,000	\$0	\$60,000,000	\$0	0.0%	\$60,000,000	\$0	0.0%
Transfer - Mill and Elevator	5,000,000	(5,000,000) ⁸	0 ⁸	2,500,000	N/A	2,500,000	(2,500,000)	(50.0%)
Transfer - Lands and minerals	15,000,000	0	15,000,000	28,500,000	190.0%	43,500,000	28,500,000	190.0%
Transfer - Permanent oil tax trust fund	115,000,000	0	115,000,000	(115,000,000)	(100.0%)	0	(115,000,000)	(100.0%)
Other transfers	4,374,056	0	4,374,056	(3,086,056)	(70.6%)	1,288,000	(3,086,056)	(70.6%)
Total transfers and other sources	\$199,374,056	(\$5,000,000)	\$194,374,056	(\$87,086,056)	(44.8%)	\$107,288,000	(\$92,086,056)	(46.2%)
Total general fund revenues, transfers, and beginning balance	\$2,475,630,135	\$501,809,836	\$2,977,439,971	\$198,273,971	6.7%	\$3,175,713,942	\$700,083,807	28.3%

¹ Original estimate for the July 1, 2007, balance.

² Actual July 1, 2007, balance.

³ Estimated July 1, 2009, balance - The executive budget recommendation projects a July 1, 2009, general fund balance of \$391,840,942, based on 2007-09 revised general fund revenue forecast of \$2,681,898,795 and appropriation authority of \$2,474,506,863 (general fund appropriations of \$2,461,973,956 plus proposed deficiency appropriations of \$22,532,907 and less estimated general fund turnback of \$10,000,000). In addition, it is estimated that \$111,092,167 will be transferred to the budget stabilization fund. Pursuant to NDCC Section 54-27.2-02 any amount in the state general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 5 percent of the current biennial general fund appropriations. House Bill No. 1429 (2007) allowed a \$200 million balance during the 2007-09 biennium and increased the maximum balance in the fund from 5 percent to 10 percent of

⁴ Sections 13 and 15 of House Bill No. 1012 (2007) provides for 10 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund during the 2007-09 biennium. Originally, this bill was anticipated to reduce general fund motor vehicle excise tax collections by \$12.6 million for the 2007-09 biennium. Based on the 2007-09 revised forecast, it is now anticipated that \$14.3 million will be deposited in the highway fund rather than the general fund during the 2007-09 biennium.

⁵ The amounts shown for the 2007-09 biennium reflect a revenue reduction of \$101 million relating to property tax income tax credits during the 2007-09 biennium as approved by the 2007 Legislative Assembly. The amount shown for the 2009-11 biennium reflects a revenue reduction of \$100 million relating to income tax relief as recommended by the Governor.

⁶ The amounts shown for the 2007-09 biennium reflect a revenue reduction of \$11 million relating to property tax income tax credits during the 2007-09 biennium as approved by the 2007 Legislative Assembly.

⁷ The 2009-11 executive budget recommends increasing the general fund share of oil and gas taxes from the current level of \$71 million to \$110 million.

⁸ The 2009-11 executive budget recommends repealing the \$5 million transfer from the Mill and Elevator for the 2007-09 biennium.

**GENERAL FUND REVENUE ESTIMATES FOR THE 2007-09 AND 2009-11 BIENNIUMS
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS
(Excludes Beginning General Fund Balances)**

	Actual		Estimated		2009-11 Increase (Decrease) Compared to 2007-09	2009-11 Percentage Increase (Decrease) Compared to 2007-09
	2003-05	2005-07	2007-09	2009-11		
	Biennium	Biennium	Biennium ¹	Biennium ²		
Revenue source						
Sales and use tax	\$717,758,293	\$841,930,866	\$1,082,678,783	\$1,146,060,000	\$63,381,217	5.9%
Motor vehicle excise tax	128,010,103	125,722,268	128,333,056 ³	129,528,000	1,194,944	0.9%
Individual income tax	452,547,326	587,659,377	614,538,328 ⁴	675,507,000 ⁴	60,968,672	9.9%
Corporate income tax	102,926,972	232,294,310	252,903,698 ⁵	262,842,000	9,938,302	3.9%
Insurance premium tax	56,284,535	52,873,010	66,590,545	67,500,000	909,455	1.4%
Business privilege tax	4,958,673	9,702,362	10,261,402	9,500,000	(761,402)	(7.4%)
Cigarette and tobacco tax	39,476,712	44,683,370	44,905,687	42,029,000	(2,876,687)	(6.4%)
Oil and gas production tax	45,534,044 ⁶	45,970,447 ⁶	39,309,315 ⁶	59,400,000 ⁶	20,090,685	51.1%
Oil extraction tax	25,465,956 ⁶	25,029,553 ⁶	31,690,685 ⁶	50,600,000 ⁶	18,909,315	59.7%
Coal conversion tax	47,196,831	49,217,864	47,465,410	42,245,000	(5,220,410)	(11.0%)
Gaming tax	20,850,911	17,986,019	20,283,806	20,765,000	481,194	2.4%
Lottery	7,269,005	12,600,000	11,155,000	11,155,000	0	0.0%
Wholesale liquor tax	11,889,465	12,787,869	13,734,874	13,939,000	204,126	1.5%
Mineral leasing fees	11,024,583	13,960,279	21,537,674	22,715,000	1,177,326	5.5%
Interest income	6,935,015	36,507,217	42,367,243	60,000,000	17,632,757	41.6%
Departmental collections	61,004,537	53,781,397	59,769,233	62,800,000	3,030,767	5.1%
Total revenues	\$1,739,132,961	\$2,162,706,208	\$2,487,524,739	\$2,676,585,000	\$189,060,261	7.6%
Transfers and other sources						
Transfer - Bank of North Dakota	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$0	0.0%
Transfer - Student loan trust	26,258,969	9,000,000	3,100,000	0	(3,100,000)	(100.0%)
Transfer - Mill and Elevator Association	5,000,000	5,000,000	0 ⁷	2,500,000	2,500,000	N/A
Transfer - Gas tax administration	1,396,200	1,400,000	1,274,056	1,288,000	13,944	1.1%
Transfer - Lands and minerals trust fund	2,000,000	6,800,000	15,000,000	43,500,000	28,500,000	190.0%
Transfer - Permanent oil tax trust fund	11,910,000	55,300,000	115,000,000	0	(115,000,000)	(100.0%)
Transfer - State bonding fund	2,800,000	0	0	0	0	0.0%
Transfer - Water development trust fund	10,070,373	0	0	0	0	0.0%
Transfer - Health care trust fund	35,911,035	16,900,000	0	0	0	0.0%
Transfers - Other	2,461,911	310,132	0	0	0	0.0%
Total transfers and other sources	\$157,808,488	\$154,710,132	\$194,374,056	\$107,288,000	(\$87,086,056)	(44.8%)
Total general fund revenues and transfers	\$1,896,941,449	\$2,317,416,340	\$2,681,898,795	\$2,783,873,000	\$101,974,205	3.8%
Federal fiscal relief payments	\$56,456,581 ⁸	\$0	\$0	\$0	\$0	0.0%
Total revenues, including federal fiscal relief payments	\$1,953,398,030	\$2,317,416,340	\$2,681,898,795	\$2,783,873,000	\$101,974,205	3.8%

¹ Revised 2007-09 revenue forecast (December 2008).

² Executive budget revenue forecast for the 2009-11 biennium.

³ Sections 13 and 15 of House Bill No. 1012 (2007) provides for 10 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund during the 2007-09 biennium. Originally, this bill was anticipated to reduce general fund motor vehicle excise tax collections by \$12.6 million for the 2007-09 biennium. Based on the 2007-09 revised forecast, it is now anticipated that \$14.3 million will be deposited in the highway fund rather than the general fund during the 2007-09 biennium.

⁴ The amounts shown for the 2007-09 biennium reflect a revenue reduction of \$101 million relating to property tax income tax credits during the 2007-09 biennium as approved by the 2007 Legislative Assembly. The amount shown for the 2009-11 biennium reflects a revenue reduction of \$100 million relating to income tax relief as recommended by the Governor.

⁵ The amounts shown for the 2007-09 biennium reflect a revenue reduction of \$11 million relating to property tax income tax credits during the 2007-09 biennium as approved by the 2007 Legislative Assembly.

⁶ From 1999 through 2003, NDCC Section 57-51.1-07.2 provided that if, at the end of any biennium, oil and gas gross production and extraction tax collections during the biennium exceed \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. Interest on money in the fund is transferred to the general fund.

Section 26 of 2003 Senate Bill No. 2015 amended NDCC Section 57-51.1-07.2 so that all revenues deposited in the general fund during a biennium that are derived from the oil and gas gross production tax which exceed \$71 million are to be transferred into the permanent oil tax trust fund, instead of the prior \$62 million limit. In August 2003, \$11.91 million was transferred from the permanent oil tax trust fund to the general fund, pursuant to Section 6 of 2003 Senate Bill No. 2015.

Total oil and gas tax collections were \$120.5 million during the 2003-05 biennium, resulting in \$49.5 million being transferred to the permanent oil tax trust fund at the end of that biennium. The July 1, 2005, balance in the permanent oil tax trust fund was \$50.4 million.

Total oil and gas tax collections were \$240.8 million during the 2005-07 biennium, resulting in \$169.8 million being transferred to the permanent oil tax trust fund at the end of that biennium. The July 1, 2007, balance in the permanent oil tax trust fund was \$143.3 million.

Total oil and gas collections are estimated to be \$636 million for the 2007-09 biennium, resulting in \$565 million being transferred to the permanent oil tax trust fund. The 2007 Legislative Assembly authorized transfers from the permanent oil tax trust fund for funding centers of excellence (\$15 million), higher education capital projects and programs (\$7,783,315), a new Veterans Home facility (\$6,483,226), an agricultural research and extension services operating pool (\$750,000), grants to tribal colleges (\$700,000), and for a transfer to the general fund (\$115 million). The estimated June 30, 2009, balance in the permanent oil tax trust fund is \$562.5 million.

Total oil and gas collections are estimated to be \$676.5 million for the 2009-11 biennium. The executive budget recommends an increase in the general fund share of oil and gas taxes from \$71 million to \$110 million, resulting in \$566.5 million being transferred to the permanent oil tax trust fund. The executive budget also recommends that \$300 million be appropriated for the property tax relief initiative. The estimated June 30, 2011, balance in the permanent oil tax trust fund is \$829 million.

⁷ The 2009-11 executive budget recommends repealing the \$5 million transfer from the Mill and Elevator Association for the 2007-09 biennium.

⁸ This amount relates to \$56,456,581 of federal fiscal relief funding received by the state, \$50 million in direct payments, and \$6,456,581 received as enhanced federal medical assistance percentage (FMAP) reimbursements relating to 2001-03 biennium expenditures but which were not received until the 2003-05 biennium.

NORTH DAKOTA OIL PRODUCTION AND OIL MARKET PRICES

Period	Oil Production (In Barrels)		Market Price Per Barrel ¹	
			Beginning of Period	End of Period
	Average Per Day	Total		
Actual production for fiscal year 2006	103,668	37,838,784	\$50.83	\$62.66
Actual production for fiscal year 2007	115,943	42,319,092	\$62.33	\$56.97
Total 2005-07 biennium	109,805	80,157,876		
Actual production for fiscal year 2008	138,611	50,731,739	\$60.65	\$117.01
Estimated production for fiscal year 2009	191,989	70,076,000	\$124.45	\$58.56
Total 2007-09 biennium	165,490	120,807,739		
Estimated production for the 2009-11 biennium	209,569	152,985,000	\$58.56	\$61.21

The following are the estimated average posted field oil prices for the 2009-11 biennium for selected months:

	September 2009	December 2009	March 2010	June 2010	September 2010	December 2010	March 2011	May 2011
Estimated posted field oil prices	\$65.56	\$63.90	\$56.83	\$58.48	\$68.16	\$62.89	\$59.10	\$61.21

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

Posted field price is the price at which a crude oil purchaser will buy the oil of a certain quality from a particular field or area.

Spot price is the price for crude oil at which a one-time seller transaction is consummated.

Futures price is the price at which a contract for the future purchase or sale of oil is traded. The leading or benchmark price for crude oil futures is that paid for West Texas intermediate crude oil.

¹The oil prices shown are the Tesoro posted field prices for North Dakota sweet crude, which includes the Montana counties of Sheridan, Roosevelt, and Richland. The prices at the beginning and end of the periods are the monthly average actual or estimated posted prices.

DISTRIBUTION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS GROSS PRODUCTION TAXES FOR THE 2009-11 BIENNIUM (AMOUNTS ARE SHOWN IN MILLIONS OF DOLLARS)

Tax	General Fund ³	Permanent Oil Tax Trust Fund ³	Common Schools Trust Fund ⁴	Foundation Aid Stabilization Fund ⁴	Resources Trust Fund	Oil and Gas Impact Grant Fund ⁵	Counties, Cities, and School Districts ⁶	Oil and Gas Research Fund ⁷	Total
2009-11 Executive Forecast¹									
Oil extraction tax ⁷	\$50.60	\$231.21	\$47.36	\$47.36	\$94.72			\$2.33	\$473.58
Oil and gas gross production tax ⁸	59.40	335.29				\$20.00	\$75.17	2.67	492.53
Total	\$110.00	\$566.50	\$47.36	\$47.36	\$94.72	\$20.00	\$75.17	\$5.00	\$966.11
2009-11 Forecast Based on Current Law²									
Oil extraction tax ⁸	\$31.69	\$251.05	\$47.36	\$47.36	\$94.72			\$1.40	\$473.58
Oil and gas gross production tax ⁹	39.31	378.15				\$6.00	\$67.47	1.60	492.53
Total	\$71.00	\$629.20	\$47.36	\$47.36	\$94.72	\$6.00	\$67.47	\$3.00	\$966.11

¹The amounts shown are as recommended in the 2009-11 executive budget.

²The amounts shown reflect distributions based on current law using the 2009-11 forecasted revenue collections.

³North Dakota Century Code Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that all revenues deposited in the general fund during a biennium derived from taxes imposed on oil and gas under Chapters 57-51 (Oil and Gas Gross Production Tax) and 57-51.1 (Oil Extraction Tax) which exceed \$71 million are to be transferred by the State Treasurer to the permanent oil tax trust fund. The State Treasurer is to transfer the interest earnings on the fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly. The executive budget recommends increasing the general fund share of oil and gas taxes from the current level of \$71 million to \$110 million.

The revised revenue forecast for the 2007-09 biennium projects oil and gas gross production tax and oil extraction tax revenues deposited into the general fund to exceed \$71,000,000 by \$564,985,026. Therefore, \$564,985,026 is projected to be transferred to the permanent oil tax trust fund during the 2007-09 biennium.

The revenue forecast for the 2009-11 biennium projects oil and gas gross production tax and oil extraction tax revenues deposited in the general fund to exceed \$110,000,000 by \$566,508,000. Therefore, \$566,508,000 is projected to be transferred to the permanent oil tax trust fund during the 2009-11 biennium.

⁴The 1993 Legislative Assembly passed Senate Concurrent Resolution No. 4011, which contained a constitutional amendment relating to the distribution of oil extraction tax revenues. The constitutional amendment was approved by the voters in the November 1994 general election. The constitutional amendment provides that 20 percent of the oil extraction tax revenues are to be allocated as follows:

Fifty percent (of the 20 percent) to the common schools trust fund.

Fifty percent (of the 20 percent) to a foundation aid stabilization fund.

⁵North Dakota Century Code Section 57-51-15 provides an allocation of up to \$6 million of gross production tax to the oil and gas impact grant fund. The executive budget recommends increasing the allocation to a maximum of \$20 million.

⁶The executive budget recommends increasing the caps used to allocate gross production taxes to individual counties by \$1 million per year. This results in an estimated increase of \$7.7 million available for distribution to counties during the 2009-11 biennium. North Dakota Century Code Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. Up to 35 percent of all revenues allocated to counties must be apportioned to school districts within the county on the average daily attendance distribution basis. Up to 20 percent of all revenues allocated to counties must be apportioned to incorporated cities in the county based on population.

⁷North Dakota Century Code Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes an oil and gas research fund and provides that 2 percent of the state's share of oil and gas gross production tax and oil extraction tax revenues, up to \$3 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 executive budget recommends increasing the appropriation to the oil and gas research fund from the current level of \$3 million to \$5 million.

⁸The oil extraction tax rate is 6.5 percent of the gross value at the well for wells drilled prior to April 27, 1987. For oil produced from wells drilled after April 27, 1987, there is no extraction tax levied for 15 months, and thereafter the rate is 4 percent. The initial production of oil from a well is exempt from any oil extraction tax for a period of 60 months if it meets any of the following conditions: (1) is located within the boundaries of an Indian reservation; (2) is on lands held in trust for an Indian tribe or individual Indian; or (3) is on lands held by an Indian tribe as of August 1, 1997. For oil produced from any well drilled and completed as a horizontal well after April 27, 1987, there is no extraction tax levied for 24 months, and thereafter the rate is 4 percent. The oil extraction tax rate is 4 percent for qualifying secondary and tertiary recovery projects, and production from stripper wells and enhanced oil production methods is exempt. If the average price of a barrel of oil exceeds the trigger price for each month in any consecutive five-month period, the oil extraction tax will become 6.5 percent. The tax rate reverts to 4 percent if the average price of a barrel of oil is less than the trigger price for each month in any consecutive five-month period. The trigger price is defined in statute as \$35.50, as indexed for inflation, and the Tax Commissioner computes the indexed trigger price by December 31 of each year to be applied for the following calendar year.

The average price per barrel of oil exceeded the trigger price throughout the 2007-09 biennium, resulting in an oil extraction tax rate of 6.5 percent for the biennium. The adjusted trigger price for calendar year 2008 is \$43.92 and the adjusted trigger price for 2009 is anticipated to be \$47.66. In November 2008 the average North Dakota price used to determine the trigger was \$57.44

The oil extraction tax is allocated 20 percent to the resources trust fund for water development projects, 10 percent to the common schools trust fund, 10 percent to the foundation aid stabilization fund, and 60 percent to the state general fund.

⁹The gross production tax on oil is 5 percent of the gross value at the well on oil produced. The gross production tax on gas is four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.

The oil and gas gross production tax is distributed per formula to the oil and gas impact grant fund (up to \$6 million per biennium), to the state general fund, and to political subdivisions within producing counties. North Dakota Century Code Section 57-51-15.1 (effective after June 30, 2007) (2005 House Bill No. 1404) changes the cap for distribution to the oil and gas impact grant fund from \$5 million per biennium to \$6 million per biennium. The executive budget recommends increasing the maximum allocation to the oil and gas impact grant fund from the current level of \$6 million to \$20 million.

**DEFICIENCY APPROPRIATIONS FOR THE 2007-09 BIENNIUM
INCLUDED IN THE 2009-11 BIENNIUM EXECUTIVE RECOMMENDATION
(HOUSE BILL NO. 1023, SENATE BILL NO. 2025)**

House Bill No. 1023	General Fund	Other Funds	Total
Office of Management and Budget - Estimated amount needed to repay the \$5 million loan from the Bank of North Dakota for authorized centers of excellence projects	\$5,000,000		\$5,000,000
Attorney General - Estimated amount needed for litigation fees, prosecution witness fees, and arrest and return of fugitives	99,000		99,000
University of North Dakota - Estimated amount needed to repay the Bank of North Dakota for the state's share of expenses resulting from the 1997 flood	1,310,955		1,310,955
North Dakota State University - Estimated amount needed to repay the Bank of North Dakota for the state's share of expenses resulting from the 2000 flood	527,842		527,842
Adjutant General - Department of Emergency Services - Estimated amount needed to repay the Bank of North Dakota for the state's share of disaster costs	3,422,553		3,422,553
Main Research Center - Estimated amount needed for bond payments on capital projects authorized by the 2005 Legislative Assembly. Payments were inadvertently omitted from the 2007-09 appropriation.	100,499		100,499
Central Grasslands Research Center - Estimated amount needed for bond payments on capital projects authorized by the 2005 Legislative Assembly. Payments were inadvertently omitted from the 2007-09 appropriation.	13,560		13,560
North Central Research Center - Estimated amount needed for bond payments on capital projects authorized by the 2005 Legislative Assembly. Payments were inadvertently omitted from the 2007-09 appropriation.	22,094		22,094
Total - House Bill No. 1023	\$10,496,503		\$10,496,503
Senate Bill No. 2025			
Veterans Home - Estimated amount needed to complete the building and furnishing of a new Veterans Home	\$12,036,404	\$1,291,582	\$13,327,986
Total deficiency appropriations for the 2007-09 biennium	\$22,532,907	\$1,291,582	\$23,824,489

GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2009-11 executive budget to the 2007-09 appropriations approved by the 2007 Legislative Assembly and lists major changes:

	2007-09 Original Legislative Appropriations	Increase (Decrease) From 2007-09	2009-11 Executive Budget
General fund appropriations	\$2,461,973,956 ¹	\$648,947,709	\$3,110,921,665
Major changes include:			
Recommended salary and fringe benefits increase		\$53,729,125	
Higher education		145,575,323	
Department of Transportation		120,000,000	
Department of Human Services		113,863,765	
Department of Public Instruction		104,498,371	
State Historical Society		19,980,232	
State Fair Association		16,530,000	
Main Research Center		12,229,749	
Judicial branch		11,427,034	
Other net changes		51,114,110	
Total		\$648,947,709	

¹Includes a \$5 million contingent general fund appropriation for school district deferred maintenance and physical plant improvement grants, which became effective in February 2008.

Major changes and key recommendations affecting 2009-11 general fund appropriations include:

- **Recommended salary and fringe benefits increase - \$53,729,125.** The executive budget recommends funding for state employee salary increases of 5 percent effective July 1, 2009, and 5 percent effective July 1, 2010, with a minimum increase of \$100 per month for each employee. Salary increases must be based on merit and equity and are not to be given across the board. The general fund portion of the executive budget salary and fringe benefits increase package is \$53.7 million. See **State Employees** section for additional information on state employee salary increases.
- **Higher education - \$145,575,323.** The executive budget increases funding from the general fund as follows:
 - \$49.4 million for campus parity costs.
 - \$10 million for campus equity payments.
 - \$33.1 million for major capital projects.
 - \$4.3 million for ongoing operations of the common information services pool.

\$20 million for emergency preparedness, security, and maintenance.

\$34 million for the student financial assistance grant program.

- **Department of Transportation - \$120,000,000.** The executive budget provides a one-time transfer of \$120,000,000 from the general fund to the highway tax distribution fund for infrastructure maintenance, repairs, and improvement projects for the state and political subdivisions.
- **Department of Human Services - \$113,863,765.** The executive budget increases funding from the general fund as follows:
 - \$17.3 million for cost, caseload, and utilization changes.
 - \$10.2 million relating to federal medical assistance percentage (FMAP) changes.
 - \$7.8 million to continue 2007-09 human services provider inflationary increases.
 - \$13.9 million for rebasing Medicaid payments for hospitals, physicians, chiropractors, and ambulances.
 - \$37.2 million for inflationary increases for human service providers.
 - \$4.3 million of one-time funding for extraordinary repairs and equipment over \$5,000.
 - \$4.4 million for a global behavioral health initiative to address capacity levels at the community level.
 - \$3.5 million to address salary equity issues.
- **Department of Public Instruction - \$104,498,371.** The executive budget provides \$837 million for state school aid formula payments, an increase of \$111 million, of which \$101.7 million is from the general fund and \$9.3 million is from the state tuition fund. See **Elementary Education** section for additional information.
- **State Historical Society - \$19,980,232.** The executive budget provides \$30 million, of which \$18 million is from the general fund, for the Heritage Center expansion project. The executive budget also adds \$1.36 million for bond payments for the Heritage Center archives expansion and the Interpretive Center at the Chateau de Mores state historic site.
- **State Fair Association - \$16,530,000.** The executive budget provides \$17 million from the general fund for a new state fair grandstand.
- **Main Research Center - \$12,229,749.** The executive budget provides \$17 million from the general fund for capital projects (\$11,450,400 for the research greenhouse complex, \$2,937,200 for renovations at the

branch research centers, and \$2,612,400 for the completion of the beef research facility).

- **Judicial branch - \$11,427,034.** The executive budget provides \$1.36 million for 11 new full-time equivalent positions and \$7.9 million for the unified court information system replacement project, including the amount provided for the management reserve fund.

SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2009-11 executive budget to the 2007-09 appropriations approved by the 2007 Legislative Assembly and lists major special funds sources changes:

	2007-09 Legislative Appropriations	Increase (Decrease) From 2007-09	2009-11 Executive Budget
All funds appropriations	\$6,482,489,040	\$1,227,067,107	\$7,709,556,147
Less general fund appropriations	2,461,973,956	648,947,709	3,110,921,665
Total special funds appropriations	\$4,020,515,084	\$578,119,398	\$4,598,634,482
Major special funds sources and changes include:			
Federal funds	\$2,474,345,690 ¹	\$360,081,018	\$2,834,426,708
State Water Commission	146,622,795	96,804,460	243,427,255
Department of Corrections and Rehabilitation	16,573,616	46,579,253	63,152,869
Tobacco Prevention and Control Advisory Committee	0	18,600,000	18,600,000
Department of Transportation	433,229,147	17,270,078	450,499,225
Office of Management and Budget	30,249,390	(16,473,557)	13,775,833
Land Department	9,134,008	14,672,140	23,806,148
Department of Public Instruction	77,516,056	9,294,002	86,810,058
Public Employees Retirement System	15,273,290	(9,074,154)	6,199,136
State Historical Society	4,138,462	7,919,871	12,058,333
Veterans Home	18,626,774	(7,159,163)	11,467,611
Other	794,805,856	39,605,450	834,411,306
Total	\$4,020,515,084	\$578,119,398	\$4,598,634,482

¹The amount shown is the total federal funds appropriated by the Legislative Assembly as reported by state agencies on a survey for the Budget Section completed in October 2008.

Major changes and key recommendations affecting 2009-11 special funds appropriations include:

- **Federal funds - \$360,081,018.** The executive budget recommends a federal fund increase of \$360.1 million, including increases of \$221.6 million for the Department of Human Services, \$76.8 million for the Department of Transportation, \$27.6 million for the State Water Commission, and \$24.2 million for the Department of Public Instruction. Please refer to the Federal Funds Comparison worksheet under the **Appropriations** section for additional information.
- **State Water Commission - \$96,804,460.** The executive budget increases special funds from the resources trust fund by \$119 million and decreases special funds from the water development trust fund by \$7.7 million primarily for water projects.
- **Department of Corrections and Rehabilitation - \$46,579,253.** The executive budget for the department includes \$44.5 million from the State Penitentiary land fund for a prison expansion/renovation project. The 2007 Legislative Assembly approved a transfer of \$41 million from the general fund to the State Penitentiary land fund during the 2007-09 biennium.
- **Tobacco Prevention and Control Advisory Committee - \$18,600,000.** The executive budget provides \$18.6 million in special funds from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Advisory Committee established by initiated measure No. 3 approved by voters in the November 2008 general election.
- **Department of Transportation - \$17,270,078.** The executive budget increases funding for Fleet Services by \$16.1 million.

- **Office of Management and Budget - (\$16,473,557).** The executive budget changes funding for centers of excellence from \$15 million of special funds from the permanent oil tax trust fund and \$5 million of special funds from borrowing authority to \$15 million from the general fund and \$5 million of special funds from borrowing authority.
- **Land Department - \$14,672,140.** The executive budget recommends increasing funding for oil and gas impact grants as a result of increasing the maximum allocation of oil and gas gross production taxes to the oil and gas impact grant fund from the current level of \$6 million to \$20 million.
- **Department of Public Instruction - \$9,294,002.** The executive budget anticipates an increase of \$9.3 million in special funds available from the tuition apportionment fund to be disbursed to school districts as part of the state school aid distribution.
- **Public Employees Retirement System - (\$9,074,154).** The 2007-09 legislative appropriation provided a \$9.6 million special funds appropriation for a legacy application computer system replacement project. The executive budget recommendation removes the special funds authority for this project.
- **State Historical Society - \$7,919,871.** The executive budget for the State Historical Society removes special funds authority of \$5.5 million for one-time funding and capital projects and includes one-time funding of \$12 million from other funds for the Heritage Center expansion project.
- **Veterans Home - (\$7,159,163).** The 2007-09 legislative appropriation included a one-time \$8 million special funds appropriation for the new Veterans Home building. The executive budget recommendation removes the special funds authority for this project.

FEDERAL FUNDS
COMPARISON OF 2007-09 APPROPRIATIONS AND 2009-11 EXECUTIVE RECOMMENDATION

Agency	2007-09 Appropriation ¹	2007-09 Current Estimate ¹	2009-11 Executive Budget	2009-11 Executive Budget Increase (Decrease) Compared to 2007-09 Appropriation	Percentage Increase (Decrease)
Attorney General	\$9,914,871	\$8,798,791	\$10,581,910	\$667,039	6.7%
Department of Public Instruction	241,117,826	244,446,480	272,995,088	31,877,262 ²	13.2% ²
Department of Career and Technical Education	10,830,658	10,117,772	10,557,908	(272,750)	(2.5%)
State Department of Health	115,234,259	118,595,759	125,356,124	10,121,865 ³	8.8% ³
Department of Human Services	1,208,896,325	1,192,469,609	1,434,591,720	225,695,395 ⁴	18.7% ⁴
Job Service North Dakota	61,755,417	58,356,135	61,414,362	(341,055)	(0.6%)
Public Service Commission	6,987,817	6,208,528	9,659,767	2,671,950 ⁵	38.2% ⁵
Aeronautics Commission	1,618,300	2,801,288	5,247,000	3,628,700 ⁶	224.2% ⁶
Housing Finance Agency	25,009,800	24,212,198	23,824,360	(1,185,440) ⁷	(4.7%) ⁷
Department of Corrections and Rehabilitation	7,410,325	6,849,064	7,381,520	(28,805)	(0.4%)
Adjutant General	130,007,211	115,278,789	114,371,426	(15,635,785) ⁸	(12.0%) ⁸
Department of Commerce	45,454,495	33,839,100	44,821,790	(632,705)	(1.4%)
Department of Agriculture	6,242,506	6,506,871	8,337,309	2,094,803 ⁹	33.6% ⁹
Upper Great Plains Transportation Institute	15,410,351	11,514,791	16,853,610	1,443,259 ¹⁰	9.4% ¹⁰
Game and Fish Department	19,490,028	20,020,028	23,265,396	3,775,368 ¹¹	19.4% ¹¹
Parks and Recreation Department	7,067,708	5,683,000	6,186,214	(881,494)	(12.5%)
State Water Commission	27,507,123	27,500,013	55,080,945	27,573,822 ¹²	100.2% ¹²
Department of Transportation	481,600,000	521,900,000	559,683,025	78,083,025 ¹³	16.2% ¹³
All other agencies and institutions	52,790,670	47,681,525	44,217,234	(8,573,436)	(16.2%)
Total	\$2,474,345,690	\$2,462,779,741	\$2,834,426,708	\$360,081,018	14.6%

¹ 2007-09 appropriation and 2007-09 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in September 2008 for the Budget Section of the Legislative Council.

² Department of Public Instruction - \$31,877,262 increase

The increase is primarily attributable to anticipated increases in funding for the following programs:

Title I Grants to Local Education Agencies (from \$60,342,946 in 2007-09 to \$74,338,135 in 2009-11)	\$13,995,189
Statewide Longitudinal Data Systems Grant (from \$0 in 2007-09 to \$9,291,288 in 2009-11)	\$9,291,288
USDA National School Lunch (from \$30,169,349 in 2007-09 to \$35,835,273 in 2009-11)	\$5,665,924
Enhancing Education through Education (from \$2,611,684 in 2007-09 to \$6,164,959 in 2009-11)	\$3,553,275

3 State Department of Health - \$10,121,865 increase	
The increase is primarily attributable to anticipated increases in funding for the following programs:	
Women, infants, and children program (from \$23,495,746 in 2007-09 to \$31,319,000 in 2009-11)	\$7,823,254
Executive budget salary and equity increases effect on various federal funds	\$2,514,944
4 Department of Human Services - \$225,695,395 increase	
The increase is primarily attributable to anticipated increases in the following programs:	
Medicaid (from \$825,202,494 in 2007-09 to \$909,002,215 in 2009-11)	\$83,799,721
Children's health insurance program (from \$24,076,529 in 2007-09 to \$40,383,053 in 2009-11)	\$16,306,524
Low-income home energy assistance program (from \$41,615,852 in 2007-09 to \$53,526,815 in 2009-11)	\$11,910,963
Food stamp and nutrition programs (from \$115,509,599 in 2007-09 to \$212,969,563 in 2009-11)	\$97,459,964
5 Public Service Commission - \$2,671,950 increase	
The increase is primarily attributable to an anticipated increase in funding for the following program:	
Abandoned mine lands program (from \$5,474,476 in 2007-09 to \$7,224,936 in 2009-11)	\$1,750,460
6 Aeronautics Commission - \$3,628,700 increase	
The increase is primarily attributable to anticipated increases in funding for the following programs:	
ADS-B navigational systems (from \$0 in 2007-09 to \$855,000 in 2009-11)	\$855,000
Automated weather observing systems and master plans (from \$0 in 2007-09 to \$2,812,000 in 2009-11)	\$2,812,000
7 Housing Finance Agency - \$1,185,440 decrease	
The decrease is primarily attributable to an anticipated decrease in funding for the following program:	
Housing and Urban Development grants (from \$25,009,800 in 2007-09 to \$23,824,360 in 2009-11)	(\$1,185,460)
8 Adjutant General - \$15,635,785 decrease	
The decrease is primarily attributable to an anticipated decrease in funding for the following program:	
Army Guard contracts (from \$77,725,206 in 2007-09 to \$59,008,175 in 2009-11)	(\$18,717,031)
9 Department of Agriculture - \$2,094,803 increase	
The increase is primarily attributable to anticipated increases in funding for the following programs:	
Dairy pollution prevention (from \$990,090 in 2007-09 to \$1,513,850 in 2009-11)	\$523,760
USDA promotion and specialty crops (from \$190,000 in 2007-09 to \$1,217,376 in 2009-11)	\$1,027,376
Pesticide enforcement (from \$1,194,224 in 2007-09 to \$1,448,510 in 2009-11)	\$254,286
10 Upper Great Plains Transportation Institute - \$1,443,259 increase	
The increase is primarily attributable to anticipated increases in funding for the following programs:	
Rural Transportation Initiative (from \$1,646,989 in 2007-09 to \$2,259,730 in 2009-11)	\$612,741
Transportation safety systems center (from \$3,895,830 in 2007-09 to \$4,331,629 in 2009-11)	\$435,799
11 Game and Fish Department - \$3,775,368 increase	
The increase is primarily attributable to anticipated increases in funding for the following programs:	
Federal aid in fisheries restoration program (from \$7,562,153 in 2007-09 to \$8,955,375 in 2009-11)	\$1,393,222
Federal aid in wildlife restoration program (from \$7,203,809 in 2007-09 to \$9,367,136 in 2009-11)	\$2,163,327
12 State Water Commission - \$27,573,822 increase	
The increase is primarily attributable to anticipated increases in funding for the following programs:	
Northwest Area Water Supply Project (from \$16,525,000 in 2007-09 to \$30,806,158 in 2009-11)	\$14,281,158
Southwest Pipeline Project (from \$5,178,142 in 2007-09 to \$19,154,604 in 2009-11)	\$13,976,462

¹³ **Department of Transportation - \$78,083,025 increase**

The increase is primarily attributable to anticipated increases in funding for the following programs:

Federal Highway Administration formula funds (from \$453,700,000 in 2007-09 to \$500,900,000 in 2009-11)	\$47,200,000
Federal emergency relief funds (from \$2,500,000 in 2007-09 to \$33,700,000 in 2009-11)	\$31,200,000

ECONOMIC DEVELOPMENT - GENERAL FUND APPROPRIATIONS

	2005-07 Legislative Appropriation	2007-09 Legislative Appropriation	2009-11 Executive Recommendation	Increase (Decrease)
Department of Commerce - SB 2018				
Administration				
Marketing program		\$1,304,352 ¹	\$1,305,162 ¹	\$810
Discretionary funds	\$1,450,127	1,450,127	928,083	(522,044)
Partner programs	150,000	50,000	2,022,044 ²	1,972,044
Trade Office		1,500,000	2,000,000	500,000
Division of Economic Development and Finance				
Operating costs	4,876,020	2,497,997 ¹	2,694,310 ¹	196,313
North Dakota Development Fund, Inc.		3,000,000		(3,000,000)
Economic development initiatives	500,000	286,846	186,846	(100,000)
Agricultural Products Utilization Commission	1,446,046	1,662,115	1,686,630	24,515
Innovation and technology				
Operating costs		702,109	601,641	(100,468)
Innovate ND program		150,000	250,000	100,000
Division of Workforce Development				
Operating costs	313,056	110,058	1,014,794	904,736
Operation Intern		600,000	1,200,000	600,000
Economic development initiatives		760,000		(760,000)
Transfer to the workforce enhancement fund		2,000,000	2,000,000	
Matching grants to communities to establish or expand child care options			3,500,000	3,500,000
Division of Community Services				
Cost-share programs for installation of biofuels blender pumps and other alternative energy projects			2,000,000	2,000,000
Total	\$8,735,249	\$16,073,604	\$21,389,510	\$5,315,906
Department of Agriculture - HB 1009				
Pride of Dakota	\$139,594	\$250,000	\$250,000	
Agricultural mediation	84,360	120,497	152,023	\$31,526
Total	\$223,954	\$370,497	\$402,023	\$31,526
Department of Career and Technical Education - SB 2019				
Farm management program	\$499,802	\$549,802	\$749,802	\$200,000
Workforce training contracts	1,350,000	3,000,000	3,305,000	305,000
Total	\$1,849,802	\$3,549,802	\$4,054,802	\$505,000
Job Service North Dakota - SB 2016				
Workforce 20/20	\$1,480,628	\$1,500,000	\$1,512,491	\$12,491
Industrial Commission - SB 2014				
Renewable energy development fund		\$3,000,000	\$5,000,000	\$2,000,000

Bank of North Dakota - SB 2014				
PACE	\$5,700,000	\$8,000,000	\$8,000,000	
Ag PACE		1,400,000	1,400,000	
Biodiesel PACE	1,200,000			
Biofuels PACE		4,200,000	1,400,000	(\$2,800,000)
Total	\$6,900,000	\$13,600,000	\$10,800,000	(\$2,800,000)
Total economic development funding	\$19,189,633	\$38,093,903	\$43,158,826	\$5,064,923

¹The marketing program now under administration was previously included in the operating costs of the Division of Economic Development and Finance.

²This amount includes funding for Small Business Development Centers, the Manufacturing Extension Partnership, American Indian Business Development Office, and rural development business and technology programs. Funding for these programs was previously included in other divisions.

**INFORMATION TECHNOLOGY PROJECTS
EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2009-11 BIENNIUM¹**

Agency or Institution	Project	General Fund	Other Funds	Total
108 - Secretary of State (HB 1002)	Electronic pollbook purchases for counties		\$4,500,000	\$4,500,000
	Database and processing platform migration project	\$780,000		780,000
	Total - Secretary of State	\$780,000	\$4,500,000	\$5,280,000
110 - Office of Management and Budget (HB 1015)	Business intelligence and data warehouse ¹	\$1,000,000		\$1,000,000
112 - Information Technology Department (SB 2021)	Statewide deployment of the PowerSchool application ¹	\$4,196,934	\$757,561	\$4,954,495
	Criminal Justice Information Sharing Initiative - Operations and support	1,293,896	417,032	1,710,928
	Criminal Justice Information Sharing Initiative - Projects ¹	369,748		369,748
	Criminal Justice Information Sharing Initiative - Statewide automated victim information notification system	504,954	1,123,609	1,628,563
	Geographic information systems	714,678	75,000	789,678
	Longitudinal data system ¹	2,466,325		2,466,325
	Total - Information Technology Department	\$9,546,535	\$2,373,202	\$11,919,737
117 - State Auditor (HB 1004)	Electronic working papers	\$150,000		\$150,000
125 - Attorney General (HB 1003)	Laboratory information management system replacement (including toxicology module) ¹		\$695,000	\$695,000
	Offender check-in ¹		315,000	315,000
	Total - Attorney General		\$1,010,000	\$1,010,000
127 - Tax Commissioner (HB 1006)	Oil and gas taxes - GenTax integration ¹	\$1,500,000		\$1,500,000
140 - Office of Administrative Hearings (SB 2017)	Case management and billing system upgrade		\$10,200	\$10,200
150 - Legislative Assembly (SB 2001)	Legislative applications replacement system	\$3,910,827		\$3,910,827
180 - Judicial branch (SB 2002)	Uniform court information system replacement	\$7,858,129		\$7,858,129
192 - Public Employees Retirement System (PERS) (HB 1022)	Allow Highway Patrol members to purchase additional service		\$21,580	\$21,580
	Allow PERS members to purchase additional service		21,580	21,580
	Remove S6 surviving spouse option as of August 2009		1,984	1,984
	Remove 50 percent joint and survivor option for Highway Patrol members		2,070	2,070
	Change employer contribution rate for Highway Patrol members		1,880	1,880
	Allow a new retirement benefit option for Highway Patrol members		27,538	27,538
	Allow new PERS benefit option		27,538	27,538
	Retiree health credit increase		10,178	10,178
	Purchase additional service credit		23,840	23,840
	Change employer contribution rates		3,588	3,588

Agency or Institution	Project	General Fund	Other Funds	Total
	Allow nonspouse beneficiary for Highway Patrol members		7,711	7,711
	Allow nonspouse beneficiary for PERS members		7,711	7,711
	Total - PERS		\$157,198	\$157,198
201 - Department of Public Instruction (HB 1013)	Longitudinal data system - Phase 1 (P-16 data warehouse) ¹		\$9,000,000	\$9,000,000
215 - North Dakota University System (SB 2003)	System information technology services	\$29,209,438	\$1,041,200	\$30,250,638
232 - UND School of Medicine and Health Sciences (SB 2003)	Electronic medical records system	\$225,000		\$225,000
313 - Veterans Home (SB 2007)	Electronic health records system upgrade	\$133,600		\$133,600
380 - Job Service North Dakota (SB 2016)	Unemployment insurance modernization project - Program AIM		\$5,327,900	\$5,327,900
	Rewrite of <i>jobsnd.com</i>		200,000	200,000
	Total - Job Service North Dakota		\$5,527,900	\$5,527,900
401 - Insurance Commissioner (HB 1010)	Anhydrous ammonia inspection system		\$40,000	\$40,000
	State fire and tornado and bonding fund systems		120,000	120,000
	Unsatisfied judgment fund system		10,000	10,000
	Total - Insurance Commissioner		\$170,000	\$170,000
413 - Department of Financial Institutions (SB 2008)	Interface records management system with the National Mortgage Licensing System		\$117,351	\$117,351
471 - Bank of North Dakota (SB 2014)	Student loan lender system ¹		\$3,500,000	\$3,500,000
485 - Workforce Safety and Insurance (HB 1021)	Claims and policy system replacement		\$6,000,000	\$6,000,000
	Web portal ¹		1,500,000	1,500,000
	Claims backscanning ¹		350,000	350,000
	FileNet - Phase 2 ¹		950,000	950,000
	Total - Workforce Safety and Insurance		\$8,800,000	\$8,800,000
504 - Highway Patrol (SB 2011)	Broadband wireless access to mobile data	\$148,000	\$22,000	\$170,000
	Cell phone for sworn officers	72,000	10,000	82,000
	Total - Highway Patrol	\$220,000	\$32,000	\$252,000
540 - Adjutant General (HB 1016)	Statewide seamless base map ¹	\$2,100,000		\$2,100,000
	Computer-aided dispatch - Phase 2 ¹	1,000,000		1,000,000
	Additional State Radio towers ¹	500,000		500,000
	Message switch software upgrade	125,000		125,000
	National Crime Information Center security enhancements	311,500		311,500
	Time synchronization	20,000		20,000
	Global positioning systems		\$70,000	70,000
	Geospatial data software upgrade		100,000	100,000
	Videoconference system replacements		40,000	40,000
	Total - Adjutant General	\$4,056,500	\$210,000	\$4,266,500

Agency or Institution	Project	General Fund	Other Funds	Total
601 - Department of Commerce (SB 2018)	Ndtourism.com web enhancements - Phase 2	\$25,000		\$25,000
602 - Department of Agriculture (HB 1009)	Website project	\$23,600	\$35,400	\$59,000
	File management system	8,000	12,000	20,000
	Total - Department of Agriculture	\$31,600	\$47,400	\$79,000
616 - State Seed Department (SB 2022)	Application software conversion		\$190,000	\$190,000
720 - Game and Fish Department (HB 1017)	Migration of boat registration system to Internet		\$60,000	\$60,000
750 - Parks and Recreation Department (HB 1019)	Install T-1 lines to state parks	\$30,000		\$30,000
801 - Department of Transportation (SB 2012)	Driver's license system rewrite ¹		\$7,500,000	\$7,500,000
	Registration card printer replacement		366,000	366,000
	Departmentwide electronic forms solution		193,200	193,200
	Asset management connection software ¹		503,000	503,000
	PIQ/Employee information rewrite		235,537	235,537
	Total - Department of Transportation			\$8,797,737
Total 2009-11 executive budget recommendation		\$58,676,629	\$45,544,188	\$104,220,817

¹North Dakota Century Code Section 54-59-02.1 requires the State Information Technology Advisory Committee to prioritize major executive branch computer software projects. The committee met on August 24-25, 2008, and prioritized information technology projects for the 2009-11 biennium with a total cost over \$250,000 by funding source. The following is a summary of the prioritization, including information as to whether the project is included in the 2009-11 executive budget recommendation:

General Fund Projects			
	Project	Agency	Included in Executive Budget Recommendation
1	Statewide seamless base map	Adjutant General	Yes
2	Computer-aided dispatch - Phase 2	Adjutant General	Yes
3	Additional State Radio towers	Adjutant General	Yes
4	Longitudinal data system	Information Technology Department	Yes
5	Eligibility determination system replacement	Department of Human Services	No
6	North Dakota business development engine	Secretary of State	No
6	Elementary and secondary education PowerSchool hosting	Information Technology Department	Yes
8	Taxpayer access program/financial institution tax	Tax Department	Yes
9	Criminal Justice Information Sharing Initiative project pool	Information Technology Department	Yes
10	Oil and gas taxes - GenTax integration	Tax Department	Yes
11	Business intelligence and data warehouse	Office of Management and Budget	Yes
12	Data center remodel	Information Technology Department	No
13	Integrate offender management systems	Department of Corrections and Rehabilitation	No

Special Funds Projects			
	Project	Agency	Included in Executive Budget Recommendation
1	Student loan lender system	Bank of North Dakota	Yes
2	Laboratory information management system replacement	Attorney General	Yes
3	Driver's license system replacement	Department of Transportation	Yes
4	System web portal	Workforce Safety and Insurance	Yes
5	Enterprise e-mail retention	Information Technology Department	No
6	FileNet - Phase 2	Workforce Safety and Insurance	Yes
7	Claims scanning	Workforce Safety and Insurance	Yes

Federal Funds Projects			
	Project	Agency	Included in Executive Budget Recommendation
1	Offender check-in	Attorney General	Yes
2	Longitudinal data system	Department of Public Instruction	Yes
3	Asset management analysis	Department of Transportation	Yes

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL
SUBDIVISIONS COMPARISON OF 2007-09 BIENNIUM APPROPRIATIONS AND ALLOCATIONS
AND 2009-11 BIENNIUM EXECUTIVE RECOMMENDATIONS**

	2007-09 Appropriations/ Revenue Allocations	2009-11 Executive Recommendation	2009-11 Recommended Increase (Decrease) Compared to 2007-09 Appropriation	2009-11 Recommended Percentage Increase (Decrease) Compared to 2007-09 Appropriation
General fund appropriations				
State school aid per student formula payments	\$649,965,879	\$751,625,879 ¹	\$101,660,000	15.6%
Educational Technology Council grants	800,000	604,750	(195,250)	(24.4%)
Transportation aid payments to school districts	33,500,000	38,500,000	5,000,000	14.9%
Special education contracts	17,500,000	15,500,000	(2,000,000)	(11.4%)
Vocational education	14,165,749	14,400,000	234,251	1.7%
School food services	1,080,000	1,380,000	300,000	27.8%
Adult education	1,055,000	1,055,000	0	0.0%
Grants to public libraries	1,200,000	1,300,000	100,000	8.3%
Library Vision 2010 grants	237,500	237,500	0	0.0%
Homestead tax credit	8,104,000	5,964,000	(2,140,000)	(26.4%)
Aid to health districts	1,900,000	1,900,000	0	0.0%
Matching funds to counties and cities for senior citizen programs	1,000,000	1,106,400	106,400	10.6%
Indian welfare assistance to counties	955,124	1,409,603	454,479	47.6%
State administration of child support enforcement	7,105,247	4,663,599	(2,441,648)	(34.4%)
Boys and girls clubwork	53,000	53,000	0	0.0%
Soil conservation district grants	730,000	737,800	7,800	1.1%
Noxious weed control	67,817	67,817	0	0.0%
Payments in lieu of taxes on carbon dioxide pipeline property	1,365,000	1,211,000	(154,000)	(11.3%)
Clerk of court	13,587,187	15,376,816	1,789,629	13.2%
Grants to airports	550,000	550,000	0	0.0%
Statewide information technology network costs	3,413,972	5,568,970	2,154,998	63.1%
School district antivirus licenses	2,722,348	7,252,679	4,530,331	166.4%
Total general fund	\$761,057,823	\$870,464,813	\$109,406,990	14.4%
Percentage of total general fund appropriations	30.9%	28.0%		
Special funds appropriations and revenue allocations				
State school aid per student formula payments (state tuition fund)	\$76,200,000	\$85,500,000 ¹	\$9,300,000	12.2%
Grants for adult education programs (displaced homemaker fund)	240,000	250,000	10,000	4.2%
Noxious weed control	1,646,408	1,646,408	0	0.0%
State aid distribution funds to cities and counties	106,543,310 ²	110,920,695	4,377,385	4.1%
Public transportation services (public transportation fund)	5,700,000	7,803,754 ³	2,103,754	36.9%
Insurance tax to fire departments (insurance tax distribution fund)	6,200,000	6,200,000	0	0.0%
Gaming enforcement grants	617,000	617,000	0	0.0%
Community health grant program (community health trust fund)	4,700,000	2,180,371	(2,519,629)	(53.6%)
Tobacco education and cessation program grants (community health trust fund)	260,000	0	(260,000)	(100.0%)
Matching funds to counties and cities for senior citizen programs	2,297,942 ⁴	2,667,000 ⁴	369,058	16.1%
Energy development impact grants (oil and gas impact grant fund)	5,888,100	19,700,000 ⁵	13,811,900	234.6%
Grants to airports (Aeronautics Commission special funds collections)	2,950,000	5,280,000	2,330,000	79.0%
Indian welfare assistance to counties (Department of Human Services "retained" funds)	1,964,607	1,964,607	0	0.0%

	2007-09 Appropriations/ Revenue Allocations	2009-11 Executive Recommendation	2009-11 Recommended Increase (Decrease) Compared to 2007-09 Appropriation	2009-11 Recommended Percentage Increase (Decrease) Compared to 2007-09 Appropriation
Motor vehicle fuel tax and registration fee allocations	130,100,000 ⁶	179,486,340 ⁶	49,386,340	38.0%
Telecommunications tax allocations	16,800,000 ⁷	16,800,000 ⁷	0	0.0%
Coal severance tax allocations	15,341,000	15,284,000	(57,000)	(0.4%)
Coal conversion tax allocations	6,635,592	5,535,392 ⁸	(1,100,200)	(16.6%)
Oil and gas gross production tax allocations	80,850,073 ^{8*}	75,167,213 ^{8*}	(5,682,860)	(7.0%)
Cigarette tax allocations	3,132,474	2,520,000 ⁸	(612,474)	(19.6%)
Financial institution tax allocations	20,000,000	23,750,000	3,750,000	18.8%
Total special funds appropriations and revenue allocations	\$488,066,506	\$563,272,780	\$75,206,274	15.4%
Total major direct assistance to political subdivisions	\$1,249,124,329	\$1,433,737,593	\$184,613,264	14.8%

***NOTE:** This amount is based on the Office of Management and Budget's December 2008 revenue forecast. The forecast bases individual counties' maximum allocations on historic allocations; therefore, individual county amounts may vary based on actual oil price and oil production within each county for the second year of the 2007-09 biennium and for the 2009-11 biennium.

¹ The Office of Management and Budget anticipates additional funds may be available from the tuition apportionment fund and intends to introduce an amendment to the Department of Public Instruction appropriation bill, House Bill No. 1013, to make a funding source change of \$800,000 of funding for state school aid from the general fund to special funds.

² Revised 2007-09 estimate, the original estimate was \$90,669,528.

³ The 2009-11 public transportation services recommendation is based on the executive recommendation providing for a \$120 million transfer from the general fund to the highway tax distribution fund and an allocation of 1.53 percent of the money in the highway tax distribution fund for public transportation services.

⁴ The 2005 Legislative Assembly removed the senior citizen mill levy matching program from the Department of Human Services and provided, in Senate Bill No. 2267, that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund (NDCC Section 57-15-56(5)). The fund consists of sales and use and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year (Section 57-39.2-26.2).

⁵ The 2009-11 executive budget recommends increasing the cap on allocations of oil and gas gross production taxes to the oil and gas impact grant fund from the current level of \$6 million to \$20 million.

⁶ The 2007-09 gas tax allocation is based on the provisions that collection equivalent to one cent per gallon is allocated to townships and 37 percent of the money in the highway tax distribution fund is allocated to counties and cities. The 2009-11 allocation is based on the executive recommendation providing for a \$120 million transfer from the general fund to the highway tax distribution fund and that 35.19 percent of the money in the highway tax distribution fund is allocated to townships, cities, and counties.

⁷ The Tax Department is projecting that approximately \$20 million of telecommunications taxes will be collected during the 2007-09 biennium. Of this amount, \$16.8 million will be allocated to counties and \$3.2 million will be deposited in the general fund. The Tax Department estimates collections for the 2009-11 biennium to be \$20 million, of which \$16.8 million would be allocated to counties and \$3.2 million would be deposited in the general fund.

⁸ Per the Office of Management and Budget's December 2008 executive budget forecast.

ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS INCLUDED IN THE 2009-11 EXECUTIVE BUDGET

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
GENERAL GOVERNMENT					
101	Governor's Office				
	• Adds funding for an existing vacant FTE position for duties previously handled by temporary staff and interns		\$110,693		\$110,693
	• Adds funding for salary equity adjustments		\$42,000		\$42,000
	• Removes funding for Governor's transition in and out and presidential electors		(\$65,500)		(\$65,500)
	• Removes funding from the community health trust fund for Governor's Prevention and Advisory Council grants. Funding for these grants is included in the Department of Human Services' budget from the general fund for the 2009-11 biennium.			(\$100,000)	(\$100,000)
108	Secretary of State				
	• Provides funding to address salary equity issues		\$84,042		\$84,042
	• Increases funding for staff overtime		\$54,886		\$54,886
	• Adds 1 FTE account budget specialist position (\$125,979) and related operating expenses (\$7,000)	1.00	\$132,979		\$132,979
	• Adds one-time funding for continuing the agency's database and processing platform migration project		\$780,000		\$780,000
	• Increases federal funds for purchasing equipment to implement electronic pollbooks in counties (The state will purchase the equipment for counties using federal Help America Vote Act funds, and the counties will have five years to repay the money to the state's election fund.)			\$4,500,000	\$4,500,000
	• Removes one-time funding provided for continuation of the agency's mainframe migration project in the 2007-09 biennium		(\$824,153)		(\$824,153)
	• Removes special funds (Bank of North Dakota loan proceeds) provided for the agency's business development engine information technology project in the 2007-09 biennium			(\$2,920,000)	(\$2,920,000)
110	Office of Management and Budget (OMB)				
	• Provides funding to address salary equity issues		\$168,886	\$69,167	\$238,053
	• Provides increased funding for the utility costs of buildings located on the Capitol grounds		\$420,000		\$420,000
	• Provides one-time funding for Capitol and parking lot repairs		\$2,150,000		\$2,150,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Changes the funding source for centers of excellence from \$20,000,000 of special funds to \$15,000,000 from the general fund and \$5,000,000 from special funds 		\$15,000,000	(\$15,000,000)	\$0
	<ul style="list-style-type: none"> Provides one-time funding for the conversion of Prairie Public Broadcasting towers from analog to digital broadcasting 		\$2,016,200		\$2,016,200
	<ul style="list-style-type: none"> Provides one-time funding to continue Capitol restoration projects as identified by the Capitol Grounds Planning Commission 			\$800,000	\$800,000
	<ul style="list-style-type: none"> Provides one-time funding for the implementation of additional ConnectND modules 		\$1,000,000		\$1,000,000
	<ul style="list-style-type: none"> Adds 1 FTE human resource officer II (\$147,119) and related operating expenses (\$10,000) 	1.00	\$157,119		\$157,119
112	Information Technology Department				
	<ul style="list-style-type: none"> Continues funding for 25 of the 28 new FTE positions authorized by the 2007 Legislative Assembly and identified to be project-specific. Section 6 of House Bill No. 1021 (2007) provides legislative intent that the 28 new FTE positions identified as project-specific may be filled while the projects are being developed and funding is available. 				
	<ul style="list-style-type: none"> Deletes 7 FTE positions not requested by the department, including three positions identified by the 2007 Legislative Assembly as project-specific and four positions for the Center for Distance Education 	(7.00)		(\$773,172)	(\$773,172)
	<ul style="list-style-type: none"> Removes one-time funding provided to the department for the 2007-09 biennium 		(\$1,611,490)		(\$1,611,490)
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$81,094	\$1,498,745	\$1,579,839
	<ul style="list-style-type: none"> Increases funding for the statewide longitudinal data system, including \$183,279 of ongoing funding for 1 new FTE position and \$2,038,036 of one-time funding for contractual services 	1.00	\$2,221,315		\$2,221,315
	<ul style="list-style-type: none"> Increases funding for the statewide wide area network, including \$597,064 of ongoing funding and \$1,200,000 of one-time funding, for increasing the bandwidth to each kindergarten through grade 12 school 		\$1,797,064		\$1,797,064
	<ul style="list-style-type: none"> Increases funding for the Criminal Justice Information System Initiative, including \$157,068 for 1 new FTE position and \$1,471,495 for operating expenses associated with the Statewide Automated Victim Information Notification system 	1.00	\$504,954	\$1,123,609	\$1,628,563
	<ul style="list-style-type: none"> Provides one-time funding for Criminal Justice Information System Initiative projects 		\$369,748		\$369,748
	<ul style="list-style-type: none"> Provides one-time funding for the Center for Distance Education for online course development 		\$100,000	(\$100,000)	\$0

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Increases funding for EduTech by \$4,954,495, of which \$4,017,857 is considered ongoing funding and \$936,638 is considered one-time funding, for the statewide deployment of the PowerSchool application for kindergarten through grade 12 schools. Includes the transfer of 22 FTE positions from North Dakota State University to the Information Technology Department and 7 new FTE positions. 	29.00	\$4,196,934	\$757,561	\$4,954,495
117	State Auditor				
	<ul style="list-style-type: none"> Provides one-time funding for implementing electronic working papers 		\$150,000		\$150,000
	<ul style="list-style-type: none"> Deletes 3 FTE auditor positions related to the closure of the political subdivision office in Bismarck 	(3.00)			
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$210,000		\$210,000
	<ul style="list-style-type: none"> Provides funding for continuing existing salary levels 		\$136,200		\$136,200
	<ul style="list-style-type: none"> Increases funding for an information technology security audit 		\$50,000		\$50,000
120	State Treasurer				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$23,976		\$23,976
	<ul style="list-style-type: none"> Decreases funding for payments to counties in lieu of property taxes on carbon dioxide pipeline property from \$1,365,000 to \$1,211,000 		(\$154,000)		(\$154,000)
	<ul style="list-style-type: none"> Removes one-time funding provided to the agency for a mainframe rewrite in the 2007-09 biennium 		(\$768,228)		(\$768,228)
125	Attorney General				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$1,225,443	\$144,416	\$1,369,859
	<ul style="list-style-type: none"> Removes one-time funding provided for the 2007-09 biennium for information technology projects 			(\$402,260)	(\$402,260)
	<ul style="list-style-type: none"> Increases federal funding for Bureau of Criminal Investigation operating expenses 			\$1,107,116	\$1,107,116
	<ul style="list-style-type: none"> Adds 3 FTE Crime Laboratory forensic scientist positions (\$359,757) and related operating expenses (\$109,000) 	3.00	\$468,757		\$468,757
	<ul style="list-style-type: none"> Adds 1 FTE position to assist with civil commitments for sexually dangerous individuals (\$156,387) and related operating expenses (\$75,000) 	1.00	\$231,387		\$231,387
	<ul style="list-style-type: none"> Adds 1 FTE information technology position (\$159,198) and related operating expenses (\$14,334) 	1.00	\$173,532		\$173,532
	<ul style="list-style-type: none"> Adds 1 FTE position to assist with DNA evidence collection in the new Crime Laboratory (\$119,919) and related operating expenses (\$63,705) 	1.00	\$140,944	\$42,680	\$183,624
	<ul style="list-style-type: none"> Adds 5.5 FTE positions to assist with child care provider background checks (\$399,112) and related operating expenses (\$507,369) 	5.50	\$906,481		\$906,481

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides funding from the Attorney General refund fund for a laboratory management information sharing system 			\$700,000	\$700,000
	<ul style="list-style-type: none"> Removes funding for capital projects for the 2007-09 biennium (Crime Laboratory) 		(\$1,442,840)	(\$3,347,322)	(\$4,790,162)
	<ul style="list-style-type: none"> Removes 1 FTE computer network specialist I position and a .5 FTE auditor II position 	(1.50)		(\$168,864)	(\$168,864)
127	Tax Commissioner				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$708,750		\$708,750
	<ul style="list-style-type: none"> Removes one-time funding for property tax administration 			(\$924,000)	(\$924,000)
	<ul style="list-style-type: none"> Removes funding for onsite support for the GenTax system 			(\$1,150,000)	(\$1,150,000)
	<ul style="list-style-type: none"> Decreases funding for the homestead tax credit program from \$8,104,000 to \$5,964,000 		(\$2,140,000)		(\$2,140,000)
	<ul style="list-style-type: none"> Provides one-time funding for information technology projects, including onsite support for the GenTax system (\$1,234,000) and the integration of the oil and gas tax collection system into the GenTax system (\$1,500,000) 		\$2,634,000	\$100,000	\$2,734,000
	<ul style="list-style-type: none"> Continues one-time funding for the second of three payments for the GenTax system loan 		\$5,356,702		\$5,356,702
140	Office of Administrative Hearings				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 			\$11,793	\$11,793
150	Legislative Assembly				
	<ul style="list-style-type: none"> Adds funding for increasing legislators' monthly compensation from \$378 to \$393 as recommended by the Legislative Compensation Commission (Senate Bill No. 2064) 		\$54,640		\$54,640
	<ul style="list-style-type: none"> Adds funding for increasing legislative compensation for regular, special, or organizational sessions from \$135 to \$140 per day as recommended by the Legislative Compensation Commission (Senate Bill No. 2064) 		\$88,036		\$88,036
	<ul style="list-style-type: none"> Adds funding for increasing the maximum monthly lodging expense reimbursement allowed during legislative sessions from \$900 to \$1,000 (\$51,200) and for increasing the daily lodging expense reimbursement from \$55 plus tax to \$60 plus tax (\$3,406) as recommended by the Legislative Compensation Commission (Senate Bill No. 2064) 		\$54,606		\$54,606
	<ul style="list-style-type: none"> Adds funding for additional costs of legislative travel resulting from the increase in the mileage reimbursement rate from 45 cents to 58.5 cents per mile as recommended by the Legislative Compensation Commission (Senate Bill No. 2064) 		\$105,168		\$105,168
	<ul style="list-style-type: none"> Provides one-time funding for computer equipment replacement (\$92,500) and hand-held computer devices (\$279,547) 		\$372,047		\$372,047

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Removes one-time funding provided for the 2007-09 biennium 		(\$4,260,827)		(\$4,260,827)
	<ul style="list-style-type: none"> Increases one-time funding for committee room improvements from \$200,000 to \$1,430,000 		\$1,230,000		\$1,230,000
	<ul style="list-style-type: none"> Provides one-time funding of \$3,910,827 for the legislative application replacement project 		\$3,910,827		\$3,910,827
160	Legislative Council				
	<ul style="list-style-type: none"> Adds funding for increasing legislator per diem for interim committee meetings to \$140 per day as recommended by the Legislative Compensation Commission (Senate Bill No. 2064) 		\$208,824		\$208,824
	<ul style="list-style-type: none"> Adds funding for additional costs of legislative travel resulting from the increase in the mileage reimbursement rate from 45 cents to 58.5 cents per mile as recommended by the Legislative Compensation Commission (Senate Bill No. 2064) 		\$121,516		\$121,516
	<ul style="list-style-type: none"> Adds funding for increasing the daily lodging expense reimbursement from \$55 plus tax to \$60 plus tax as recommended by the Legislative Compensation Commission (Senate Bill No. 2064) 		\$16,929		\$16,929
	<ul style="list-style-type: none"> Adds funding for information technology consultants to develop and maintain legislative computer systems 		\$368,000		\$368,000
	<ul style="list-style-type: none"> Provides salary equity funding for Legislative Council employees 		\$50,000		\$50,000
	<ul style="list-style-type: none"> Removes funding for the 2007-09 prison facilities study 		(\$250,000)		(\$250,000)
	<ul style="list-style-type: none"> Removes one-time funding provided for the 2007-09 biennium 		(\$129,579)		(\$129,579)
	<ul style="list-style-type: none"> Provides funding for information technology equipment and software for legislative redistricting 		\$116,300		\$116,300
	<ul style="list-style-type: none"> Provides one-time funding for office improvements 		\$50,000		\$50,000
	<ul style="list-style-type: none"> Provides one-time funding for a replacement copier 		\$20,000		\$20,000
	<ul style="list-style-type: none"> Adds funding for information technology equipment 		\$61,750		\$61,750
180	Judicial Branch Supreme Court				
	<ul style="list-style-type: none"> Provides funding for a 5 percent salary increase for Supreme Court justices for each year of the biennium 		\$120,009		\$120,009
	<ul style="list-style-type: none"> Provides one-time funding for equipment over \$5,000 		\$6,000		\$6,000
	<ul style="list-style-type: none"> Provides one-time funding for information technology equipment over \$5,000 		\$6,549		\$6,549

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	District Court				
	• Provides funding for a 5 percent salary increase for district court judges for each year of the biennium		\$882,803		\$882,803
	• Adds funding for 11 FTE positions (\$1,357,956) and related operating expenses (\$45,300)		\$1,403,256		\$1,403,256
	• Removes one-time funding provided to the judicial branch for the 2007-09 biennium		(\$1,490,750)		(\$1,490,750)
	• Decreases funding for the mediation project		(\$289,150)		(\$289,150)
	• Provides one-time funding for the unified court information system replacement project		\$7,258,129		\$7,258,129
	• Provides one-time funding for a management reserve fund for the unified court information system replacement project		\$600,000		\$600,000
	• Provides one-time funding for equipment over \$5,000		\$282,124		\$282,124
	• Provides one-time funding for information technology equipment over \$5,000		\$102,539		\$102,539
	• Increases funding for payments to contract counties		\$287,417		\$287,417
	• Increases funding for juvenile services		\$246,084		\$246,084
	• Provides funding for rental property for the information technology division		\$294,400		\$294,400
188	Commission on Legal Counsel for Indigents				
	• Provides funding to address salary equity issues		\$5,235		\$5,235
	• Adds funding for 1 FTE finance position	1.00		\$188,337	\$188,337
	• Adds funding for 3 FTE positions to open a new public defender office in Devils Lake (\$414,766) and related operating expenses (\$88,510)	3.00		\$503,276	\$503,276
	• Decreases funding for contract services due to public defender offices being established in Minot, Williston, Grand Forks, Dickinson, Bismarck, and Fargo		(\$484,304)	(\$438,825)	(\$923,129)
	• Decreases funding from the general fund for administration due to public defender offices being established in Minot, Williston, Grand Forks, Dickinson, Bismarck, and Fargo		(\$376,620)		(\$376,620)
	• Funding source change from the general fund to the indigent defense administration fund		(\$500,000)	\$500,000	\$0
190	Retirement and Investment Office				
	• Provides funding to address salary equity issues			\$50,701	\$50,701
	• Provides one-time funding for a 13 th check to retired teachers		\$5,000,000		\$5,000,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
192	Public Employees Retirement System				
	• Removes one-time funding provided for an information technology project in the 2007-09 biennium			(\$9,597,000)	(\$9,597,000)
	• Provides funding to address salary equity issues			\$65,648	\$65,648
	• Provides benefits to the OASIS retirement plan		\$13,000		\$13,000
EDUCATION					
201	Department of Public Instruction				
	• Increases federal funding for 1 FTE position in the Early Reading First program	1.00		\$85,046	\$85,046
	• Increases federal funding for 1 FTE position in the standard and achievement unit	1.00		\$135,886	\$135,886
	• Increases federal funding for a statewide longitudinal data system			\$9,000,000	\$9,000,000
	• Increases funding for state school aid from \$726,165,879 to \$837,125,879		\$101,660,000	\$9,300,000	\$110,960,000
	• Decreases funding for special education from \$17.5 million to \$15.5 million		(\$2,000,000)		(\$2,000,000)
	• Increases funding for transportation grants from \$33.5 million to \$38.5 million		\$5,000,000		\$5,000,000
	• Increases funding for other grants funded by general and federal funds		\$194,000	\$13,044,915	\$13,238,915
	• Adds funding for a new mentoring program to provide training and support for new teachers		\$2,300,000		\$2,300,000
	• Adds funding for a new instructional coaching pilot program		\$500,000		\$500,000
	• Provides one-time funding for a grant to the North Dakota Geographic Alliance for matching funds available from the National Geographic Society		\$125,000		\$125,000
	• Provides one-time funding for programming changes to the department's STARS application system used to gather school district information		\$500,000		\$500,000
	• Adds funding to increase child nutrition state match dollars		\$300,000		\$300,000
	• Provides increased funding to the Education Standards and Practices Board to pay certification scholarships to teachers seeking national board certification and stipends to teachers who have achieved certification		\$55,000		\$55,000
	• Adds funding for 2 FTE positions in the school approval and accreditation unit	2.00	\$239,671		\$239,671
	• Adds funding for 1 FTE position to monitor the expansion of counseling support and the role of career advisors	1.00	\$135,886		\$135,886
	• Provides funding to address salary equity issues		\$104,123	\$242,956	\$347,079

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides increased funding for operating expenses relating to operating cost increases, temporary salaries, state assessment, the English language learner program, and the Early Learning Council 		\$392,000		\$392,000
215	North Dakota University System Office				
	<ul style="list-style-type: none"> Increases system governance funding for parity 		\$2,762,817	\$27,110	\$2,789,927
	<ul style="list-style-type: none"> Increases funding for the student financial assistance grant program to provide total funding of \$40,348,428 		\$33,812,203		\$33,812,203
	<ul style="list-style-type: none"> Increases funding for competitive research from \$5,650,000 to \$6,450,000 		\$800,000		\$800,000
	<ul style="list-style-type: none"> Increases ongoing funding for the common information services pool from \$25,983,293 to \$30,250,638, including \$2,306,255 for parity, \$1,220,000 for increased bandwidth costs, and \$1,041,200 for ConnectND positions. Funding is reduced by \$300,110 for Interactive Video Network positions transferred to the Information Technology Department. 		\$3,226,145	\$1,041,200	\$4,267,345
	<ul style="list-style-type: none"> Increases funding for the scholars program from \$1,663,584 to \$2,113,584 		\$450,000		\$450,000
	<ul style="list-style-type: none"> Provides one-time funding to address security needs at campuses 		\$4,000,000		\$4,000,000
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by 1.30 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	1.30			
226	Land Department				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 			\$13,587	\$13,587
	<ul style="list-style-type: none"> Adds funding for 2 FTE minerals management positions (\$243,774) and related operating expenses (\$26,385) 	2.00		\$270,159	\$270,159
	<ul style="list-style-type: none"> Adds funding for 1 FTE oil impact grant administrator position (\$112,917) and related operating expenses (\$8,177) 	1.00		\$121,094	\$121,094
	<ul style="list-style-type: none"> Increases funding for oil impact grants from \$6 million to \$20 million 			\$14,000,000	\$14,000,000
227	Bismarck State College				
	<ul style="list-style-type: none"> Provides parity funding of \$2,922,316 for costs to continue fiscal year 2009 legislatively funded salary increases (\$406,416), 5 percent per year salary increases (\$1,301,548), health insurance increases (\$652,070), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$298,576), utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$125,706), and utilities for new facilities coming online in the 2009-11 biennium (\$138,000) 		\$2,922,316		\$2,922,316
	<ul style="list-style-type: none"> Provides equity funding of \$416,578 		\$416,578		\$416,578

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides funding for emergency preparedness and security, including \$84,000 for 1 FTE public safety officer position to be shared by Bismarck State College, Dickinson State University, and the North Dakota University System office, \$216,752 for security personnel costs, and \$7,685 for NotiFind emergency notification system fees 	1.00	\$308,437		\$308,437
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$243,481, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$340,637		\$340,637
	<ul style="list-style-type: none"> Provides one-time funding for a major capital project (Technical Center renovation) 		\$3,000,000	\$409,500	\$3,409,500
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$229,711)		(\$229,711)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium 		(\$488,700)	(\$5,734,050)	(\$6,222,750)
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by 5.55 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	5.55			
228	Lake Region State College				
	<ul style="list-style-type: none"> Provides parity funding of \$781,715 for costs to continue fiscal year 2009 legislatively funded salary increases (\$116,262), 5 percent per year salary increases (\$372,329), health insurance increases (\$194,773), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$67,245), and utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$31,106) 		\$781,715		\$781,715
	<ul style="list-style-type: none"> Provides equity funding of \$196,229 		\$196,229		\$196,229
	<ul style="list-style-type: none"> Provides funding for emergency preparedness and security, including \$97,900 for 1 FTE security position and \$3,253 for NotiFind emergency notification system fees 	1.00	\$101,153		\$101,153
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$43,662, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$93,807		\$93,807
	<ul style="list-style-type: none"> Provides one-time funding for a major capital project (wind energy project) 		\$2,609,920		\$2,609,920
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$81,942)		(\$81,942)

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Removes one-time funding for a major capital project provided in the 2007-09 biennium 			(\$3,007,600)	(\$3,007,600)
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by 2.48 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	2.48			
229	Williston State College				
	<ul style="list-style-type: none"> Provides parity funding of \$768,371 for costs to continue fiscal year 2009 legislatively funded salary increases (\$111,477), 5 percent per year salary increases (\$357,005), health insurance increases (\$205,570), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$43,903), utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$18,892), and utilities for new facilities coming online in the 2009-11 biennium (\$31,524) 		\$768,371		\$768,371
	<ul style="list-style-type: none"> Provides equity funding of \$135,135 		\$135,135		\$135,135
	<ul style="list-style-type: none"> Provides funding for emergency preparedness and security, including \$107,800 for 1 FTE security position and \$1,564 for NotiFind emergency notification system fees 	1.00	\$109,364		\$109,364
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$86,475, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$382,002		\$382,002
	<ul style="list-style-type: none"> Provides one-time funding for major capital projects, including the renovation of the science laboratory (\$1,610,000) and a new dormitory (\$9,375,000) 		\$1,610,000	\$9,375,000	\$10,985,000
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$70,723)		(\$70,723)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium 			(\$2,100,000)	(\$2,100,000)
	<ul style="list-style-type: none"> Removes funding provided in the 2007-09 biennium from the permanent oil tax trust fund for salaries and operating expenses associated with the service rig program 			(\$200,000)	(\$200,000)
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by 1.30 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	1.30			

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
230	University of North Dakota				
	• Provides parity funding of \$13,806,731 for costs to continue fiscal year 2009 legislatively funded salary increases (\$2,102,942), 5 percent per year salary increases (\$6,734,672), health insurance increases (\$2,670,895), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$804,736), utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$1,461,274), and the cost of new buildings coming online in the 2009-11 biennium (\$32,212)		\$13,806,731		\$13,806,731
	• Provides equity funding of \$2,441,063		\$2,441,063		\$2,441,063
	• Provides ongoing funding for extraordinary repairs of \$2,300,545, the same amount of extraordinary repairs base funding for the 2007-09 biennium				
	• Provides one-time funding for repairs, maintenance, and security		\$7,178,674		\$7,178,674
	• Provides funding for emergency preparedness and security, including funding for 2 FTE security positions	2.00	\$204,600		\$204,600
	• Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium		(\$3,628,330)		(\$3,628,330)
	• Removes one-time funding for major capital projects provided in the 2007-09 biennium		(\$1,980,000)	(\$80,720,000)	(\$82,700,000)
	• Provides one-time funding for major capital projects		\$11,200,000	\$42,890,000	\$54,090,000
	• Decreases the number of FTE positions by 11.96 pursuant to Section 13 of House Bill 1003 (2007) which 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	(11.96)			
232	UND School of Medicine and Health Sciences				
	• Provides parity funding of \$3,214,275 for costs to continue fiscal year 2009 legislatively funded salary increases (\$584,956), 5 percent per year salary increases (\$1,873,323), health insurance increases (\$495,415), and operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$260,581)		\$3,214,275		\$3,214,275
	• Provides equity funding of \$590,899		\$590,899		\$590,899
	• Provides additional base funding of \$1,875,000 to stabilize the operations of the Bismarck and Minot Centers for Family Medicine (\$1,275,000) and to implement a rural medicine program to encourage students to practice family medicine in rural areas (\$600,000)		\$1,875,000		\$1,875,000
	• Provides one-time funding for the development of an electronic medical records system		\$225,000		\$225,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Decreases the number of FTE positions by 12.82 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	(12.82)			
235	North Dakota State University				
	<ul style="list-style-type: none"> Provides parity funding of \$12,748,621 for costs to continue fiscal year 2009 legislatively funded salary increases (\$1,889,909), 5 percent per year salary increases (\$6,052,435), health insurance increases (\$2,304,818), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$578,737), utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$1,809,995), and the cost of new buildings coming online in the 2009-11 biennium (\$112,727) 		\$12,748,621		\$12,748,621
	<ul style="list-style-type: none"> Provides equity funding of \$4,963,065 		\$4,963,065		\$4,963,065
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$1,692,225, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$5,355,817		\$5,355,817
	<ul style="list-style-type: none"> Provides funding for emergency preparedness and security, including funding for 2 FTE security positions 	2.00	\$192,116		\$192,116
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$2,516,936)		(\$2,516,936)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium 		(\$4,500,000)	(\$47,396,741)	(\$51,896,741)
	<ul style="list-style-type: none"> Provides one-time funding for major capital projects 		\$13,000,000	\$58,100,000	\$71,100,000
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by 17.64 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	17.64			
238	State College of Science				
	<ul style="list-style-type: none"> Provides parity funding of \$2,975,090 for costs to continue fiscal year 2009 legislatively funded salary increases (\$434,546), 5 percent per year salary increases (\$1,391,632), health insurance increases (\$697,125), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$140,266), utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$290,521), and utilities for new facilities coming online in the 2009-11 biennium (\$21,000) 		\$2,975,090		\$2,975,090
	<ul style="list-style-type: none"> Provides equity funding of \$135,135 		\$135,135		\$135,135

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides funding for emergency preparedness and security, including funding for 1 FTE position 	1.00	\$50,000		\$50,000
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$753,332, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$1,034,143		\$1,034,143
	<ul style="list-style-type: none"> Provides one-time funding for major capital projects, including the renovation of Horton Hall (\$5,700,000), parking lot construction (\$1,136,000), and expansion of Robertson Hall (\$6,000,000) 		\$5,700,000	\$7,136,000	\$12,836,000
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$633,113)		(\$633,113)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium 			(\$10,084,420)	(\$10,084,420)
	<ul style="list-style-type: none"> Removes one-time funding provided in the 2007-09 biennium for a nanoscience technology training program 		(\$350,000)		(\$350,000)
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by 0.47 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	0.47			
239	Dickinson State University				
	<ul style="list-style-type: none"> Provides parity funding of \$2,596,892 for costs to continue fiscal year 2009 legislatively funded salary increases (\$330,999), 5 percent per year salary increases (\$1,060,023), health insurance increases (\$540,231), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$164,393), utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$333,246), and utilities for new facilities coming online in the 2009-11 biennium (\$168,000) 		\$2,596,892		\$2,596,892
	<ul style="list-style-type: none"> Provides equity funding of \$443,692 		\$443,692		\$443,692
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$383,690, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$1,662,172		\$1,662,172
	<ul style="list-style-type: none"> Provides one-time funding for the development of a master campus plan 		\$2,000,000		\$2,000,000
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$653,073)		(\$653,073)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium (Whitney Stadium renovation) 			(\$16,000,000)	(\$16,000,000)

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Decreases the number of FTE positions by 30.50 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	(30.50)			
240	Mayville State University				
	<ul style="list-style-type: none"> Provides parity funding of \$1,107,937 for costs to continue fiscal year 2009 legislatively funded salary increases (\$138,541), 5 percent per year salary increases (\$443,678), health insurance increases (\$238,958), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$64,699), and utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$222,061) 		\$1,107,937		\$1,107,937
	<ul style="list-style-type: none"> Provides equity funding of \$135,135 		\$135,135		\$135,135
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$208,994, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$1,910,120		\$1,910,120
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$880,969)		(\$880,969)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium (Northwest Hall rehabilitation) 			(\$900,000)	(\$900,000)
	<ul style="list-style-type: none"> Provides one-time funding for major capital projects, including a renovation and addition to the Science and Library Building (\$4,958,325) and the renovation of Agassiz Hall (\$3,668,500) 		\$4,958,325	\$3,668,500	\$8,626,825
	<ul style="list-style-type: none"> Decreases the number of FTE positions by .50 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	(.50)			
241	Minot State University				
	<ul style="list-style-type: none"> Provides parity funding of \$3,373,083 for costs to continue fiscal year 2009 legislatively funded salary increases (\$527,093), 5 percent per year salary increases (\$1,688,016), health insurance increases (\$780,539), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$102,932), and utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$274,503) 		\$3,373,083		\$3,373,083
	<ul style="list-style-type: none"> Provides equity funding of \$272,798 		\$272,798		\$272,798
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$596,870, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$595,111		\$595,111
	<ul style="list-style-type: none"> Provides funding for emergency preparedness and security, including funding for 1 FTE security position 	1.00	\$84,000		\$84,000
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$855,874)		(\$855,874)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium 		(\$6,719,535)	(\$1,406,615)	(\$8,126,150)
	<ul style="list-style-type: none"> Provides one-time funding for major capital projects, including boiler replacement (\$10,000,000), a student wellness center (\$10,000,000), and parking lot repair (\$1,000,000) 		\$3,750,000	\$17,250,000	\$21,000,000
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by 4.99 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	4.99			
242	Valley City State University				
	<ul style="list-style-type: none"> Provides parity funding of \$1,473,976 for costs to continue fiscal year 2009 legislatively funded salary increases (\$217,028), 5 percent per year salary increases (\$695,031), health insurance increases (\$375,505), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$82,110), and utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$104,302) 		\$1,473,976		\$1,473,976
	<ul style="list-style-type: none"> Provides equity funding of \$135,135 		\$135,135		\$135,135
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$258,416, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$1,304,921		\$1,304,921
	<ul style="list-style-type: none"> Provides one-time funding for the development of a campus master plan 		\$1,000,000		\$1,000,000
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$537,819)		(\$537,819)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium (steamline replacement) 			(\$2,200,000)	
	<ul style="list-style-type: none"> Provides one-time funding for major capital projects, including the renovation of the Snoeyenbos Residence Hall (\$3,500,000) and an addition to the W.E. Osmon Fieldhouse (\$15,000,000) 			\$18,500,000	\$18,500,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by 8.71 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	8.71			
243	Minot State University - Bottineau				
	<ul style="list-style-type: none"> Provides parity funding of \$516,994 for costs to continue fiscal year 2009 legislatively funded salary increases (\$72,305), 5 percent per year salary increases (\$231,556), health insurance increases (\$144,766), operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011 (\$18,590), and utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 (\$49,777) 		\$516,994		\$516,994
	<ul style="list-style-type: none"> Provides equity funding of \$135,135 		\$135,135		\$135,135
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$109,725, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				
	<ul style="list-style-type: none"> Provides one-time funding for repairs, maintenance, and security 		\$97,021		\$97,021
	<ul style="list-style-type: none"> Provides funding for emergency preparedness and security, including funding for 1 FTE security position 	1.00	\$107,469		\$107,469
	<ul style="list-style-type: none"> Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium 		(\$48,977)		(\$48,977)
	<ul style="list-style-type: none"> Removes one-time funding for major capital projects provided in the 2007-09 biennium (steamline replacement) 			(\$252,000)	(\$252,000)
	<ul style="list-style-type: none"> Provides one-time funding for major capital projects, including coal boiler replacement (\$800,000) and the Entrepreneurial Center for Horticulture (\$2,000,000) 		\$800,000	\$2,000,000	\$2,800,000
	<ul style="list-style-type: none"> Adjusts the number of FTE positions by .64 pursuant to Section 13 of House Bill No. 1003 (2007) which 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 	.64			
244	Forest Service				
	<ul style="list-style-type: none"> Provides parity funding of \$291,928 for costs to continue fiscal year 2009 legislatively funded salary increases, 5 percent per year salary increases, health insurance increases, operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011, and utility inflation of 6 percent for fiscal year 2010 and 8.5 percent for fiscal year 2011 		\$291,928		\$291,928
	<ul style="list-style-type: none"> Provides one-time funding of \$45,576 for maintenance and repairs 		\$45,576		\$45,576
	<ul style="list-style-type: none"> Provides ongoing funding for extraordinary repairs of \$36,638, the same amount of extraordinary repairs base funding for the 2007-09 biennium 				

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Removes one-time funding for extraordinary repairs provided in the 2007-09 biennium		(\$23,566)		(\$23,566)
	• Removes one-time funding for major capital projects provided in the 2007-09 biennium		(\$120,000)		(\$120,000)
	• Provides additional base funding from the general fund to replace a loss of federal funds. Funds can only be used to the extent that federal funds become unavailable.	8.60	\$826,284		\$826,284
	• Provides one-time funding for the construction of a greenhouse at the Towner State Nursery		\$300,000		\$300,000
	• Decreases the number of FTE positions by 1.07 pursuant to Section 13 of House Bill No. 1003 (2007) which 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	(1.07)			
250	State Library				
	• Provides funding to increase state aid to public libraries from \$1.2 million to \$1.3 million		\$100,000		\$100,000
	• Provides additional funding to expand online library resources		\$120,000		\$120,000
	• Provides funding to address salary equity issues		\$79,362	\$11,859	\$91,221
252	School for the Deaf				
	• Provides one-time funding for a facility master plan		\$41,000		\$41,000
	• Provides one-time funding for a virtual services business plan		\$25,000		\$25,000
	• Provides funding for deferred maintenance		\$98,605		\$98,605
	• Provides funding to replace standby generator			\$127,640	\$127,640
	• Provides funding to replace tractor/loader/snowblower			\$60,500	\$60,500
	• Provides funding to address salary equity issues		\$57,224	\$3,011	\$60,235
	• Provides additional funding for expanded outreach services		\$28,935		\$28,935
253	North Dakota Vision Services - School for the Blind				
	• Provides one-time funding for equipment		\$39,200		\$39,200
	• Provides one-time funding for a window replacement		\$31,000		\$31,000
	• Provides funding for carpet, roof and parking lot repairs, and air conditioner replacement		\$7,453	\$32,047	\$39,500
	• Provides funding to address salary equity issues		\$28,747	\$4,680	\$33,427

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
270	Department of Career and Technical Education				
	• Provides funding to address salary equity issues		\$48,786		\$48,786
	• Adds funding to continue virtual area centers to provide total funding of \$2 million		\$800,000		\$800,000
	• Increases funding to increase program reimbursement rates		\$1,800,000		\$1,800,000
	• Increases funding for the adult farm management program to provide total funding of \$749,802		\$200,000		\$200,000
	• Increases funding for workforce training grants from \$3,000,000 to \$3,305,000		\$305,000		\$305,000
	• Adds funding for 1 FTE career advisor trainer position (\$164,312) and related operating expenses (\$240,000)		\$404,312		\$404,312
	• Increases funding for grants to increase the number of career resource coordinators from four to eight		\$400,000		\$400,000
HEALTH AND HUMAN SERVICES					
301	State Department of Health				
	• Removes one-time funding provided in the 2007-09 biennium		(\$4,062,135)		(\$4,062,135)
	• Adds 9 FTE positions in medical services, community health, environmental health, emergency preparedness and response, and special populations	9.00	\$60,095	\$941,951	\$1,002,046
	• Increases federal funding for the WIC program			\$7,513,375	\$7,513,375
	• Adds funding for 1 FTE position and operating costs for fraud risk assessment/contract compliance	1.00	\$78,510	\$78,510	\$157,020
	• Adds funding for 2 FTE positions and operating costs for health facility Life Safety Code construction reviews	2.00	\$232,174	\$114,356	\$346,530
	• Provides funding to address salary equity issues		\$163,144	\$180,600	\$343,744
	• Increases funding for continued programs		\$517,919	(\$1,358,090)	(\$840,171)
	• Decreases funding for the medical personnel loan repayment program from \$425,000, of which \$75,000 is from the general fund, to \$347,500, of which \$275,000 is from the general fund		\$200,000	(\$277,500)	(\$77,500)
	• Increases funding for the dental loan repayment program from \$386,000 special funds to \$483,448, of which \$195,000 is from the general fund		\$195,000	(\$97,552)	\$97,448
	• Increases funding for Women's Way to assist with the cost of cancer screenings from \$100,000 to \$250,000		\$150,000		\$150,000
	• Provides funding for inflationary increases in the specialty care diagnostic and treatment program		\$88,000		\$88,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides funding for increased rates for the 24-hour poison hotline 		\$149,000		\$149,000
305	Tobacco Prevention and Control Advisory Committee <ul style="list-style-type: none"> Provides funding for the comprehensive Tobacco Prevention and Control Advisory Committee established as a result of voter approval of initiated measure No. 3 in the November 2008 general election 			\$18,600,000	\$18,600,000
313	Veterans Home <ul style="list-style-type: none"> Removes one-time funding for life safety improvements provided in the 2007-09 biennium Provides one-time funding for an electronic health record system Provides one-time funding for a construction project manager for the new Veterans Home building project Provides one-time funding for carpet, a Bobcat Toolcat, ATV, and thermal imager Provides one-time funding for nursing equipment Provides funding for a carpet cleaner and a Bobcat utility vehicle Adds 3.35 FTE positions, including the continuance of 3 FTE certified nursing and medication aides approved by the Emergency Commission and a .65 FTE account technician position Adds 24 FTE positions for the new building and 1 FTE position in housekeeping Provides funding to address salary equity issues 	3.35	(\$240,442) \$133,600 \$110,088 \$20,000	\$23,297 \$82,955 \$23,616 \$268,055	(\$240,442) \$133,600 \$110,088 \$43,297 \$82,955 \$23,616 \$268,055
	<ul style="list-style-type: none"> Adds 24 FTE positions for the new building and 1 FTE position in housekeeping Provides funding to address salary equity issues 	25.00	\$485,395 \$104,899	\$468,437	\$953,832 \$104,899
316	Indian Affairs Commission <ul style="list-style-type: none"> Provides funding to address salary equity issues Provides funding to allow the commission to develop an American Indian Youth Leadership Academy 		\$4,600 \$40,000		\$4,600 \$40,000
321	Department of Veterans Affairs <ul style="list-style-type: none"> Removes one-time funding for a discharge project and agency security provided for in the 2007-09 biennium Provides funding for inflationary costs in travel Provides funding for a county veterans' service officers training program Provides funding to address salary equity issues 		(\$46,450) \$23,540 \$50,000 \$14,567		(\$46,450) \$23,540 \$50,000 \$14,567
325	Department of Human Services <ul style="list-style-type: none"> Adds general fund support as a result of a reduction in the state's federal medical assistance percentage (FMAP) 		\$10,177,538	(\$10,202,442)	(\$24,904)

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds general fund support to continue developmental disabilities grants funded from Bank of North Dakota loan proceeds in the 2007-09 biennium		\$3,500,000	(\$3,500,000)	\$0
	• Increases funding provided from the health care trust fund from \$525,597 in 2007-09 to \$3,000,000 for 2009-11			\$2,474,403	\$2,474,403
	• Provides funding to address salary equity issues		\$3,458,505	\$1,575,064	\$5,033,569
	• Reduces funding for salaries and wages by \$1 million from the general fund for anticipated salary savings resulting from vacant positions and employee turnover		(\$1,000,000)		(\$1,000,000)
	• Adds 1 FTE position to perform additional duties required by Statement on Auditing Standards No. 112 relating to communicating internal control matters, including \$126,265 for salaries and wages and \$2,790 for related operating expenses	1.00	\$56,724	\$72,331	\$129,055
	• Adds funding for the cost to continue the 2007-09 second-year, 5 percent inflationary increase for human service providers for both years of the 2009-11 biennium		\$7,800,000	\$14,600,000	\$22,400,000
	• Adds funding for cost, caseload, and utilization changes for major grant programs, including Medicaid, long-term care, developmental disabilities, basic care, foster care, child care, subsidized adoption, food stamps, temporary assistance for needy families, etc.		\$17,297,578	\$152,560,271	\$169,857,849
	• Adds funding for rebasing Medicaid payments for the following services:				
	Hospitals		\$8,140,450	\$13,872,664	\$22,013,114
	Physicians		4,899,850	8,350,150	13,250,000
	Chiropractors		153,836	262,164	416,000
	Ambulances		743,710	1,267,404	2,011,114
	Total		\$13,937,846	\$23,752,382	\$37,690,228
	• Adds funding for providing a 7 percent inflationary increase for the second year of the 2009-11 biennium for rebased services and 7 percent annual inflationary increases for other service providers		\$37,156,758	\$57,582,866	\$94,739,624
	• Adds funding for increasing medical services dental services payments to a minimum of an average of 75 percent of billed charges		\$904,167	\$1,540,971	\$2,445,138
	• Adds funding to increase the medically needy income levels to 83 percent of the federal poverty level		\$2,041,614	\$3,479,245	\$5,520,859
	• Adds funding for increasing Healthy Steps (children's health insurance program) income eligibility level to 200 percent of the federal poverty level (As of October 1, 2008, the Healthy Steps income level is 150 percent of the federal poverty level.)	1.50	\$1,146,392	\$3,283,257	\$4,429,649

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Adds funding for revising the SPED fee schedule based on actual cost-of-living adjustment through January 2008 and an estimated cost-of-living adjustment for January 2009 to allow individuals with higher income levels to receive SPED services without paying a fee 		\$571,472	\$30,077	\$601,549
	<ul style="list-style-type: none"> Adds funding to discontinue the home and community-based care services point split for adult family foster care (Currently, when multiple recipients reside in a family foster care setting, the reimbursement (or points) are split for services by the number of recipients. This results in a lower payment for the provider. This adjustment discontinues the point split and provides full reimbursement for each recipient.) 		\$84,082	\$89,211	\$173,293
	<ul style="list-style-type: none"> Adds funding for implementing a waiver for children's hospice services (Funding is for the second year of the 2009-11 biennium.) 		\$316,700	\$539,710	\$856,410
	<ul style="list-style-type: none"> Adds funding for the addition of a third tier of personal care that would allow a maximum of 1,200 units of care per month (Funding is based on a January 1, 2010, start date. Currently, the maximum number of units of care available is 960 units per month.) 		\$1,021,922	\$1,741,524	\$2,763,446
	<ul style="list-style-type: none"> Adds funding to increase the personal needs allowance from \$30 to \$50 per month for individuals in an institutional setting who are "SSI only" and receive their personal needs allowance from Social Security (Funding is based on a January 1, 2010, start date.) 		\$148,068		\$148,068
	<ul style="list-style-type: none"> Adds funding for developmental disabilities services to compensate families at the same level as ICF/MR providers serving children with similar intense medical needs 		\$238,274	\$406,056	\$644,330
	<ul style="list-style-type: none"> Adds funding to compensate developmental disabilities providers serving adults at the same level as ICF/MR providers serving adults with similar intense medical needs 		\$297,842	\$507,570	\$805,412
	<ul style="list-style-type: none"> Adds funding to increase the personal needs allowance for individuals in an ICF/MR facility from \$50 to \$60 per month 		\$38,341	\$65,339	\$103,680
	<ul style="list-style-type: none"> Adds funding to implement a home and community-based care services waiver to provide intensive supports for young children who have a diagnosis of autism spectrum disorder (Funding is for the second year of the 2009-11 biennium.) 	1.00	\$450,724	\$721,019	\$1,171,743
	<ul style="list-style-type: none"> Adds funding to increase the funeral set-aside for Medicaid recipients from \$5,000 to \$7,000 		\$208,571	\$357,429	\$566,000
	<ul style="list-style-type: none"> Adds funding to establish a pilot aging and disability resource center 		\$600,000		\$600,000
	<ul style="list-style-type: none"> Increases funding for family preservation services with Native American tribes (Currently the department contracts with the Three Affiliated Tribes - Mandan, Hidatsa, and Arikara Nation and the Turtle Mountain Band of Chippewa Indians to deliver family preservation services. The additional funding would extend the contracts to the Standing Rock Sioux Tribe and the Spirit Lake Nation.) 		\$300,000		\$300,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Increases funding for centers of independent living from \$1,344,539, of which \$530,958 is from the general fund, to \$2,144,539, of which \$1,330,958 is from the general fund 		\$800,000		\$800,000
	<ul style="list-style-type: none"> Provides funding for senior service providers to supplement Older Americans Act funds 		\$900,000		\$900,000
	<ul style="list-style-type: none"> Provides funding and 1 FTE position for background checks for child care providers 	1.00	\$323,921		\$323,921
	<ul style="list-style-type: none"> Adds funding in the medical services program for immunizations for children 		\$182,701		\$182,701
	<ul style="list-style-type: none"> Adds funding for Governor's Prevention and Advisory Council grants (For the 2007-09 biennium, funding of \$100,000 from the community health trust fund was appropriated to the Governor's office for the grants.) 		\$200,000		\$200,000
	<ul style="list-style-type: none"> Adds funding of \$300,000 from the general fund for compulsive gambling services (Currently, the department is appropriated \$400,000 for the biennium from lottery proceeds for compulsive gambling services.) 		\$300,000		\$300,000
	<ul style="list-style-type: none"> Adds funding to increase the monthly payments for child care assistance 		\$274,408		\$274,408
	<ul style="list-style-type: none"> Deletes 7.5 FTE positions in the child support enforcement program 	(7.50)	(\$264,174)	(\$357,796)	(\$621,970)
	<ul style="list-style-type: none"> Provides funding and 11 FTE positions for a global behavioral health initiative to address the capacity issues at the community level and provide a consistent rate among all regions for behavioral services 	11.00	\$4,418,124	\$504,946	\$4,923,070
	<ul style="list-style-type: none"> Adds funding and 4 FTE positions for the human service centers to provide more oversight and monitoring of developmental disabilities cases as required by the Centers for Medicare and Medicaid Services 	4.00	\$235,172	\$209,416	\$444,588
	<ul style="list-style-type: none"> Adds funding and 1 FTE position for a program coordinator for the partnership program at the Southeast Human Service Center 	1.00	\$61,490	\$40,440	\$101,930
	<ul style="list-style-type: none"> Adds funding for young adult transitional residential services at the Southeast Human Service Center (\$426,844) and West Central Human Service Center (\$750,000) 		\$834,622	\$342,222	\$1,176,844
	<ul style="list-style-type: none"> Adds funding and 1 FTE position for vulnerable adult transitional residential services at the South Central Human Service Center 	1.00	\$73,128		\$73,128
	<ul style="list-style-type: none"> Provides one-time funding for extraordinary repairs at the State Hospital (\$3,231,017) and Developmental Center (\$712,675) 		\$3,943,692		\$3,943,692
	<ul style="list-style-type: none"> Provides one-time funding for equipment over \$5,000 		\$352,606		\$352,606
	<ul style="list-style-type: none"> Removes one-time funding provided for the 2007-09 biennium 		(\$11,867,264)		(\$11,867,264)

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
360	Protection and Advocacy Project				
	• Provides funding to address salary equity issues		\$184,589		\$184,589
	• Adds 1 FTE position (\$113,358) and related operating expenses (\$17,713) to conduct primary investigations as an independent third party when serious incidents warrant an investigation of the Department of Human Services by the Center for Medicare and Medicaid Services	1.00	\$131,071		\$131,071
380	Job Service North Dakota				
	• Increases funding for Workforce 20/20 from \$1,499,506 to \$1,512,491		\$12,585		\$12,585
	• Provides funding to address salary equity issues			\$1,219,235	\$1,219,235
	• Deletes 23.95 FTE positions not requested by the agency	(23.95)		(\$2,286,003)	(\$2,286,003)
	• Decreases funding from Reed Act distributions for the unemployment insurance modernization program from \$7,300,000 to \$5,515,586			(\$1,784,414)	(\$1,784,414)
REGULATORY					
401	Insurance Commissioner, including insurance tax payments to fire departments				
	• Provides funding to address salary equity issues			\$139,510	\$139,510
	• Increases grant funding to the North Dakota Firefighters Association from \$290,000 to \$790,000 from the insurance tax distribution fund			\$500,000	\$500,000
405	Industrial Commission				
	• Provides funding to address salary equity issues		\$582,708	\$12,600	\$595,308
	• Removes one-time funding provided to the department for the 2007-09 biennium, including renewable energy development (\$20 million), biomass incentive research (\$2 million), extraordinary repairs (\$230,000), operating expenses (\$62,500), equipment over \$5,000 (\$8,000), information technology equipment over \$5,000 (\$26,500), and a transfer to the fossil restoration fund (\$250,000)		(\$3,522,500)	(\$19,054,500)	(\$22,577,000)
	• Decreases funding for bond payments to reflect University System bonds which have matured			(\$2,033,151)	(\$2,033,151)
	• Increases funding for lignite research for a total of \$19,971,300			\$560,700	\$560,700
	• Provides one-time funding for a fracturing sand project		\$62,001		\$62,001
	• Provides one-time funding for coal bed methane drilling studies in western North Dakota		\$31,151		\$31,151
	• Provides one-time funding for renewable energy development		\$5,000,000		\$5,000,000
	• Changes the funding source for 2 contingent FTE positions previously funded from the lands and minerals trust fund in the 2007-09 biennium (\$244,552) and related operating expenses (\$62,056)	2.00	\$306,608	(\$285,000)	\$21,608

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides funding for a .50 FTE administrative assistant position and to reclassify a .19 FTE position 	.69	\$36,186	\$51,364	\$87,550
	<ul style="list-style-type: none"> Provide funding for 1 FTE engineering technician IV position and 1 FTE petroleum engineer position (\$235,909) and related operating expenses (\$68,882) 	2.00	\$304,791		\$304,791
	<ul style="list-style-type: none"> Provides funding from the lands and minerals trust fund for 3 contingent FTE positions (\$407,167) and related operating expenses (\$108,040) 	3.00		\$515,207	\$515,207
406	Labor Commissioner				
	<ul style="list-style-type: none"> Adds 1 FTE compliance investigator position (\$110,884) and related operating expenses (\$3,100) 	1.00	\$113,984		\$113,984
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$13,868		\$13,868
	<ul style="list-style-type: none"> Provides one-time funding for costs associated with procuring an updated research study of the perception and extent of discrimination in the state 		\$60,000		\$60,000
408	Public Service Commission				
	<ul style="list-style-type: none"> Removes one-time funding for capital assets provided in the 2007-09 biennium 		(\$89,484)		(\$89,484)
	<ul style="list-style-type: none"> Increases federal funding for abandoned mine land reclamation 			\$2,000,000	\$2,000,000
	<ul style="list-style-type: none"> Increases funding for travel costs 		\$132,005	\$62,665	\$194,670
	<ul style="list-style-type: none"> Adds funding, including 2 FTE positions to address increased workload in the Public Utilities Division and related operating costs 	2.00	\$397,255		\$397,255
	<ul style="list-style-type: none"> Adds funding, including 1 FTE position for the second year of the biennium and remodeling costs to accommodate new and current staff 	1.00	\$33,511	\$87,936	\$121,447
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$124,072	\$57,525	\$181,597
412	Aeronautics Commission				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 			\$19,416	\$19,416
	<ul style="list-style-type: none"> Increases funding from special funds for the general aviation grant program from \$1,500,000 to \$2,530,000 			\$1,030,000	\$1,030,000
	<ul style="list-style-type: none"> Increases funding from special funds for the air service airport grant program from \$2 million to \$3,300,000 			\$1,300,000	\$1,300,000
	<ul style="list-style-type: none"> Increases funding from special funds for aviation education grants from \$75,000 to \$100,000 			\$25,000	\$25,000
	<ul style="list-style-type: none"> Provides funding of \$855,000 from federal funds and \$45,000 from special funds for grants to airports for installation of ADS-B navigational systems 			\$900,000	\$900,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides funding of \$2,812,000 from federal funds and \$148,000 from special funds for grants to airports for automated weather observing systems and master plans 			\$2,960,000	\$2,960,000
	<ul style="list-style-type: none"> Provides one-time federal funding for construction of a terminal at the International Peace Garden airport, installation of wildlife fencing, and reconstruction of the walkway from the airport terminal to United States customs 			\$400,000	\$400,000
413	Department of Financial Institutions				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 			\$111,300	\$111,300
	<ul style="list-style-type: none"> Provides one-time funding to provide for the development of a software interface with the National Mortgage Licensing System 			\$117,351	\$117,351
	<ul style="list-style-type: none"> Adds 1 FTE bank examiner position 	1.00		\$125,254	\$125,254
	<ul style="list-style-type: none"> Adds 1 FTE consumer investigator position 	1.00		\$124,281	\$124,281
414	Securities Commissioner				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$14,933		\$14,933
	<ul style="list-style-type: none"> Provides spending authority for personal finance education to be conducted in accordance with a grant received by the agency 			\$100,000	\$100,000
471	Bank of North Dakota				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 			\$207,982	\$207,982
	<ul style="list-style-type: none"> Provides funding to replace information technology equipment 			\$1,200,000	\$1,200,000
	<ul style="list-style-type: none"> Increases funding for operating expenses 			\$3,052,400	\$3,052,400
	<ul style="list-style-type: none"> Provides funding to replace equipment 			\$255,000	\$255,000
	<ul style="list-style-type: none"> Provides one-time funding for biofuels PACE for the 2009-11 biennium, a reduction of \$2.8 million one-time funding from the 2007-09 biennium 		\$1,400,000		\$1,400,000
	<ul style="list-style-type: none"> Removes funding for capital assets provided for the 2007-09 biennium 			(\$7,184,266)	(\$7,184,266)
473	Housing Finance Agency				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 			\$115,139	\$115,139
	<ul style="list-style-type: none"> Provides one-time funding for relocation and furnishing expenses 			\$248,000	\$248,000
	<ul style="list-style-type: none"> Increases funding for program utilization 			\$2,302,810	\$2,302,810
	<ul style="list-style-type: none"> Increases funding for program outreach 			\$383,127	\$383,127
	<ul style="list-style-type: none"> Provides funding for 4 FTE program growth and outreach positions 	4.00		\$533,120	\$533,120
	<ul style="list-style-type: none"> Decreases federal funds received for Housing and Urban Development grants 			(\$1,692,440)	(\$1,692,440)
	<ul style="list-style-type: none"> Reduces the reserve for loan losses from \$6 million to \$3 million 			(\$3,000,000)	(\$3,000,000)

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
475	Mill and Elevator Association • Increases funding for operating expenses			\$720,346	\$720,346
485	Workforce Safety and Insurance • Adjusts funding for operating expenses			(\$2,329,069)	(\$2,329,069)
PUBLIC SAFETY					
504	Highway Patrol • Removes one-time funding provided for the 2007-09 biennium		(\$232,000)	(\$34,000)	(\$266,000)
	• Provides one-time funding for Capitol security upgrades		\$80,000		\$80,000
	• Provides one-time funding for weigh station repairs		\$100,000		\$100,000
	• Provides funding to address salary equity issues		\$525,000		\$525,000
	• Adds 2 FTE Capitol security positions	2.00	\$415,218		\$415,218
	• Adds 1 FTE permit technician position	1.00	\$91,798		\$91,798
	• Provides funding to increase officer per diem from \$170 per month to \$220 per month		\$168,000		\$168,000
	• Increases funding from the general fund and highway tax distribution fund for motor pool costs		\$556,247	\$203,753	\$760,000
530	Department of Corrections and Rehabilitation Juvenile Services • Provides funding to address salary equity issues		\$963,585		\$963,585
	• Provides one-time funding for extraordinary repairs		\$300,000		\$300,000
	• Provides one-time funding for equipment over \$5,000		\$27,500		\$27,500
	• Provides funding for 2 FTE positions (\$264,111) (The amount shown is net of a reduction in professional services of \$257,122.)	2.00	\$6,989		\$6,989
	• Provides funding to convert long-term temporary staff to 2 FTE positions (\$206,499) (The amount shown is net of a reduction in temporary salaries of \$130,270.)	2.00	\$76,229		\$76,229
	• Provides funding to continue juvenile community services, including tracking services and intensive in-home and day treatment programs		\$615,474		\$615,474
	Adult Services • Provides funding to address salary equity issues		\$3,052,665		\$3,052,665
	• Removes one-time funding provided to the department for the 2007-09 biennium		(\$1,243,000)		(\$1,243,000)

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides one-time funding for the State Penitentiary expansion/renovation project (includes \$41 million from the State Penitentiary land fund which was transferred from the general fund in the 2007-09 biennium) 		\$22,465,804	\$44,534,196	\$67,000,000
	<ul style="list-style-type: none"> Increases funding for medical costs for anticipated increases in inmate populations 		\$284,690		\$284,690
	<ul style="list-style-type: none"> Provides funding for a maintenance agreement for an electronic medical records system 		\$189,560		\$189,560
	<ul style="list-style-type: none"> Provides one-time funding for extraordinary repairs 		\$1,225,000		\$1,225,000
	<ul style="list-style-type: none"> Provides one-time funding for equipment over \$5,000 		\$969,000		\$969,000
	<ul style="list-style-type: none"> Provides funding for 9 FTE positions (\$1,029,887) (The amount shown is net of a reduction in contract services of \$33,476.) 	9.00	\$996,411		\$996,411
	<ul style="list-style-type: none"> Provides funding to convert long-term temporary staff to 19 FTE positions (The general fund amount shown is net of a reduction in temporary salaries of \$982,848.) 	19.00	\$554,001	\$104,793	\$658,794
	<ul style="list-style-type: none"> Provides funding for temporary housing of sexual offenders 		\$160,000		\$160,000
	<ul style="list-style-type: none"> Provides additional funding for increased costs to house inmates at the Missouri River Correctional Center and in contract housing, including the Bismarck Transition Center and halfway and quarterway houses 		\$4,485,293		\$4,485,293
540	Adjutant General, including the National Guard and Department of Emergency Services				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$67,895	\$137,847	\$205,742
	<ul style="list-style-type: none"> Deletes 5 FTE protection service worker positions (National Guard) 	(5.00)		(\$497,734)	(\$497,734)
	<ul style="list-style-type: none"> Adds 2 FTE positions, including a geographic information system specialist III (\$156,691) and a systems mechanic II (\$135,839) (National Guard) 	2.00	\$73,133	\$219,397	\$292,530
	<ul style="list-style-type: none"> Adjusts funding for 6 FTE positions, including a funding source change from 100 percent federal funds to 25 percent from the general fund and 75 percent from federal funds (National Guard) 		\$138,079	(\$612,178)	(\$474,099)
	<ul style="list-style-type: none"> Removes one-time funding provided for the 2007-09 biennium (National Guard) 		(\$717,000)		(\$717,000)
	<ul style="list-style-type: none"> Provides additional federal funding for the regional training institute at Camp Grafton (National Guard) 			\$6,000,000	\$6,000,000
	<ul style="list-style-type: none"> Provides federal funding for construction of an addition to the existing Readiness Center at Camp Grafton (National Guard) 			\$12,000,000	\$12,000,000
	<ul style="list-style-type: none"> Provides one-time funding for the construction and operation of an operations center facility at the Air National Guard installation in Fargo (Construction costs are \$450,000 and operating expenses are \$26,000.) (National Guard) 		\$476,000		\$476,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides one-time funding for boiler replacement at the Minot Air Force Reserve Center and the Raymond J. Bohn Armory in Bismarck (National Guard) 		\$500,000		\$500,000
	<ul style="list-style-type: none"> Provides funding for the expansion of the reintegration program to support National Guard members and their families, including 1 FTE position (\$133,743), related operating expenses for the FTE position (\$48,000), additional operating expenses for increased travel costs for the existing FTE social work positions (\$48,000), and program costs (\$830,000) (National Guard) 	1.00	\$1,057,743		\$1,057,743
	<ul style="list-style-type: none"> Provides one-time funding for expansion of the existing veterans' bonus program to include multiple deployments (National Guard) 		\$500,000		\$500,000
	<ul style="list-style-type: none"> Adds 1 FTE computer and network specialist position (Department of Emergency Services) 	1.00	\$133,743		\$133,743
	<ul style="list-style-type: none"> Adds 1 FTE emergency program specialist position (Department of Emergency Services) 	1.00		\$144,370	\$144,370
	<ul style="list-style-type: none"> Removes one-time funding provided for the 2007-09 biennium (Department of Emergency Services) 		(\$2,064,970)		(\$2,064,970)
	<ul style="list-style-type: none"> Provides one-time funding for Motorola lease purchase payments (Department of Emergency Services) 		\$1,525,347		\$1,525,347
	<ul style="list-style-type: none"> Provides one-time funding to develop a statewide seamless base map 		\$2,100,000		\$2,100,000
	<ul style="list-style-type: none"> Provides one-time funding for the computer-aided dispatch project - Phase 2 		\$1,000,000		\$1,000,000
	<ul style="list-style-type: none"> Provides one-time funding to lease space for additional State Radio towers to close the State Radio communications gap 		\$500,000		\$500,000
	<ul style="list-style-type: none"> Provides one-time funding for State Radio equipment and software purchases, including \$125,000 for an upgrade of the law enforcement message switch, \$20,000 for a time synchronization system, and \$15,000 for uninterruptible power supply battery replacement 		\$160,000		\$160,000
	<ul style="list-style-type: none"> Provides one-time funding to enhance the security within the state's system that serves as the designated control terminal agency for the National Crime Information Center 		\$311,500		\$311,500
AGRICULTURE AND ECONOMIC DEVELOPMENT					
601	Department of Commerce				
	<ul style="list-style-type: none"> Provides 2 FTE positions--one position for the department's administration and marketing area and one position for the State Commission on National Community Service--for converting temporary positions to FTE positions. The funding reported is for related salary increases. 	2.00	\$4,800		\$4,800

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides funding from the general fund to replace funding from oil overcharge fees that has been used for the costs of a staff position in the Office of Renewable Energy and Energy Efficiency 		\$75,326	(\$75,326)	\$0
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$134,236	\$42,391	\$176,627
	<ul style="list-style-type: none"> Provides funding from the general fund for the federal emergency shelter grants program to secure and leverage available federal funds (\$200,000) and for passthrough grants to the North Dakota Coalition for Homeless People (\$100,000) (This is the same level of funding as provided in the 2007-09 biennium.) 				
	<ul style="list-style-type: none"> Increases funding for tourism marketing 		\$912,000		\$912,000
	<ul style="list-style-type: none"> Increases funding for the Small Business Development Center partnership program 		\$400,000		\$400,000
	<ul style="list-style-type: none"> Increases funding for the InnovateND program from \$300,000, of which \$150,000 is from the general fund, to \$400,000, of which \$250,000 is from the general fund 		\$100,000		\$100,000
	<ul style="list-style-type: none"> Increases funding for the North Dakota Trade Office from \$1,500,000 to \$2 million 		\$500,000		\$500,000
	<ul style="list-style-type: none"> Increases funding for Operation Intern from \$600,000 to \$1,200,000 		\$600,000		\$600,000
	<ul style="list-style-type: none"> Removes one-time funding provided for the 2007-09 biennium 		(\$3,100,000)		(\$3,100,000)
	<ul style="list-style-type: none"> Provides one-time funding for cost-share programs for installation of biofuels blender pumps and other alternative energy projects 		\$2,000,000		\$2,000,000
	<ul style="list-style-type: none"> Provides one-time funding of \$2 million for a transfer to the workforce enhancement fund (This is the same level of funding provided for in the 2007-09 biennium.) 				
	<ul style="list-style-type: none"> Provides one-time funding for matching grants to local communities to establish or expand child care options to support working families 		\$3,500,000		\$3,500,000
	<ul style="list-style-type: none"> Provides one-time funding for a tourism grant to promote the commission of the USS <i>North Dakota</i> 		\$100,000		\$100,000
602	Department of Agriculture				
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 		\$86,833	\$94,068	\$180,901
	<ul style="list-style-type: none"> Removes funding provided in the 2007-09 biennium for blackbird research 			(\$159,000)	(\$159,000)
	<ul style="list-style-type: none"> Increases funding for the specialty crop grant program to provide total federal funding of \$1,217,376 			\$790,000	\$790,000
	<ul style="list-style-type: none"> Increases funding from admission and booth fees for Pride of Dakota activities to provide total funding of \$741,106, of which \$250,000 is from the general fund 			\$160,000	\$160,000
	<ul style="list-style-type: none"> Increases funding for the dairy pollution prevention program to provide total federal funding of \$1,513,850 			\$654,000	\$654,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Provides funding for additional office space for department employees 		\$120,000		\$120,000
	<ul style="list-style-type: none"> Adds 1 FTE plant inspector position (\$107,862) and related operating expenses (\$19,000) 	1.00	\$126,862		\$126,862
	<ul style="list-style-type: none"> Adds 1 FTE pesticide outreach position (\$104,841) and related operating expenses (\$25,700) 	1.00		\$130,541	\$130,541
	<ul style="list-style-type: none"> Adds 1 FTE meat inspection position (\$95,784) and related operating expenses (\$57,000) 	1.00	\$78,821	\$73,963	\$152,784
	<ul style="list-style-type: none"> Increases funding for the North Dakota Dairy Coalition to provide total funding \$150,000 		\$75,000		\$75,000
	<ul style="list-style-type: none"> Increases funding for the Wildlife Services program to provide total funding of \$1,067,400, of which \$298,600 is from the general fund and \$768,800 is from the game and fish fund 		\$58,600	\$88,800	\$147,400
616	Seed Department				
	<ul style="list-style-type: none"> Provides one-time funding to update software applications 			\$190,000	\$190,000
	<ul style="list-style-type: none"> Provides funding to address salary equity issues 			\$31,307	\$31,307
627	Upper Great Plains Transportation Institute				
	<ul style="list-style-type: none"> Removes capital project funding provided in the 2007-09 biennium 			(\$5,500,000)	(\$5,500,000)
	<ul style="list-style-type: none"> Adds 2 FTE positions 	2.00		\$347,554	\$347,554
628	Branch Research Centers				
	<ul style="list-style-type: none"> Provides funding for capital bond payments 		\$149,634		\$149,634
	<ul style="list-style-type: none"> Removes one-time funding from the permanent oil tax trust fund provided in the 2007-09 biennium 			(\$450,000)	(\$450,000)
	<ul style="list-style-type: none"> Removes capital project funding provided in the 2007-09 biennium 		(\$697,880)	(\$701,000)	(\$1,398,880)
	<ul style="list-style-type: none"> Provides one-time funding for Dickinson parking lot and landscaping project 			\$350,000	\$350,000
630	NDSU Extension Service				
	<ul style="list-style-type: none"> Provides one-time funding for interactive video upgrades 		\$132,000		\$132,000
	<ul style="list-style-type: none"> Provides funding for 1 FTE position for crop disease management and related operating costs 	1.00	\$243,171		\$243,171
	<ul style="list-style-type: none"> Provides funding to increase operating support to extension service area specialists from \$16,000 per FTE to \$20,000 per FTE 		\$300,000		\$300,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
638	Northern Crops Institute				
	• Removes one-time funding for extraordinary repairs provided for the 2007-09 biennium		(\$25,000)		(\$25,000)
	• Adds 1 FTE milling specialist position	1.00	\$175,024		\$175,024
640	NDSU Main Research Center				
	• Provides funding for capital bond payments		\$421,789		\$421,789
	• Removes one-time funding for deferred maintenance provided for the 2007-09 biennium		(\$100,000)		(\$100,000)
	• Removes funding for capital projects provided for the 2007-09 biennium		(\$7,907,750)	(\$8,000,000)	(\$15,907,750)
	• Removes one-time funding from the permanent oil tax trust fund provided for the 2007-09 biennium			(\$300,000)	(\$300,000)
	• Provides one-time funding for deferred maintenance		\$500,000		\$500,000
	• Provides one-time funding for the final phase of the research greenhouse facility		\$11,450,400		\$11,450,400
	• Provides one-time funding for completion of the beef research facility		\$2,612,400		\$2,612,400
	• Provides one-time funding for capital projects for renovations at the North Central (\$624,000), Williston (\$1,680,000), Langdon (\$144,000), and Dickinson (\$489,200) Branch Research Centers		\$2,937,200		\$2,937,200
	• Provides funding for the increased utilities of the new research greenhouse facility		\$480,000		\$480,000
	• Provides funding for extraordinary repairs		\$600,000		\$600,000
	• Adds funding for 6 FTE positions to develop quality evaluation programs for legumes, pulses, and oilseeds, including related operating expenses	6.00	\$1,180,484		\$1,180,484
649	Agronomy Seed Farm				
	• No major changes				
665	State Fair Association				
	• Removes funding for capital assets, including capital bond payments provided for the 2007-09 biennium		(\$725,000)		(\$725,000)
	• Provides funding for capital bond payments		\$210,000		\$210,000
	• Provides funding to increase exhibitor premium payments from \$442,150 to \$487,150		\$45,000		\$45,000
	• Provides one-time funding for construction of a new grandstand		\$17,000,000		\$17,000,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
670	Racing Commission				
	• Changes funding for salaries from the breeders' fund (\$85,415), promotion fund (\$86,119), and purse fund (\$85,390) to the general fund		\$256,924	(\$256,924)	\$0
NATURAL RESOURCES					
701	State Historical Society				
	• Provides funding to address salary equity issues		\$361,555	\$33,673	\$395,228
	• Removes capital assets and one-time funding provided to the department for the 2007-09 biennium		(\$2,582,346)	(\$5,509,296)	(\$8,091,642)
	• Provides funding for bond payments for the archives expansion and the interpretive center at the Chateau de Mores State Historic Site		\$1,359,060	\$33,333	\$1,392,393
	• Provides funding for equipment over \$5,000		\$81,000		\$81,000
	• Provides one-time funding for exhibit development		\$330,000		\$330,000
	• Provides one-time funding for archives compact shelving		\$350,000		\$350,000
	• Provides one-time funding for extraordinary repairs and small projects (\$795,000) and base budget extraordinary repairs (\$251,319)		\$1,046,319		\$1,046,319
	• Provides one-time funding for marketing and signage		\$75,000		\$75,000
	• Provides one-time funding for the Heritage Center expansion project		\$18,000,000	\$12,000,000	\$30,000,000
	• Adds 1 FTE archives position	1.00	\$114,942		\$114,942
	• Provides funding for 1 FTE Cold War missile site position (\$168,116) and related operating expenses (\$120,300)		\$288,416		\$288,416
	• Provides funding for seasonal staff wage increases		\$31,400		\$31,400
709	Council on the Arts				
	• Provides funding to address salary equity issues		\$6,889		\$6,889
	• Removes one-time funding provided to the department for the 2007-09 biennium		(\$10,000)		(\$10,000)
	• Increases funding for grants to add three sites to the arts in healthcare program (\$15,000), arts in education and folk arts programs (\$40,000), and writing workshops conducted by the poet laureate (\$10,000)		\$65,000		\$65,000
	• Increases federal funding from the National Endowment for Institutional Support			\$45,000	\$45,000
	• Provides federal funding for a new grant program for information technology for arts organizations			\$10,000	\$10,000

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
720	Game and Fish Department				
	• Provides funding to address salary equity issues			\$302,765	\$302,765
	• Adds 1 FTE graphic artist position	1.00		\$88,455	\$88,455
	• Adds 1 FTE pilot game warden position	1.00		\$121,229	\$121,229
	• Increases funding for in lieu of tax payments for Game and Fish Department-owned lands from \$900,000 to \$1,200,000			\$300,000	\$300,000
	• Increases funding for land acquisitions from \$100,000 to \$800,000			\$700,000	\$700,000
	• Provides funding for facility repairs at department facilities			\$400,000	\$400,000
	• Increases funding for wildlife management area improvements to provide a total of \$400,000			\$175,000	\$175,000
	• Provides funding for fishing area improvements			\$450,000	\$450,000
750	Parks and Recreation Department				
	• Provides funding to address salary equity issues		\$538,509		\$538,509
	• Removes one-time funding provided to the department for the 2007-09 biennium		(\$6,341,416)	(\$1,596,259)	(\$7,937,675)
	• Adds 2.50 FTE park maintenance positions	2.50	\$251,687		\$251,687
	• Provides funding for temporary salary increases of 50 cents per hour per year			\$132,000	\$132,000
	• Provides funding for information technology connections at state parks		\$30,000		\$30,000
	• Provides one-time funding for capital projects		\$2,359,768	\$250,000	\$2,609,768
	• Provides base funding of \$753,400 and one-time funding of \$482,500 for extraordinary repairs		\$753,400	\$482,500	\$1,235,900
	• Provides base funding of \$650,000 and one-time funding of \$530,000 for equipment over \$5,000		\$450,000	\$730,000	\$1,180,000
	• Provides one-time funding for a community grant program for community outdoor recreation facilities on a matching basis		\$700,000		\$700,000
	• Provides one-time funding to the International Peace Garden for equipment		\$55,000		\$55,000
770	State Water Commission				
	• Removes one-time funding for the 2007-09 biennium		(\$3,000,000)		(\$3,000,000)
	• Adds 1 FTE hydrologist position to work with pending groundwater permit applications	1.00		\$144,370	\$144,370
	• Adds 1 FTE engineer technician IV position to operate the Northwest Area Water Supply pipeline	1.00		\$110,884	\$110,884
	• Provides funding to address salary equity issues		\$402,374	\$53,316	\$455,690

Dept. No.	Agency/Item Description	Full-Time Equivalent (FTE) Changes	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
801	Department of Transportation				
	<ul style="list-style-type: none"> Provides \$3,885,000 from the highway fund, \$189,000 from the motor vehicle operating fund, and \$126,000 from the Fleet Services fund to address salary equity issues 			\$4,200,000	\$4,200,000
	<ul style="list-style-type: none"> Provides one-time funding from the highway fund for the replacement of the department's mainframe driver's license computer system 			\$7,500,000	\$7,500,000
	<ul style="list-style-type: none"> Adds 2 FTE driver's license examiner positions 	2.00		\$178,666	\$178,666
	<ul style="list-style-type: none"> Increases funding for the Fleet Services program due in part to increases in fuel prices 			\$16,143,756	\$16,143,756
	<ul style="list-style-type: none"> Increases anticipated funding to be received for federal emergency relief projects from \$2,500,000 to \$33,700,000 			\$31,200,000	\$31,200,000
	<ul style="list-style-type: none"> Increases anticipated funding to be received from the Federal Highway Administration from \$453,700,000 to \$500,900,000 			\$47,200,000	\$47,200,000
	<ul style="list-style-type: none"> Provides a one-time transfer from the general fund to the highway tax distribution fund for infrastructure repairs and improvements of the state and political subdivisions 		\$120,000,000		\$120,000,000

ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

STATE SCHOOL AID

The 2009-11 biennium executive budget recommendation provides funding of \$891,125,879, of which \$805,625,879 is from the general fund and \$85,500,000 is from the state tuition fund for the state school aid program. This level of funding represents an increase of \$110.3 million, of which \$101 million is from the general fund and \$9.3 million is from the state tuition fund, from the 2007-09 legislative appropriation of \$780,765,879.

The executive budget recommendation for the state school aid program follows the recommendations of the North Dakota Commission on Education Improvement, a commission created by the Governor in January 2006 pursuant to an Agreement to Stay Litigation executed by nine North Dakota school districts. The nine districts filed a complaint in district court requesting that the state's public school finance system be declared unconstitutional. The Agreement to Stay Litigation called for the creation of the Commission on Education Improvement to examine the current system of delivering and financing public elementary and secondary education and to provide recommendations on how to improve the current system of delivering and financing public elementary and secondary education. The Commission on Education Improvement was reauthorized by the 2007 Legislative Assembly and directed to make recommendations regarding educational adequacy and other matters that could result in the further improvement of elementary and secondary education in North Dakota.

The executive budget recommendation for the state school aid program:

- Includes a new weighting factor for students considered at risk of failing if they do not receive additional services.
- Includes three separate weighting factors for English language learner students based on the scores achieved on a proficiency test approved by the Department of Public Instruction.
- Discontinues the minimum 160 mill levy offset.
- Provides for minimum and maximum funding increases per student, based on the 2006-07 school year, as follows:

Year	Minimum Percentage of Baseline Funding	Maximum Percentage of Baseline Funding
2006-07 (baseline)	100.0%	100.0%
2007-08	103.5%	107.0%
2008-09	106.0%	110.0%
2009-10 (recommendation)	108.5%	119.0%
2010-11 (recommendation)	111.5%	126.0%

- Provides for the addition of a prekindergarten factor in the main school funding formula for any school district that provides at least one-half day of education to four-year-olds at least two times per week beginning with the 2010-11 school year.

- Includes \$400,000 for base payments to regional education associations and the addition of a factor in the school funding formula for distributing support to school districts participating in regional education associations.
- Continues equity payments guaranteeing a local tax base per student equal to no less than 90 percent of the statewide average tax base per student.
- Continues state support for full-day kindergarten programs.

The recommended funding of \$891,125,879 is summarized as follows:

Per student formula payments	\$837,125,879
Transportation aid payments	38,500,000
Special education - Contracts	15,500,000
Total	\$891,125,879

ONE-TIME FUNDING

The executive budget includes \$625,000 of one-time general fund appropriations to the Department of Public Instruction for a grant to the North Dakota Geographic Alliance for funds necessary to match funds available from the National Geographic Society (\$125,000) and for one-time programming changes to the department's state automated reporting system computer application used to gather school district information (\$500,000).

OTHER RECOMMENDATIONS

The executive budget recommendation also provides for:

- **Governor's School program** - Provides \$365,000 from the general fund for support of the Governor's School program, an increase of \$45,000 from the 2007-09 biennium appropriation of \$320,000.
- **National writing projects** - Provides \$108,000 from the general fund for the Red River Valley Writing Project and the Northern Plains Writing Project, the same level of funding provided in the 2007-09 biennium.
- **North Dakota Museum of Art** - Provides \$345,000 from the general fund for support of the North Dakota Museum of Art educational outreach initiative, an increase of \$50,000 from the 2007-09 biennium appropriation of \$295,000.
- **North Dakota LEAD Center** - Provides \$260,000 from the general fund for support of the North Dakota LEAD Center, an increase of \$15,000 from the 2007-09 biennium appropriation of \$245,000.
- **Mentorship grant program** - Provides \$2,300,000 from the general fund for a new mentorship grant program to provide training to new teachers.
- **Instructional coaching** - Provides \$500,000 from the general fund to support three new pilot programs in instructional coaching.

- **Other grants** - Increases federal funding for other grants by approximately **\$13.2 million**, or 5.9 percent, from the 2007-09 appropriation of \$224 million, due to increases in the Early Reading First grant (\$4.5 million), school food and nutrition program (\$3 million), and Title I basic grants (\$9.5 million).
- **Deferred maintenance** - Provides a contingent appropriation from the general fund of \$10 million for deferred maintenance, if the June 30, 2011, general fund balance is projected by the Office of Management and Budget to exceed the official forecast by \$30 million.
- **Property tax relief initiative** - Provides a separate distribution of an estimated \$300 million from the permanent oil tax trust fund through the school funding formula for mill levy reduction and property tax relief. These distributions are to reduce the amount of money school districts need to raise locally through property taxes. Districts will be required to provide a dollar-for-dollar reduction in local taxes for each dollar received.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2009-11 EXECUTIVE BUDGET TO 2007-09 APPROPRIATION AND ESTIMATED EXPENDITURES**

	2007-09 Appropriation	2007-09 Estimated Expenditures	2009-11 Executive Budget	2009-11 Executive Budget Increase (Decrease) Compared to 2007-09 Estimated Expenditures	2009-11 Executive Budget Increase (Decrease) Compared to 2007-09 Appropriation
State school aid program					
State school aid	\$726,165,879 ¹	\$726,165,879 ¹	\$837,125,879 ¹	\$110,960,000	\$110,960,000
State school aid - 2005-07 contingent distributions	600,000 ²	600,000 ²		(600,000)	(600,000)
State school aid - Potential transfer		4,622,985 ³		(4,622,985)	
Transportation aid payments	33,500,000	33,500,000	38,500,000	5,000,000	5,000,000
Transportation aid payments - 2005-07 contingent distributions	2,000,000 ²	2,000,000 ²		(2,000,000)	(2,000,000)
Special education - Contracts	17,500,000	17,500,000	15,500,000	(2,000,000)	(2,000,000)
Special education - Contracts potential transfer		(4,622,985) ³		4,622,985	
Regional education associations - 2005-07 carryforward	1,000,000 ²	1,000,000 ²		(1,000,000)	(1,000,000)
Total - State school aid program	<u>\$780,765,879</u>	<u>\$780,765,879</u>	<u>\$891,125,879</u>	<u>\$110,360,000</u>	<u>\$110,360,000</u>
General fund	\$704,565,879	\$704,565,879	\$805,625,879	\$101,060,000	\$101,060,000
State tuition fund	76,200,000	76,200,000	85,500,000	9,300,000	9,300,000
Total	<u>\$780,765,879</u>	<u>\$780,765,879</u>	<u>\$891,125,879</u>	<u>\$110,360,000</u>	<u>\$110,360,000</u>
Other grants - General fund					
Deferred maintenance and physical plant improvement grants	\$5,000,000 ⁴	\$5,000,000 ⁴		(\$5,000,000)	(\$5,000,000)
Teacher center network	276,000	230,000	\$310,000	80,000	34,000
School food services	1,080,000	1,080,000	1,380,000	300,000	300,000
Adult education grants	1,055,000	1,055,000	1,055,000		
LEAD Center	245,000	235,000	260,000	25,000	15,000
Governor's School	320,000	270,000	365,000	95,000	45,000
National writing projects	108,000	88,000	108,000	20,000	
Rural art outreach project	295,000	250,000	345,000	95,000	50,000
Other grants	33,117	33,117	(137,883)	(171,000)	(171,000)
North Dakota Geographic Alliance			125,000	125,000	125,000
North Central Council for School Television			50,000	50,000	50,000
Mentoring program			2,300,000 ⁵	2,300,000	2,300,000
Instructional coaching pilot project			500,000	500,000	500,000
National board certification	40,000	40,000	95,000	55,000	55,000
Total other grants - General fund	<u>\$8,452,117</u>	<u>\$8,281,117</u>	<u>\$6,755,117</u>	<u>(\$1,526,000)</u>	<u>(\$1,697,000)</u>

2009-11

	2007-09 Appropriation	2007-09 Estimated Expenditures	2009-11 Executive Budget	Executive Budget Increase (Decrease) Compared to 2007-09 Estimated Expenditures	2009-11 Executive Budget Increase (Decrease) Compared to 2007-09 Appropriation
Other grants - Other funds					
Federal grants	\$224,049,689	\$204,517,966	\$237,265,604	\$32,747,638	\$13,215,915
Displaced homemaker program	240,000	240,000	240,000		
Total other grants - Other funds	<u>\$224,289,689</u>	<u>\$204,757,966</u>	<u>\$237,505,604</u>	<u>\$32,747,638</u>	<u>\$13,215,915</u>
Total state school aid and other grants - All funds	\$1,013,507,685	\$993,804,962	\$1,135,386,600	\$141,581,638	\$121,878,915
Agency administration					
Administration (salaries, operating, equipment) - General fund	\$6,053,201	\$5,437,591	\$7,921,445	\$2,483,854	\$1,868,244
Administration (salaries, operating, equipment) - Other funds	25,288,784	19,541,669	36,799,542	17,257,873	11,510,758
Total agency administration - All funds	<u>\$31,341,985</u>	<u>\$24,979,260</u>	<u>\$44,720,987</u>	<u>\$19,741,727</u>	<u>\$13,379,002</u>
Total Department of Public Instruction - All funds	\$1,044,849,670	\$1,018,784,222	\$1,180,107,587	\$161,323,365	\$135,257,917
General fund	\$719,071,197	\$718,284,587	\$820,302,441	\$102,017,854	\$101,231,244
Other funds	325,778,473	300,499,635	359,805,146	59,305,511	34,026,673
Total	<u>\$1,044,849,670</u>	<u>\$1,018,784,222</u>	<u>\$1,180,107,587</u>	<u>\$161,323,365</u>	<u>\$135,257,917</u>
FTE	94.75	94.75	99.75	5.00	5.00

¹ State school aid - The amounts reported for state school aid include the base per student formula payments, special education average daily membership payments, equity payments, and full-day kindergarten (beginning with the 2008-09 school year).

² Section 18 of Senate Bill No. 2013 (2007) provided for the contingent distribution for any moneys appropriated for per student payments and transportation payments that remain after payment of all statutory obligations for per student and transportation payments during the 2005-07 biennium. Contingent distributions totaling \$12.8 million, after returning \$759,000 to the general fund, included:

	Authorized Amount Pursuant to Section 18 of Senate Bill No. 2013
Additional payments to school districts serving English language learners in accordance with NDCC Section 15.1-27-12	\$450,000
Additional payments to school districts participating in eligible educational associations	1,000,000
Increases over the established baselines in the minimum percentage of state aid payable to a district per weighted student unit during the 2007-09 biennium	600,000
Additional transportation grants to school districts for the 2007-09 biennium as provided in 2007 Senate Bill No. 2200	2,000,000
Payments to school districts that are members of regional education associations during the 2007-09 biennium	1,000,000
Grant to the Division of Independent Study for enhancing civic education	30,000
One-time grant to the North Dakota Museum of Art for enhancing the Snow Country Prison Exhibit	15,000

Payments to professionals and experts the North Dakota Commission on Education Improvement contracted with during the 2007-08 interim for assistance with its study of educational adequacy	200,000
Funding to the Education Standards and Practices Board for providing payments to recipients of national board certification and scholarships to individuals seeking national board certification	77,000
Additional payments to school districts offering an adult education program during the 2005-07 biennium	200,000
Purchase of automated external defibrillators and distribution to school districts	400,000
Grant to the North Central Council of School Television for licensing of educational television programs for classroom use by North Dakota elementary and secondary schools, assisting with the North Dakota studies project, and other operating expenses	395,000
Rewrite of the state school aid computer system	500,000
Rewrite of the teacher licensure application used by the Department of Public Instruction and the Education Standards and Practices Board	650,000
Reimbursements to eligible school districts that received reduced amounts of state aid. An eligible school district is one that received a reduction in state aid during the 2005-07 biennium because the district's general fund levy fell below 140 mills as the result of an accounting oversight.	25,748
Grants of \$1,000 to North Dakota residents who are licensed to teach by the Education Standards and Practices Board, have taught in the state during each of the last five school years, and are enrolled in either a master of education program in educational leadership or a program leading to a specialist diploma in educational leadership	90,000
Grant for the Atlantik-Brucke teacher exchange program	50,000
After providing for the contingency items noted above, \$5.1 million of remaining funding was distributed by the department to the school districts as additional per student payments in June 2007.	5,100,000
	\$12,782,748
Total	

³ The Department of Public Instruction estimates state school aid payments will exceed the current appropriation for the 2007-09 biennium and anticipates requesting a line item transfer of approximately \$4.6 million from the special education - contracts line item to the state school aid line item.

⁴ Section 50 of Senate Bil No. 2200 (2007) provided a \$5 million general fund appropriation to the Department of Public Instruction for school districts' deferred maintenance and physical plant improvement grants contingent upon the Office of Management and Budget projecting either the June 30, 2008, or the June 30, 2009, ending general fund balance to be \$30 million more than projected by the Office of Management and Budget at the end of the 2007 legislative session. In April 2008 the Office of Management and Budget projected the June 30, 2008, ending balance would exceed the legislative estimate by more than \$30 million and the deferred maintenance and physical plant improvement grants were made available to school districts. The department anticipates all of the grant funds will be expended.

⁵ The executive budget recommendation for the 2009-11 biennium includes \$2.3 million of funding from the general fund for a new mentoring program to provide training and support for new teachers.

**PER STUDENT STATE SCHOOL AID PAYMENTS AND WEIGHTED STUDENT UNITS
FOR THE 2007-09 AND 2009-11 BIENNIUMS**

	2007-09 Legislative Appropriation	2007-09 Actual	2009-11 Executive Budget
First-Year Per Student Payments	\$3,250	\$3,250	\$3,420
Second-Year Per Student Payments	\$3,325	\$3,325 ^{1,2}	\$3,779
Weighted Student Units			
First year	107,254	105,962	110,375 ³
Second year	107,028	108,240 ¹	111,200 ³

¹Estimated.

²To provide the state school aid payments for the second year of the 2007-09 biennium at the appropriated per student rate, the Department of Public Instruction anticipates requesting legislative authority to transfer \$4.6 million in general fund appropriation authority from the grants - special education contracts line to the grants - state school aid line.

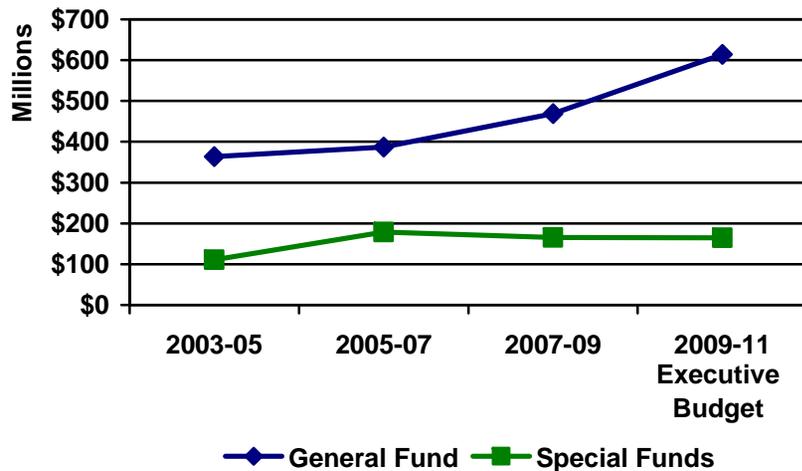
³The anticipated increase in weighted student units for the 2009-11 biennium is the result of more modest declines in births, the implementation of an at-risk weighting factor for students considered at risk of failing if they do not receive additional services, and the addition of a prekindergarten factor to the main school funding formula for any school district that provides at least one-half day of education to four-year-olds at least two times per week beginning with the 2010-11 school year.

HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

The 2009-11 executive budget recommends the following higher education funding changes compared to 2007-09 legislative appropriations for higher education:

- Increase **general fund** support by \$145,575,323, or 31.1 percent, including approximately \$74.1 million of one-time funding from the general fund. The increase in funding is due in part to increasing funding for campus operations by approximately \$49 million, increasing funding for major capital projects by approximately \$33.1 million, and increasing funding for student financial assistance by approximately \$34 million.
- Decrease support from **special funds** by \$1,023,657, or 0.6 percent. Special funds support relates primarily to major capital projects funded from local sources or through the issuance of revenue bonds.
- Adjust the authorized number of **full-time equivalent (FTE) positions** from 2,136.59 to 2,141.42 to reflect the number of FTE positions supported by the general fund.

Higher Education Appropriations



Biennium	General Fund	Special Funds	Total
2003-05	\$364,029,938	\$110,546,775	\$474,576,713
2005-07	\$387,157,893	\$178,552,108	\$565,710,001
2007-09	\$468,649,624	\$165,419,701	\$634,069,325
2009-11 - Executive budget	\$614,224,947	\$164,396,044	\$778,620,991

Key recommendations include:

1. Funding of \$74,153,245 is provided for **one-time general fund appropriations**, including:

System security and emergency preparedness pool	\$4,000,000
Repairs, maintenance, and security	20,000,000
Electronic medical records system	225,000
Campus master plan development	3,000,000
Major capital projects	46,928,245
Total	\$74,153,245

2. Funding of \$49.4 million from the general fund for **campus parity** as requested by the State Board of Higher Education for costs to continue the fiscal year 2009 legislatively authorized salary increases, 5 percent per year salary increases for the 2009-11 biennium, estimated health insurance increases, and operating inflation of 2.0 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011.
3. Funding of approximately \$10 million from the general fund for **campus equity** payments allocated as follows:

Bismarck State College	\$416,578
Lake Region State College	196,229
Williston State College	135,135
University of North Dakota (UND)	2,441,063
UND School of Medicine and Health Sciences	590,899
North Dakota State University	4,963,065
State College of Science	135,135
Dickinson State University	443,692
Mayville State University	135,135
Minot State University	272,798
Valley City State University	135,135
Minot State University - Bottineau	135,135
Total	\$9,999,999

4. Funding of \$40,348,428, of which \$40,000,000 is from the general fund and \$348,428 is from federal funds, for the **student financial assistance grant program**. The expanded program will assist approximately 11,340 students compared to the current level of 4,000 students. In addition, the program will increase the average individual student grants from \$800 to \$2,000. Of the \$40,000,000 general fund appropriation, \$700,000 is designated for grants to tribally controlled community colleges to defray the costs of education associated with enrollment of nonbeneficiary students. The total program funding amount represents an increase of \$34,360,931 from the 2007-09 legislative appropriation of \$5,987,497.

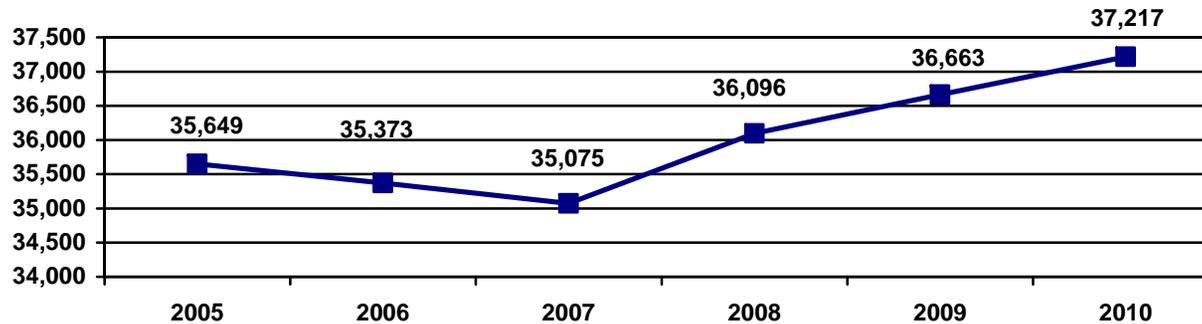
5. Funding of \$3,337,100, of which \$2,346,130 is from the general fund and \$990,970 is from the student loan trust fund, for the **professional student exchange program**. The funding includes \$193,000 from the general fund to continue current student funding and provides the following estimated number of available new openings: seven veterinarian, eight dentist, and four optometrist. In addition, \$467,590 of funding from the student loan trust fund is to be used to support currently enrolled students and provide an estimated five new openings per year under the Kansas State University veterinary medical education program. This level represents a total funds increase of \$614,154 from the 2007-09 legislative appropriation of \$2,722,946.
6. Funding of \$2,113,584 from the general fund for the **scholars program**. The funding includes \$450,000 to increase the number of new positions available by 50. This level represents a general fund increase of \$635,018 from the 2007-09 legislative appropriation of \$1,478,566.
7. Funding of \$6,450,000 from the general fund is recommended for **competitive research** matching funding. This represents an increase of \$800,000 from the 2007-09 legislative appropriation of \$5,650,000.

8. A **common information services pool** of \$30,250,638, of which \$29,209,438 is from the general fund and \$1,041,200 is from special funds (\$1,020,600 from the student loan trust fund), is provided for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding includes an increase of \$2,306,255 for parity, \$1,220,000 for increased bandwidth costs, and \$1,041,200 for ConnectND support positions. This level of funding represents an increase of \$4,267,345 from the 2007-09 ongoing appropriation of \$25,983,293.
9. Funding of \$247,985,347 is provided for **capital assets**, including:

	General Fund	Special Funds	Total
Capital construction lease payments	\$11,296,798	\$717,250	\$12,014,048
Campus extraordinary repairs	26,714,054		26,714,054
Campus master plan development	3,000,000		3,000,000
Major capital projects	46,928,245	159,329,000	206,257,245
Total	\$87,939,097	\$160,046,250	\$247,985,347

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 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
Bismarck State College	2,602	2,651	2,792	2,937	3,020	3,100
Dickinson State University	2,031	2,059	2,158	2,294	2,293	2,293
Lake Region State College	738	750	764	784	750	750
Mayville State University	722	652	586	563	573	584
Minot State University	3,063	2,928	2,730	2,720	3,074	3,228
Minot State University - Bottineau	386	399	402	440	450	450
North Dakota State University	10,752	10,890	11,221	11,794	11,900	12,100
State College of Science	2,223	2,171	2,097	2,041	1,967	1,893
University of North Dakota	11,531	11,381	10,967	11,137	11,264	11,437
Valley City State University	899	844	807	823	830	840
Williston State College	702	648	551	562	542	542
Total	35,649	35,373	35,075	36,095	36,663	37,217

¹The State Board of Higher Education adopted a new enrollment reporting policy in August 2006. The policy, which is consistent with national Integrated Postsecondary Education Data Systems (IPEDS) reporting requirements, provides that an undergraduate full-time equivalent (FTE) student is equal to 15 credit-hours rather than 16 credit-hours as previously calculated. The policy also provides that for graduate students, one full-time student is equivalent to 1 FTE student and a part-time student is equivalent to a .5 FTE student. In order to provide a consistent basis for comparing fall 2006 enrollments to previous years, the enrollments reported for 2005 have been recalculated based on the new definition. The information presented in this schedule was provided by the North Dakota University System office.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2005-06 through 2008-09. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. House Bill No. 1030 (2007) continues this authority through June 30, 2009. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2005-06 ¹	2006-07 ¹	2007-08 ¹	2008-09 ¹
Bismarck State College ²				
Undergraduate				
Resident	\$2,787 6.0%	\$3,052 9.5%	\$3,204 5.0%	\$3,364 5.0%
Minnesota resident ³	\$3,590 5.9%	\$3,870 7.8%	\$3,990 3.1%	\$4,075 2.1%
Contiguous state/province ⁴	\$3,483 6.0%	\$3,815 9.5%	\$4,005 5.0%	\$4,205 5.0%
Other nonresident	\$7,441 6.0%	\$8,148 9.5%	\$8,554 5.0%	\$8,982 5.0%
Dickinson State University				
Undergraduate				
Resident	\$3,329 9.5%	\$3,646 9.5%	\$3,828 5.0%	\$4,019 5.0%
Minnesota resident ³	\$3,730 9.5%	\$3,922 5.1%	\$4,075 3.9%	\$4,197 3.0%
Contiguous state/province ⁴	\$4,161 9.5%	\$4,558 9.5%	\$4,785 5.0%	\$5,024 5.0%
Other nonresident	\$8,888 9.5%	\$9,735 9.5%	\$10,222 5.0%	\$10,731 5.0%
Lake Region State College				
Undergraduate				
Resident	\$2,550 9.5%	\$2,780 9.0%	\$2,919 5.0%	\$3,065 5.0%
Minnesota resident ³	\$3,729 9.5%	\$3,856 3.4%	\$3,998 3.7%	\$4,075 1.9%
Contiguous state/province ⁴	\$2,550 9.5%	\$2,780 9.0%	\$2,919 5.0%	\$3,065 5.0%
Other nonresident	\$2,550 9.5%	\$2,780 9.0%	\$2,919 5.0%	\$3,065 5.0%
International students		\$6,950	\$7,298 5.0%	\$7,662 5.0%
Mayville State University				
Undergraduate				
Resident	\$3,300 9.5%	\$3,614 9.5%	\$3,795 5.0%	\$3,985 5.0%
Minnesota resident ³	\$3,696 9.5%	\$3,888 5.2%	\$4,040 3.9%	\$4,162 3.0%

Institution	2005-06 ¹	2006-07 ¹	2007-08 ¹	2008-09 ¹
Contiguous state/province ⁴	\$4,125 9.5%	\$4,518 9.5%	\$4,743 5.0%	\$4,981 5.0%
All Canadian provinces except Saskatchewan and Manitoba		\$5,421	\$5,692 5.0%	\$5,977 5.0%
Other nonresident	\$8,811 9.5%	\$5,421 (38.5%)	\$5,692 5.0%	\$5,977 5.0%
International students			\$10,132	\$10,639 5.0%
Minot State University				
Undergraduate				
Resident	\$3,460 9.5%	\$3,790 9.5%	\$3,980 5.0%	\$4,179 5.0%
Minnesota resident ³	\$3,876 9.5%	\$4,077 5.2%	\$4,237 3.9%	\$4,365 3.0%
Contiguous state/province ⁴	\$4,325 9.5%	\$4,736 9.5%	\$4,973 5.0%	\$5,224 5.0%
Other nonresident	\$9,238 9.5%	\$10,116 9.5%	\$10,622 5.0%	\$11,158 5.0%
Graduate				
Resident	\$4,578 9.5%	\$5,013 9.5%	\$5,264 5.0%	\$5,527 5.0%
Minnesota resident ³	\$6,017 9.5%	\$6,285 4.5%	\$6,549 4.2%	\$6,745 3.0%
Contiguous state/province ⁴	\$6,867 9.5%	\$7,520 9.5%	\$7,896 5.0%	\$8,291 5.0%
Other nonresident	\$12,223 9.5%	\$13,384 9.5%	\$14,053 5.0%	\$14,758 5.0%
Minot State University - Bottineau				
Undergraduate				
Resident	\$2,575 9.0%	\$2,830 9.9%	\$2,972 5.0%	\$3,120 5.0%
Minnesota resident ³	\$3,729 9.5%	\$3,856 3.4%	\$3,998 3.7%	\$4,075 1.9%
South Dakota and Montana residents	\$2,953 0.0%	\$2,953 0.0%	\$3,715 25.8%	\$3,901 5.0%
All provinces ⁵	\$2,575 9.0%	\$2,830 9.9%	\$2,972 5.0%	\$3,120 5.0%
Other nonresident	\$6,875 9.0%	\$7,556 9.9%	\$4,458 (41.0%)	\$4,680 5.0%
State College of Science ^{6, 7}				
Undergraduate				
Resident	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%	\$3,368 5.0%
Minnesota resident ³	\$3,590 5.9%	\$3,870 7.8%	\$3,990 3.1%	\$4,075 2.1%

Institution	2005-06 ¹	2006-07 ¹	2007-08 ¹	2008-09 ¹
Contiguous state/province ⁴	\$3,534 5.9%	\$3,818 8.0%	\$4,009 5.0%	\$4,209 5.0%
Other nonresident	\$7,550 5.9%	\$8,154 8.0%	\$8,563 5.0%	\$8,991 5.0%
Business and Industry Partnership Program ⁸				
Resident	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%	\$3,368 5.0%
Minnesota resident ³	\$3,590 5.9%	\$3,870 7.8%	\$3,990 3.1%	\$4,075 2.1%
Contiguous state/province ⁴	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%	\$3,368 5.0%
Other nonresident	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%	\$3,368 5.0%
North Dakota State University				
Undergraduate				
Resident	\$4,360 9.5%	\$4,774 9.5%	\$5,013 5.0%	\$5,264 5.0%
Minnesota resident ³	\$4,901 9.5%	\$5,142 4.9%	\$5,343 3.9%	\$5,504 3.0%
Contiguous state/province ⁴	\$6,540 9.5%	\$7,161 9.5%	\$7,519 5.0%	\$7,895 5.0%
Other nonresident	\$11,641 9.5%	\$12,747 9.5%	\$13,384 5.0%	\$14,053 5.0%
Graduate				
Resident	\$4,676 9.5%	\$5,120 9.5%	\$5,376 5.0%	\$5,645 5.0%
Minnesota resident ³	\$6,015 9.5%	\$6,285 4.5%	\$6,549 4.2%	\$6,745 3.0%
Contiguous state/province ⁴	\$7,013 9.5%	\$7,680 9.5%	\$8,064 5.0%	\$8,467 5.0%
Other nonresident	\$12,485 9.5%	\$13,671 9.5%	\$14,354 5.0%	\$15,072 5.0%
University of North Dakota				
Undergraduate				
Resident	\$4,390 9.5%	\$4,786 9.0%	\$5,025 5.0%	\$5,276 5.0%
Minnesota resident ³	\$4,901 9.5%	\$5,142 4.9%	\$5,343 3.9%	\$5,504 3.0%
Contiguous state/province ⁴	\$6,584 9.5%	\$7,180 9.1%	\$7,538 5.0%	\$7,914 5.0%
Other nonresident	\$11,722 9.5%	\$12,780 9.0%	\$13,418 5.0%	\$14,088 5.0%
Graduate				
Resident	\$4,722 9.5%	\$5,148 9.0%	\$5,405 5.0%	\$5,675 5.0%

Institution	2005-06 ¹	2006-07 ¹	2007-08 ¹	2008-09 ¹
Minnesota resident ³	\$6,015 9.5%	\$6,285 4.5%	\$6,549 4.2%	\$6,745 3.0%
Contiguous state/province ⁴	\$7,084 9.5%	\$7,722 9.0%	\$8,108 5.0%	\$8,513 5.0%
Other nonresident	\$12,610 9.5%	\$13,746 9.0%	\$14,432 5.0%	\$15,153 5.0%
School of Law ⁹				
Resident	\$5,160 9.5%	\$5,780 12.0%	\$6,069 5.0%	\$6,372 5.0%
Minnesota resident (newly enrolled prior to 2006-07 academic year) ³	\$6,015 9.5%	\$6,285 4.5%	\$6,549 4.2%	
Minnesota resident (newly enrolled during the 2006-07 or 2007-08 academic year) ³		\$15,432	\$16,204 5.0%	
Minnesota resident (all students regardless of date of enrollment) ³				\$9,559
Contiguous state/province ⁴	\$7,740 9.5%	\$8,670 12.0%	\$9,104 5.0%	\$9,559 5.0%
Other nonresident	\$13,778 9.5%	\$15,432 12.0%	\$16,204 5.0%	\$17,015 5.0%
School of Medicine and Health Sciences				
Resident	\$18,908 8.0%	\$20,422 8.0%	\$21,443 5.0%	\$22,215 3.6%
Minnesota resident ³	\$21,177 8.0%	\$21,969 3.7%	\$22,827 3.9%	\$23,515 3.0%
Minnesota resident (newly enrolled as of the 2006-07 academic year) ³		\$22,464	\$23,587 5.0%	\$24,767 5.0%
Other nonresident	\$50,482 8.0%	\$37,800 (25.1%)	\$39,690 5.0%	\$41,675 5.0%
Physical Therapy ¹⁰				
Resident	\$8,738 8.0%	\$9,438 8.0%	\$9,910 5.0%	\$10,406 5.0%
Minnesota resident ³	\$8,738 8.0%	\$9,438 8.0%	\$9,910 5.0%	\$10,406 5.0%
Contiguous state/province ⁴	\$12,090 8.0%	\$13,058 8.0%	\$13,711 5.0%	\$14,397 5.0%
Other nonresident	\$12,090 8.0%	\$13,058 8.0%	\$13,711 5.0%	\$14,397 5.0%
Valley City State University ¹¹				
Undergraduate				
Resident	\$3,428 9.5%	\$3,753 9.5%	\$3,941 5.0%	\$4,138 5.0%
Minnesota resident ³	\$3,839 9.5%	\$4,037 5.2%	\$4,195 3.9%	\$4,322 3.0%
Contiguous state/province ⁴	\$4,284 9.5%	\$4,691 9.5%	\$4,926 5.0%	\$5,172 5.0%

Institution	2005-06 ¹	2006-07 ¹	2007-08 ¹	2008-09 ¹
Other nonresident	\$9,152 9.5%	\$10,021 9.5%	\$10,522 5.0%	\$11,048 5.0%
Graduate				
Resident	\$4,560	\$4,993 9.5%	\$5,243 5.0%	\$5,505 5.0%
Minnesota resident ³	\$6,017	\$6,377 6.0%	\$6,549 2.7%	\$6,745 3.0%
Contiguous state/province ⁴	\$5,700	\$6,241 9.5%	\$6,554 5.0%	\$6,881 5.0%
Other nonresident	\$12,175	\$13,332 9.5%	\$13,998 5.0%	\$14,698 5.0%
Williston State College ¹²				
Undergraduate				
Resident	\$2,198 6.0%	\$2,374 8.0%	\$2,493 5.0%	\$2,618 5.0%
Minnesota resident ³	\$3,111 5.9%	\$3,354 7.8%	\$3,458 3.1%	\$3,532 2.1%
Contiguous state/province ⁴	\$2,198 6.0%	\$2,374 8.0%	\$2,493 5.0%	\$2,618 5.0%
Other nonresident	\$3,298 6.0%	\$3,561 8.0%	\$3,740 5.0%	\$3,927 5.0%

¹Beginning with the 2002-03 academic year, the State Board of Higher Education authorized each higher education institution president to set the final tuition rate for each campus within an approved range.

²Bismarck State College implemented a per credit tuition model beginning in the 2000-01 academic year. For academic years 2000-01 through 2003-04, the institution charged a per credit (part-time) tuition rate for all credit-hours except for the 14th and 15th credits, which were at no charge. Beginning with the 2004-05 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 student.

³Under the current North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate. Beginning with the 2006-07 academic year, the University of North Dakota School of Law and School of Medicine and Health Sciences are removed from the reciprocity agreement. The university is allowed to establish its own tuition rates for Minnesota residents for these programs.

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

⁵Beginning with the 2002-03 academic year, Minot State University - Bottineau charges resident tuition rates to students from all Canadian provinces.

⁶Beginning with the 2002-03 academic year, the State College of Science is offering special reduced tuition rates to contiguous state/province and other nonresident students who live on campus with a meal plan. The following is a summary of the special reduced tuition rates:

	2005-06	2006-07	2007-08	2008-09
Undergraduate				
Contiguous state/province	\$2,828	\$3,054	\$3,207	\$3,367
Other nonresidents	\$2,828	\$3,054	\$3,207	\$3,367

⁷The State College of Science implemented a per credit tuition model beginning in the 2004-05 academic year. For the 2004-05 academic year, the institution charged a per credit (part-time) tuition rate for all credit-hours except for the 17th and 18th credits, which were at no charge. Beginning with the 2005-06 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 student.

⁸Beginning with the 2001-02 academic year, the 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 for the 2008-09 academic year 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 two years. In the students' junior year, students enter the physical therapy program and start paying tuition based on the physical therapy program tuition rates.

¹¹Valley City State University implemented a per credit tuition model beginning in the 2005-06 academic year. The institution charges a per credit (part-time) tuition rate for all credit-hours. The undergraduate tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time student. The graduate tuition rates shown are based on a credit load of 12 credit-hours per semester, which is the number of credit-hours taken by an average graduate full-time student.

¹²Williston State College implemented a per credit tuition model beginning in the 2002-03 academic year. The institution charges a per credit (part-time) tuition rate for all credit-hours except for the 14th, 15th, and 16th credits, which are at no charge. The tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time student.

DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Provides a total general fund appropriation of \$721.5 million, \$127.6 million, or 21.5 percent, more than the \$593.9 million appropriated for the 2007-09 biennium.
- Adds \$10.2 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 63.15 percent in federal fiscal year 2009 to 63.01 percent in federal fiscal year 2010. The department anticipates North Dakota's FMAP to remain at 63.01 percent for federal fiscal year 2011.
- Provides \$94.7 million, of which \$37.1 million is from the general fund, for a 7 percent **inflationary increase** for the second year of the 2009-11 biennium for rebased services (hospitals, physicians, chiropractors, and ambulances) and 7 percent annual inflationary increases for other service providers. The 2007 Legislative Assembly approved a 4 percent inflationary increase for the first year of the 2007-09 biennium and a 5 percent inflationary increase for the second year of the biennium.
- Provides funding of \$5,033,569, of which \$3,458,505 is from the general fund, to address **salary equity** issues.
- Reduces salaries and wages by \$1 million from the general fund in anticipation of savings from vacant positions and employee turnover.

MANAGEMENT

- Removes one-time funding of \$3,643,133 from the general fund provided for the 2007-09 biennium for the Medicaid management information system replacement project.

PROGRAM AND POLICY

- Reduces funding for **temporary assistance for needy families (TANF)** costs by \$1.9 million to provide a total of \$23.5 million, of which \$5.5 million is from the general fund, for the 2009-11 biennium. The reduction is based on the number of recipients and average monthly payments during the 2007-09 biennium, both of which are lower than anticipated.
- Provides \$142.3 million for **inpatient hospital services** in the medical assistance program, an increase of \$44.5 million, or 45.3 percent, compared to the projected expenditures for the 2007-09 biennium of \$97.8 million.

- Provides \$63.4 million for **outpatient hospital services** in the medical assistance program, an increase of \$9.6 million, or 17.9 percent, compared to the projected expenditures for the 2007-09 biennium of \$53.8 million.
- Provides \$50.2 million for **prescription drugs** in the medical assistance program, an increase of \$11.2 million, or 28.7 percent, compared to the projected expenditures for the 2007-09 biennium of \$39 million.
- Includes \$19,416,262, of which \$18,624,262 is from the general fund and \$792,000 is from estate collections, for making Medicare Part D prescription drug "**clawback**" **payments** to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid. The amount provided is an increase of \$266,647 from the 2007-09 biennium appropriation of \$19,149,615 from the general fund.
- Provides \$24.5 million for **premiums** in the medical assistance program, an increase of \$5.1 million, or 26.2 percent, compared to the projected expenditures for the 2007-09 biennium of \$19.4 million.
- Provides \$25.9 million for **psychiatric residential treatment facilities (treatment services for children)** in the medical assistance program, an increase of \$5.7 million, or 27.9 percent, compared to the projected expenditures for the 2007-09 biennium of \$20.2 million.
- Provides \$35.2 million for **Healthy Steps**, the children's health insurance program, an increase of \$15 million, or 74.2 percent, compared to the 2007-09 biennium appropriation of \$20.2 million. The executive budget recommends increasing the Healthy Steps income eligibility level to 200 percent of the federal poverty level. As of October 1, 2008, the Healthy Steps income level is 150 percent of the federal poverty level.
- Provides \$422.2 million for **nursing facility care**, an increase of \$52.1 million, or 14.1 percent, compared to the 2007-09 biennium appropriation of \$370.1 million. The increase includes \$25.2 million for the cost to continue 2007-09 inflationary increases and for other cost, caseload, and utilization adjustments and \$26.9 million for the recommended 7 percent annual inflationary increases.
- Provides \$17.1 million for **basic care**, of which \$7.9 million is from the general fund, an increase of \$3 million, of which \$1.8 million is from the general fund compared to the 2007-09 biennium appropriation.
- Increases funding for **aged and disabled waiver services** by \$4.7 million, from \$4.9 million appropriated for the 2007-09 biennium to \$9.6 million for the 2009-11 biennium. The general fund share is increasing by \$1.7 million, from \$1.9 million in 2007-09 to \$3.6 million for 2009-11.

- Provides \$18.1 million for **service payments for elderly and disabled (SPED)** and **expanded SPED** programs, \$5.4 million more than the \$12.7 million appropriated for the 2007-09 biennium.
- Provides \$23.9 million for the Medicaid **personal care option**, \$4.8 million more than the \$19.1 million appropriated for the 2007-09 biennium. The general fund share of the 2009-11 biennium appropriation is \$8.8 million, \$1.9 million more than the \$6.9 million appropriated for the 2007-09 biennium.
- Provides \$323.1 million for **developmental disabilities services grants**, of which \$118.9 million is from the general fund. Compared to the 2007-09 biennium, the 2009-11 biennium funding is an increase of \$49.7 million, of which \$23.3 million is from the general fund. Of the \$49.7 million increase, \$17.5 million relates to the cost to continue 2007-09 biennium inflationary and wage increases approved by the 2007 Legislative Assembly and other cost and caseload adjustments and \$28.5 million for the recommended **7 percent annual inflationary increases**.
- Reduces funding for the Division of Mental Health and Substance Abuse **community-based sexual offender treatment** program by \$909,731, from \$2,774,562 to \$1,864,831.

STATE HOSPITAL

- Provides \$516,815 from the general fund and six full-time equivalent (FTE) positions for a **global behavioral health initiative** to address the capacity issues at the community level by providing a consistent rate among all regions for behavioral services.
- Provides **one-time funding** of \$3,477,237 from the general fund for extraordinary repairs (\$3,231,017) and equipment over \$5,000 (\$246,220) at the State Hospital.
- Removes one-time funding of \$7,316,257 from the general fund provided for the 2007-09 biennium for a sexual offender treatment addition (\$3,100,000), capital improvements (\$3,062,757), and extraordinary repairs (\$1,153,500).

DEVELOPMENTAL CENTER

- Provides **one-time funding** of \$787,675 from the general fund for extraordinary repairs (\$712,675) and equipment over \$5,000 (\$75,000) at the Developmental Center.
- Removes one-time funding of \$927,874 from the general fund provided for the 2007-09 biennium for capital improvements (\$300,000), extraordinary repairs (\$547,092), and equipment over \$5,000 (\$80,782).

HUMAN SERVICE CENTERS

- Adds \$4,406,255, of which \$3,901,309 is from the general fund, and five FTE positions for a **global behavioral health initiative** to address the capacity issues at the community level by providing a consistent rate among all regions for behavioral services.
- Adds \$444,588, of which \$235,172 is from the general fund, and four FTE positions for providing additional **oversight** and **monitoring** of **developmental disabilities cases** as required by the Centers for Medicare and Medicaid Services.
- Provides \$1,176,844, of which \$834,622 is from the general fund, for **young adult transition residential services** at the Southeast Human Service Center (\$426,844) and the West Central Human Service Center (\$750,000).
- Provides **one-time funding** of \$55,500, of which \$26,966 is from the general fund, for equipment over \$5,000 at the human service centers.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The 2009-11 executive budget recommendation includes funding of \$23,477,922, \$1,907,617 less than the 2007-09 appropriation, for the temporary assistance for needy families (TANF) program. The reduction is based on the actual number of TANF recipients and average monthly payments during the 2007-09 biennium, both of which are lower than budgeted.

The 2009-11 executive budget recommendation includes funding to serve an estimated average monthly caseload of 2,851. The September 2008 caseload was 2,554.

The 2009-11 executive budget recommendation anticipates monthly assistance payments to average \$343.12 per case for the 2009-11 biennium. The average payment per case in September 2008 was \$339.56.

The following schedule compares the 2005-07 and 2007-09 biennium appropriations to the 2009-11 executive budget:

	2005-07 Biennium Appropriation	2007-09 Biennium Appropriation	2009-11 Executive Budget Recommendation	2009-11 Executive Budget Increase (Decrease) Compared to 2007-09 Appropriation
Temporary Assistance for Needy Families				
Federal funds	\$8,155,352	\$9,766,881	\$8,450,305	(\$1,316,576)
General fund	3,938,442	4,314,942	5,531,958	1,217,016
Retained funds ¹	8,302,671	6,174,667	6,174,667	0
Other funds - Child support collections	3,863,535	5,129,049	3,320,992	(1,808,057)
Total - TANF	\$24,260,000	\$25,385,539	\$23,477,922	(\$1,907,617)

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

The Department of Human Services anticipates receiving \$26.4 million of federal TANF block grant funds for each year of the 2009-11 biennium. The department projects carrying forward \$11.6 million of federal TANF block grant funds from the 2007-09 biennium to the 2009-11 biennium. The executive budget recommends spending \$62.9 million of the federal TANF block grant funds and transferring \$500,000 to the child care block grant in 2009-11.

MEDICAL SERVICES FUNDING

The 2009-11 executive budget recommendation for medical services includes a total of \$482.1 million. Of this total, \$138.2 million is from the general fund. The executive budget projects that 51,308 individuals will be eligible for the medical assistance program during the 2009-11 biennium, 1,000 fewer than the 52,308 originally budgeted by the department for the 2007-09 biennium. The actual number of eligible individuals in September 2008 was 52,404.

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

	2003-05 Actual Expenditures	2005-07 Actual Expenditures	2007-09 Appropriation	2007-09 Projected Expenditures ¹	2009-11 Executive Budget	2009-11 Increase (Decrease) to 2007-09 Projected
General fund	\$90,305,924	\$98,079,051	\$112,382,988	\$99,819,165	\$138,162,168	\$38,343,003
Federal funds	256,465,494	230,202,910	260,271,693	234,569,827	315,282,790	80,712,963
Other funds	14,728,998	13,446,942	22,129,610	22,390,245	28,688,801	6,298,556
Total	\$361,500,416	\$341,728,903	\$394,784,291	\$356,779,237	\$482,133,759	\$125,354,522

¹Based upon actual expenditures incurred through November 2008.

Federal Medical Assistance Percentage

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

Federal Fiscal Year	FMAP	Fiscal Relief FMAP
2000	70.42%	
2001	69.99%	
2002	69.87%	
2003	68.36%	72.82% ¹
2004	68.31%	71.31% ¹
2005	67.49%	
2006	65.85%	
2007	64.72%	
2008	63.75%	
2009	63.15%	
2010	63.01%	
2011	63.01% ²	

¹The federal fiscal relief FMAP was in effect for five quarters--April 2003 through June 2004.
²Estimate.

Inflationary Adjustments

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

	Actual		Actual		Recommended	
	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment	July 2007 Inflationary Adjustment	July 2008 Inflationary Adjustment	July 2009 Inflationary Adjustment	July 2010 Inflationary Adjustment
Inpatient hospital	2.65%	2.65%	4.00%	5.00%	0.00% ³	7.00%
Outpatient hospital	2.65%	2.65%	4.00%	5.00%	0.00% ³	7.00%
Home health	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Dental services	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Drugs	2.65%	1.10% ¹	6.50% ²	6.50% ²	4.00% ²	4.00% ²
Physician services	2.65%	2.65%	4.00%	5.00%	0.00% ³	7.00%

¹Due to implementation of Medicare Part D, the inflationary increase for state fiscal year 2006 is not comparable to past years as the patient and medication mix is completely different.

²Inflation is based upon federal national health expenditure data.

³The executive budget recommendation includes \$37.7 million, of which \$13.9 million is from the general fund, for rebasing Medicaid payment rates for hospitals, physicians, chiropractors, and ambulances beginning the first year of the biennium; therefore, these providers do not receive an inflationary adjustment for the first year of the 2009-11 biennium.

Detailed Summary

The following schedule compares the 2005-07 biennium actual expenditures and 2007-09 biennium projected expenditures for medical services to the 2009-11 executive budget recommendation:

	2005-07 Actual Expenditures	2007-09 Projected Expenditures ¹	Percentage Change From Previous Biennium	2009-11 Executive Budget	Percentage of Total	2009-11 Executive Budget Increase (Decrease) to 2007-09	Percentage Increase (Decrease)
Inpatient hospital	\$91,995,648	\$97,884,913	6.40%	\$142,254,927	29.51%	\$44,370,014	45.33%
Outpatient hospital	44,440,497	53,783,767	21.02%	63,386,305	13.15%	9,602,538	17.85%
Home health	2,936,469	2,837,923	(3.36%)	3,149,228	0.65%	311,305	10.97%
Premiums	18,195,972	19,392,013	6.57%	24,477,081	5.08%	5,085,068	26.22%
Physician services	54,513,116	53,162,397	(2.48%)	74,341,224	15.42%	21,178,827	39.84%
Drugs (net)	48,060,074	38,976,313	(18.90%)	50,168,148	10.41%	11,191,835	28.71%
Durable medical equipment	4,652,050	5,740,920	23.41%	6,843,358	1.42%	1,102,438	19.20%
Psychiatric residential treatment facilities	11,538,034	20,228,451	75.32%	25,866,038	5.36%	5,637,587	27.87%
Rural health clinics	3,399,991	3,419,635	0.58%	3,990,120	0.83%	570,485	16.68%
Indian health services	20,612,530	16,347,917	(20.69%)	27,188,406	5.64%	10,840,489	66.31%
Chiropractic services	297,362	520,642	75.09%	987,572	0.20%	466,930	89.68%
Dental	12,258,455	13,893,842	13.34%	18,096,019	3.75%	4,202,177	30.24%
Hospice services	624,303	620,394	(0.63%)	746,991	0.15%	126,597	20.41%
Other, excluding Healthy Steps	28,204,403	29,970,110	6.26%	40,638,342	8.42%	10,668,232	35.60%
Total	\$341,728,903	\$356,779,237	4.40%	\$482,133,759	100.00%	\$125,354,522	35.14%
General fund	\$98,079,051	\$99,819,165	1.77%	\$138,162,168	28.66%	\$38,343,003	38.41%
Federal funds	230,202,910	234,569,827	1.90%	315,282,790	65.39%	80,712,963	34.41%
Other funds	13,446,942	22,390,245	66.51%	28,688,801	5.96%	6,298,556	28.13%
Total	\$341,728,903	\$356,779,237	4.40%	\$482,133,759	100.00%	\$125,354,522	35.14%

¹Based upon actual expenditures incurred through November 2008.

LONG-TERM CARE SERVICES FUNDING

The 2009-11 executive budget recommendation for long-term care services totals \$825 million. Of this total, \$313.7 million is from the general fund. The schedule below summarizes the total funding recommended for long-term care services:

	2003-05 Actual Expenditures	2005-07 Actual Expenditures	2007-09 Appropriation	2007-09 Projected Expenditures ¹	2009-11 Executive Budget	2009-11 Increase (Decrease) to 2007-09 Projected
General fund	\$359,931,845	\$372,652,830	\$435,566,053	\$415,238,027	\$505,155,627	\$89,917,600
Federal funds	171,170,485	205,707,260	257,332,905	253,299,532	313,669,588	60,370,056
Other funds	2,865,476	4,269,591	6,907,215	4,449,074	6,217,300	1,768,226
Total	\$533,967,806	\$582,629,681	\$699,806,173	\$672,986,633	\$825,042,515	\$152,055,882

¹Based upon actual expenditures incurred through November 2008.

Federal Medical Assistance Percentage

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

Inflationary Adjustments

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

	Actual		Actual		Recommended	
	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment	July 2007 Inflationary Adjustment	July 2008 Inflationary Adjustment	July 2009 Inflationary Adjustment	July 2010 Inflationary Adjustment
Nursing facilities	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Basic care	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Service payments for elderly and disabled (SPED)	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Expanded SPED	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Aged and disabled waiver	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Traumatic brain injury waiver	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%
Targeted case management	2.65%	2.65%	4.00%	5.00%	7.00%	7.00%

Detail Summary

The following schedule compares 2005-07 expenditures and 2007-09 projected expenditures for long-term care services to the 2009-11 executive budget recommendation:

	2005-07 Actual Expenditures	2007-09 Projected Expenditures*	Percentage Change From Previous Biennium	2009-11 Executive Budget	Percentage of Total	2009-11 Executive Budget Increase (Decrease) to 2007-09	2009-11 Increase (Decrease) to 2007-09 Projected
Nursing home care	\$328,453,380	\$354,553,307	7.95%	\$422,244,637	51.17%	\$67,691,330	19.09%
Basic care assistance	12,043,088	14,631,304	21.49%	17,070,865	2.07%	2,439,561	16.67%
Service payments for elderly and disabled (SPED)	9,438,452	12,774,291	35.34%	17,340,292	2.10%	4,566,001	35.74%
Expanded SPED	164,974	487,229	195.34%	717,401	0.09%	230,172	47.24%
HCBS waiver	4,000,386	5,258,698	31.45%	9,607,825	1.16%	4,349,127	82.70%
Technology dependent waiver	0	170,578	NA	540,744	0.07%	370,166	217.01%
Children's medically fragile waiver	0	135,730	NA	1,165,293	0.14%	1,029,563	758.54%
Targeted case management	880,177	1,109,876	26.10%	1,985,916	0.24%	876,040	78.93%
Personal care option	15,245,197	17,309,583	13.54%	23,919,788	2.90%	6,610,205	38.19%
Program of all-inclusive care of the elderly	0	1,208,992	NA	7,393,711	0.90%	6,184,719	511.56%
DD community-based care	212,404,027	265,347,045	24.93%	323,056,043	39.15%	57,708,998	21.75%
Total	\$582,629,681	\$672,986,633	15.51%	\$825,042,515	99.99%	\$152,055,882	22.59%
Federal funds	\$372,652,830	\$415,238,027	11.43%	\$505,155,627	61.23%	\$89,917,600	21.65%
General fund	205,707,260	253,299,532	23.14%	313,669,588	38.02%	60,370,056	23.83%
Other funds	4,269,591	4,449,074	4.20%	6,217,300	0.75%	1,768,226	39.74%
Total	\$582,629,681	\$672,986,633	15.51%	\$825,042,515	100.00%	\$152,055,882	22.59%

*Based upon actual expenditures incurred through November 2008.

Individual Program Summary

The following schedule compares the 2009-11 executive recommendation to the 2007-09 biennium original appropriations for individual programs:

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds	Total Funds
Nursing home care						
2009-11 executive recommendation	\$266,008,443	\$153,236,194	\$3,000,000	\$0	\$0	\$422,244,637
2007-09 original appropriation	236,737,323	132,817,907	525,597	0	0	370,080,827
Increase (decrease)	<u>\$29,271,120</u>	<u>\$20,418,287</u>	<u>\$2,474,403</u>	<u>\$0</u>	<u>\$0</u>	<u>\$52,163,810</u>
Basic care assistance						
2009-11 executive recommendation	\$6,831,467	\$7,859,036	\$0	\$2,380,362	\$0	\$17,070,865
2007-09 original appropriation	5,701,454	6,097,305	0	2,284,362	0	14,083,121
Increase (decrease)	<u>\$1,130,013</u>	<u>\$1,761,731</u>	<u>\$0</u>	<u>\$96,000</u>	<u>\$0</u>	<u>\$2,987,744</u>
SPED						
2009-11 executive recommendation	\$30,077	\$16,473,277	\$0	\$0	\$836,938	\$17,340,292
2007-09 original appropriation	0	11,347,860	0	0	597,256	11,945,116
Increase (decrease)	<u>\$30,077</u>	<u>\$5,125,417</u>	<u>\$0</u>	<u>\$0</u>	<u>\$239,682</u>	<u>\$5,395,176</u>
Expanded SPED						
2009-11 executive recommendation	\$0	\$717,401	\$0	\$0	\$0	\$717,401
2007-09 original appropriation	0	763,149	0	0	0	763,149
Increase (decrease)	<u>\$0</u>	<u>(\$45,748)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$45,748)</u>
HCBS waiver						
2009-11 executive recommendation	\$6,054,866	\$3,552,959	\$0	\$0	\$0	\$9,607,825
2007-09 original appropriation	3,087,880	1,855,465	0	0	0	4,943,345
Increase (decrease)	<u>\$2,966,986</u>	<u>\$1,697,494</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,664,480</u>
Technology dependent waiver						
2009-11 executive recommendation	\$340,766	\$199,978	\$0	\$0	\$0	\$540,744
2007-09 original appropriation	487,540	274,479	0	0	0	762,019
Increase (decrease)	<u>(\$146,774)</u>	<u>(\$74,501)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$221,275)</u>
Children's medically fragile waiver						
2009-11 executive recommendation	\$734,332	\$430,961	\$0	\$0	\$0	\$1,165,293
2007-09 original appropriation	850,350	492,720	0	0	0	1,343,070
Increase (decrease)	<u>(\$116,018)</u>	<u>(\$61,759)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$177,777)</u>
Targeted case management						
2009-11 executive recommendation	\$1,251,548	\$734,368	\$0	\$0	\$0	\$1,985,916
2007-09 original appropriation	590,633	332,692	0	0	0	923,325
Increase (decrease)	<u>\$660,915</u>	<u>\$401,676</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,062,591</u>
Personal care option						
2009-11 executive recommendation	\$15,074,415	\$8,845,373	\$0	\$0	\$0	\$23,919,788
2007-09 original appropriation	12,209,666	6,876,755	0	0	0	19,086,421
Increase (decrease)	<u>\$2,864,749</u>	<u>\$1,968,618</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,833,367</u>
Program of all-inclusive care of the elderly						
2009-11 executive recommendation	\$4,659,403	\$2,734,308	\$0	\$0	\$0	\$7,393,711
2007-09 original appropriation	930,337	521,973	0	0	0	1,452,310
Increase (decrease)	<u>\$3,729,066</u>	<u>\$2,212,335</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,941,401</u>
DD community-based care						
2009-11 executive recommendation	\$204,170,310	\$118,885,733	\$0	\$0	\$0	\$323,056,043
2007-09 original appropriation	174,970,870	95,952,600	0	3,500,000	0	274,423,470
Increase (decrease)	<u>\$29,199,440</u>	<u>\$22,933,133</u>	<u>\$0</u>	<u>(\$3,500,000)</u>	<u>\$0</u>	<u>\$48,632,573</u>
Total - Long-term care programs						
2009-11 executive recommendation	\$505,155,627	\$313,669,588	\$3,000,000	\$2,380,362	\$836,938	\$825,042,515
2007-09 original appropriation	435,566,053	257,332,905	525,597	5,784,362	597,256	699,806,173
Increase (decrease)	<u>\$69,589,574</u>	<u>\$56,336,683</u>	<u>\$2,474,403</u>	<u>(\$3,404,000)</u>	<u>\$239,682</u>	<u>\$125,236,342</u>

HEALTHY STEPS FUNDING (CHILDREN'S HEALTH INSURANCE PROGRAM)

The 2009-11 executive budget recommendation for the Healthy Steps program includes a total of \$35.2 million. Of this total, \$9.1 million is from the general fund. Compared to the 2007-09 biennium appropriation, the executive budget is recommending an increase of \$15 million, \$4.5 million of which is from the general fund.

The executive budget recommends raising eligibility requirements for the program to 200 percent of the federal poverty level based on net income and serving a monthly average caseload of 6,021 children for the 2009-11 biennium. In September 2008 3,911 children were covered by the program. The 2009-11 executive budget includes funding for a monthly premium increase of \$41.53, or 20.52 percent, over the 2007-09 budgeted premium.

The schedule below compares the 2009-11 executive budget recommendation to 2007-09 projected expenditures:

	2003-05 Actual Expenditures	2005-07 Actual Expenditures	2007-09 Projected Expenditures ¹	2009-11 Executive Budget	2009-11 Executive Budget Increase (Decrease) to 2007-09 Projected	2009-11 Executive Budget Percentage Increase (Decrease) to 2007-09 Projected
General fund	\$1,800,510	\$3,717,122	\$5,206,805	\$9,122,897	\$3,916,092	75.21%
Federal funds	6,769,259	11,724,327	15,205,952	26,125,232	10,919,280	71.81%
Other funds	0	0	0	0	0	
Total	\$8,569,769	\$15,441,449	\$20,412,757	\$35,248,129	\$14,835,372	72.68%

¹Based upon actual expenditures incurred through November 2008.

Federal Medical Assistance Percentage and North Dakota's Allocation

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

Federal Fiscal Year Ending	FMAP ¹	North Dakota Allocation
September 30, 1998	79.30%	\$5,041,000
September 30, 1999	78.96%	\$5,017,000
September 30, 2000	79.29%	\$5,656,000
September 30, 2001	78.99%	\$6,576,000
September 30, 2002	78.91%	\$5,333,000
September 30, 2003	77.85%	\$5,437,000
September 30, 2004	77.82%	\$5,437,000
September 30, 2005	77.24%	\$6,384,719
September 30, 2006	76.10%	\$6,346,156
September 30, 2007	75.30%	\$7,737,529
September 30, 2008	74.63%	\$11,017,680 ²
September 30, 2009 (estimate)	74.21%	\$15,770,676 ³
September 30, 2010 (estimate)	74.11%	\$20,130,423 ⁴
September 30, 2011 (estimate)	74.11%	\$21,609,156 ⁴

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

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

³The actual allotment of \$7.9 million is only through March 31, 2009. The children's health insurance program will need to be reauthorized or extended by Congress.

⁴These figures are projected based upon costs included in the 2009-11 executive budget recommendation and are contingent upon reauthorization or extension by Congress and approval by the Centers for Medicare and Medicaid Services to increase eligibility to 200 percent of federal poverty level based upon net income.

Children Enrolled and Premium Rates

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

State Fiscal Year Ending	Monthly Average Children Enrolled	Premium Expenditures	Monthly Average Premium Rates
June 30, 2000	1,168	\$1,321,417	\$108.64
June 30, 2001	2,092	\$2,955,445	\$110.35
June 30, 2002	2,534	\$3,823,196	\$127.17
June 30, 2003	2,099	\$3,213,705	\$127.67
June 30, 2004	2,301	\$4,220,838	\$154.30
June 30, 2005	2,322	\$4,348,931	\$154.78
June 30, 2006	3,278	\$7,156,204	\$181.90
June 30, 2007	3,764	\$8,285,245	\$183.45
June 30, 2008	4,006	\$9,725,149	\$202.32
June 30, 2009	4,403 ¹	\$10,687,609 ¹	\$202.28
June 30, 2010	5,645 ²	\$16,524,062 ²	\$243.93 ²
June 30, 2011	6,397 ²	\$18,724,067 ²	\$243.93 ²

¹Projected.

²These figures are projected based upon costs included in the 2009-11 executive budget recommendation and are contingent upon reauthorization or extension by Congress and approval by the Centers for Medicare and Medicaid Services to increase eligibility to 200 percent of federal poverty level based upon net income.

DEVELOPMENTAL DISABILITIES

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

DEVELOPMENTAL DISABILITIES PROGRAMS FOR THE 2009-11 BIENNIUM AS RECOMMENDED IN THE GOVERNOR'S BUDGET COMPARED TO THE 2001-03 THROUGH 2007-09 APPROPRIATIONS

	2001-03 Biennium Appropriations	2003-05 Biennium Appropriations	2005-07 Biennium Appropriations	2007-09 Biennium Appropriations	2009-11 Executive Budget Recommendation	2009-11 Executive Budget Increase (Decrease) Compared to 2007-09 Appropriations
Developmental Center at Grafton						
Total appropriation (excluding capital improvements)	\$40,165,023	\$40,023,854	\$41,832,051	\$46,788,914	\$52,725,933	\$5,937,019
Less estimated income	<u>30,221,013</u>	<u>31,849,828</u>	<u>30,799,576</u>	<u>33,330,132</u>	<u>37,160,672</u>	<u>3,830,540</u>
General fund	<u><u>\$9,944,010</u></u>	<u><u>\$8,174,026</u></u>	<u><u>\$11,032,475</u></u>	<u><u>\$13,458,782</u></u>	<u><u>\$15,565,261</u></u>	<u><u>\$2,106,479</u></u>
Department of Human Services						
DD grants						
Day supports	\$20,725,614	\$26,858,543	\$31,024,005	\$39,272,074	\$47,954,136	\$8,682,062
Transitional community living	10,210,167	11,046,988	11,769,990	14,006,195	16,382,881	2,376,686
Minimally supervised living	5,498,138	6,524,252	9,910,283	16,164,937	19,939,163	3,774,226
Supported living arrangement	1,362,486	1,324,904	655,326	784,988	1,097,052	312,064
Congregate care	2,794,924	3,062,549	3,295,933	3,782,788	3,404,875	(377,913)
Family subsidy	1,881,548	1,792,256	1,496,194	1,592,071	1,667,556	75,485
Infant development	1,913,403	2,371,965	4,356,827	10,885,129	13,407,625	2,522,496
Family support services - In-home support	4,353,602	5,227,494	7,314,107	8,775,281	12,048,919	3,273,638
Family support services - Short-term family care	390,818	374,817	439,670	794,373	719,604	(74,769)
Family support services - Family care option	737,274	2,639,705	1,504,498	5,756,429	4,649,746	(1,106,683)
Individual supervised living arrangement	40,214,650	45,039,409	47,130,906	59,063,409	72,055,512	12,992,103
Emergency services	91,105	0	0	0	0	0
Extended family care	1,356,506	0	0	0	0	0
Specialized placements	807,135	838,537	993,153	1,233,638	1,402,325	168,687
Title XIX waived services	1,362,110	1,277,232	1,116,374	1,018,176	1,201,632	183,456
Extended services	4,456,339	4,845,895	4,246,699	4,862,296	5,249,004	386,708
Adult education transition services	270,135	124,432	49,180	125,414	104,372	(21,042)
Self-directed supports - Families	0	0	2,918,221	4,272,942	4,223,352	(49,590)
Removal of HCBS Cap-Point Split	0	0	0	0	57,854	57,854
Intense medical needs - Families	0	0	0	0	644,330	644,330
Intense medical needs - Resident facilities	0	0	0	0	805,412	805,412
PC allowance - Decoupling ICF/MR	0	0	0	0	103,680	103,680
Autism spectrum disorder waiver	0	0	0	0	1,038,000	1,038,000
Developmental Center transition funds	0	0	50,000	0	0	0
Subtotal	<u><u>\$98,425,954</u></u>	<u><u>\$113,348,978</u></u>	<u><u>\$128,271,366</u></u>	<u><u>\$172,390,140</u></u>	<u><u>\$208,157,030</u></u>	<u><u>\$35,766,890</u></u>

	2001-03 Biennium Appropriations	2003-05 Biennium Appropriations	2005-07 Biennium Appropriations	2007-09 Biennium Appropriations	2009-11 Executive Budget Recommendation	2009-11 Executive Budget Increase (Decrease) Compared to 2007-09 Appropriations
Community ICF care	65,700,412	77,207,149	83,107,954	100,922,835	114,899,013	13,976,178
Total - DD grants	\$164,126,366	\$190,556,127	\$211,379,320	\$273,312,975	\$323,056,043	\$49,743,068
Less estimated income	110,420,996	128,703,919	136,827,159	177,760,375	204,170,310	26,409,935
General fund - DD grants	\$53,705,370	\$61,852,208	\$74,552,161	\$95,552,600	\$118,885,733	\$23,333,133
Total - Vocational rehabilitation - Supported employmen	\$499,457	\$202,198	\$230,089	\$261,634	\$252,750	(\$8,884)
Less estimated income	378,757	202,198	230,089	261,634	252,750	(8,884)
General fund	\$120,700	\$0	\$0	\$0	\$0	\$0
Additional Department of Human Services						
DD costs						
Central office	\$5,085,208	\$4,432,090	\$5,290,006	\$6,077,151	\$6,314,015	\$236,864
Regional human service centers	11,657,215	11,249,124	12,877,811	11,821,503	12,631,226	809,723
Total additional DD costs	\$16,742,423	\$15,681,214	\$18,167,817	\$17,898,654	\$18,945,241	\$1,046,587
Less estimated income	9,479,851	7,736,590	11,175,602	10,256,397	10,251,438	(4,959)
General fund - Additional DD costs	\$7,262,572	\$7,944,624	\$6,992,215	\$7,642,257	\$8,693,803	\$1,051,546
Developmentally disabled facility loan funds - Lands and minerals trust fund	\$2,261,556	\$3,261,556	\$1,652,538 ¹	\$0 ¹	\$0 ¹	\$0
Protection and Advocacy Project	\$2,992,841	\$3,226,255	\$3,720,979	\$4,130,475	\$4,727,907	\$597,432
Less estimated income	2,186,315	2,443,532	2,908,886	3,201,334	2,921,967	(279,367)
General fund	\$806,526	\$782,723	\$812,093	\$929,141	\$1,805,940	\$876,799
Grand total - DD services	\$226,787,666	\$252,951,204	\$276,982,794	\$342,392,652	\$399,707,874	\$57,315,222
Less grand total estimated income	154,948,488	174,197,623	183,593,850	224,809,872	254,757,137	29,947,265
Grand total - General fund - DD services	\$71,839,178	\$78,753,581	\$93,388,944	\$117,582,780	\$144,950,737	\$27,367,957

NOTE: The amounts shown for the 2001-03, 2003-05, 2005-07, and 2007-09 bienniums are the adjusted appropriations.

¹Beginning in the 2005-07 biennium, the developmentally disabled facility loan fund payments to the common schools trust fund are made pursuant to a continuing appropriation.

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

	Actua	Executive Recommendation	
July 1, 2003	0.00%	July 1, 2009	7.00%
July 1, 2004	0.00%	July 1, 2010	7.00%
July 1, 2005	2.65%		
July 1, 2006	2.65%		
July 1, 2007	4.00%		
July 1, 2008	5.00%		

**MENTAL HEALTH SERVICES
EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2009-11 BIENNIUM
COMPARED TO THE 2001-03 THROUGH 2007-09 BIENNIUM LEGISLATIVE APPROPRIATIONS**

	2001-03 Adjusted Appropriations	2003-05 Adjusted Appropriations	2005-07 Adjusted Appropriations	2007-09 Adjusted Appropriations	2009-11 Executive Budget Recommendation	2009-11 Executive Budget Increase (Decrease) Compared to 2007-09 Adjusted Appropriations
State Hospital						
Traditional services	\$43,213,213	\$32,229,564	\$33,970,200	\$42,557,545	\$48,103,018	\$5,545,473
Secure services		2,443,180	5,459,220	9,570,984	10,404,900	833,916
Capital improvements	1,258,778	910,840	1,383,634	6,253,803	3,231,017	(3,022,786)
Total	<u>\$44,471,991</u>	<u>\$35,583,584</u>	<u>\$40,813,054</u>	<u>\$58,382,332</u>	<u>\$61,738,935</u>	<u>\$3,356,603</u>
Less estimated income	<u>13,879,532</u>	<u>11,715,381</u>	<u>10,856,247</u>	<u>10,395,697</u>	<u>13,179,978</u>	<u>2,784,281</u>
General fund	<u>\$30,592,459</u>	<u>\$23,868,203</u>	<u>\$29,956,807</u>	<u>\$47,986,635</u>	<u>\$48,558,957</u>	<u>\$572,322</u>
Department of Human Services						
Central office - Mental health	\$2,311,363	\$2,702,553	\$2,493,459	\$2,193,011	\$2,575,535	\$382,524
Central office - Community treatment - Sexual offender population				2,774,562	1,864,831	(909,731)
Human service centers - Mental health	30,025,003 ¹	27,994,663 ¹	28,244,485 ¹	34,425,447 ¹	40,578,877 ¹	6,153,430
Total	<u>\$32,336,366</u>	<u>\$30,697,216</u>	<u>\$30,737,944</u>	<u>\$39,393,020</u>	<u>\$45,019,243</u>	<u>\$5,626,223</u>
Less estimated income	<u>18,334,225</u>	<u>17,930,549</u>	<u>16,710,321</u>	<u>15,139,316</u>	<u>18,961,018</u>	<u>3,821,702</u>
General fund	<u>\$14,002,141</u>	<u>\$12,766,667</u>	<u>\$14,027,623</u>	<u>\$24,253,704</u>	<u>\$26,058,225</u>	<u>\$1,804,521</u>
Grand total - Mental health services	<u>\$76,808,357</u>	<u>\$66,280,800</u>	<u>\$71,550,998</u>	<u>\$97,775,352</u>	<u>\$106,758,178</u>	<u>\$8,982,826</u>
Less grand total estimated income	<u>32,213,757</u>	<u>29,645,930</u>	<u>27,566,568</u>	<u>25,535,013</u>	<u>32,140,996</u>	<u>6,605,983</u>
Grand total - General fund - Mental health	<u>\$44,594,600</u>	<u>\$36,634,870</u>	<u>\$43,984,430</u>	<u>\$72,240,339</u>	<u>\$74,617,182</u>	<u>\$2,376,843</u>

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

	2001-03 Adjusted Appropriations	2003-05 Adjusted Appropriations	2005-07 Adjusted Appropriations	2007-09 Adjusted Appropriations	2009-11 Executive Budget Recommendation	Increase (Decrease) Compared to 2007-09 Appropriations
General fund	\$12,543,591	\$11,690,111	\$13,079,962	\$20,607,368	\$23,074,870	\$2,467,502
Other funds	17,481,412	16,304,552	15,164,523	13,818,079	17,504,007	3,685,928
Total	<u>\$30,025,003</u>	<u>\$27,994,663</u>	<u>\$28,244,485</u>	<u>\$34,425,447</u>	<u>\$40,578,877</u>	<u>\$6,153,430</u>

CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The executive recommendation includes a total of \$1,099,289,746 for capital projects. As reflected in the following schedules, the total includes:

- \$381,314,053 for major capital projects.
- \$48,369,701 for extraordinary repairs, including deferred maintenance.
- \$650,205,663 for other projects (including \$2,026,921 in bond payments and \$548,627,256 in other capital payments for the Department of Transportation and \$16,866,625 in bond payments and \$75,748,072 in other capital payments for the State Water Commission).
- \$19,400,329 for bond payments.

The funding sources for these items are:

	General Fund	Special Funds
Major capital projects	\$127,803,817	\$253,510,236
Extraordinary repairs	39,946,988 ¹	8,422,713 ¹
Bond payments	18,301,696	1,098,633
Other projects	311,043	649,894,620
Total	\$186,363,544	\$912,926,202

¹The executive budget identifies that \$23,183,506 of the total extraordinary repair funding of \$48,369,701 is for deferred maintenance.

LEASE PAYMENTS

The executive recommendation includes a total of \$18,301,696 from the general fund for 2009-11 biennium lease payments for repayment of notes issued to finance capital projects. Funding is included in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, North Central Research Center, Central Grasslands Research Center, and Main Research Center.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax. This maximum for the 2009-11 biennium is estimated to be \$28,034,880 based on projected sales, use, and motor vehicle excise tax collections included in the 2009-11 executive budget.

The executive budget recommendation does not include any capital projects funded through bonded indebtedness that affect the bonding limit.

Please see the schedule on **Capital Construction Schedule of Lease Payments and Outstanding Principal Balances** for additional information.

**MAJOR NEW CAPITAL CONSTRUCTION EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2009-11 BIENNIUM
COMPARED TO 2007-09 LEGISLATIVE APPROPRIATIONS**

Bill No.	Agency or Institution	Project	2009-11 Executive Budget Recommendations			2007-09 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2003	Bismarck State College (227)	Technical Center renovation	\$3,000,000	\$409,500				
SB 2003	Lake Region State College (228)	Wind energy project	2,609,920					
SB 2003	Williston State College (229)	New dormitory (revenue bonds) Science laboratory renovation			\$9,375,000			
SB 2003	University of North Dakota (230)	College of Business and Public Administration renovation and addition Energy and Environmental Research Center storage and support building Indoor track and practice facility Relocation and renovation of Oxford House Renovation and addition to the Education Building Starcher Hall research area emergency generator		20,500,000 1,540,000 19,500,000 750,000 11,200,000 600,000				
SB 2003	North Dakota State University (235)	Auxillary enterprises renovation - West dining service (revenue bonds) Bison Sports Arena (carryover from 2003-05) Ellig Sports Complex softball field (carryover from 2007-09) Niskanen Apartments (revenue bonds) Minard Hall - Phase 3 Student health services expansion			7,000,000 25,500,000 4,500,000 20,000,000 13,000,000 1,100,000			
SB 2003	State College of Science (238)	Horton Hall renovation Parking lot 4 (revenue bonds) Robertson Hall expansion (revenue bonds)	5,700,000			1,136,000 6,000,000		
SB 2003	Dickinson State University (239)	Campuswide master plan	2,000,000					
SB 2003	Mayville State University (240)	Agassiz Hall housing renovation (revenue bonds) Science building and Byrnes Quanbeck Library renovation/addition			3,668,500			
SB 2003	Minot State University (241)	Parking lot maintenance Physical plant building and boiler replacement Wellness Center (revenue bonds)		1,000,000 3,750,000 5,000,000		5,000,000		
SB 2003	Valley City State University (242)	W.E. Osmon Fieldhouse Wellness Center - Phase I Snoeyenbos Residence Hall renovation (revenue bonds) Campuswide master plan			15,000,000 3,500,000			
SB 2003	Minot State University - Bottineau (243)	Coal boilers replacement Entrepreneurial Center for Horticulture	800,000			2,000,000		
SB 2003	North Dakota Forest Service (244)	Greenhouse - Towner	300,000					
HB 1013	School for the Deaf	Replace standby generator			127,640			
SB 2006	Aeronautics Commision (412)	Terminal, wildlife fencing, and walkway at International Peace Garden			400,000			
SB 2015	Department of Corrections and Rehabilitation (530)	State Penitentiary building project	22,465,804	44,534,196				
HB 1016	Adjutant General (540)	East operation center facility Estimated federal construction Readiness Center addition Regional Training Institute (RTI)	450,000		15,000,000 12,000,000 6,000,000			
SB 2020	Branch research centers (628)	Headquarters facility parking lot/landscaping			350,000			
SB 2020	NDSU Main Research Center (640)	Beef research facility Branch Research centers renovations/additions Research greenhouse complex	2,612,400 2,937,200 11,450,400					
SB 2009	State Fair Association (665)	Grandstand	17,000,000					

HB 1018 State Historical Society (701)	Compact shelving for third floor of the state archives	350,000		
	Maintenance shop at Fort Buford State Historic Site	100,000	25,000	
	Heritage Center expansion	18,000,000	12,000,000	
	Shelter/conservation of train at Camp Hancock State Historic Site	150,000		
HB 1017 Game and Fish Department (720)	Land acquisition		800,000	
HB 1019 Parks and Recreation Department (750)	Fort Ransom State Park peninsula acquisition	50,000		
	Fort Stevenson State Park campground upgrade	468,000		
	Road repair and chip seal projects	1,412,468		
	Sully Creek State Park RV dump and comfort station	160,000		
	Turtle Mountain trails		250,000	
	Turtle River State Park campground upgrade	269,300		
SB 2012 Department of Transportation (801)	Land and buildings		2,694,400	
Total 2009-11 executive budget recommendation		<u>\$127,803,817</u> ¹	<u>\$197,830,736</u> ¹	<u>\$55,679,500</u> ¹
Total 2007-09 legislative appropriations			<u>\$76,952,998</u> ²	<u>\$189,649,052</u> ²
				<u>\$22,714,000</u> ²

¹ The executive budget recommendation also includes \$669,605,992 for other projects consisting of:
\$548,627,256 for contractor payments in the Department of Transportation (all from other funds).
\$2,026,921 for Department of Transportation bond payments (all from other funds).
\$75,748,072 for water projects (all from other funds).
\$16,866,625 for State Water Commission bond payments (all from other funds).
\$19,400,329 for bond payments (\$18,301,696 from the general fund, \$1,098,633 from other funds).
\$5,405,746 for ConnectND bond payments from Information Technology Department charges to agencies.
\$1,531,043 for other projects and payments (\$311,043 from the general fund, \$1,220,000 from other funds).

² Represents the total appropriation for major new capital construction provided by the 2007 Legislative Assembly. Please refer to the Legislative Council's *Analysis of Legislative Changes to the Executive Budget 2007-09 Biennium* for details regarding the 2007-09 appropriations. The 2007 Legislative Assembly authorized the State Board of Higher Education to issue \$22,714,000 of revenue bonds.

EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2009-11 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs:

Agency or Institution	2009-11 Executive Budget Recommendations		
	General Fund	Special Funds	Total
Office of Management and Budget (110)			
Veterans' memorial repairs	\$187,000		\$187,000
Capitol grounds building repairs	675,000		675,000
Capitol grounds parking lot repairs	1,475,000		1,475,000
Capitol restoration		\$800,000	800,000
Cooling tower and heat pump replacements	500,000		500,000
Exterior Capitol limestone study	150,000		150,000
Parking lot repair	300,000		300,000
Total - Office of Management and Budget	\$3,287,000	\$800,000	\$4,087,000
Information Technology Department (112)			
Center for Distance Education - Thordarson Hall (deferred maintenance)		\$60,000	\$60,000
Bismarck State College (227)			
Repairs, maintenance, and security (deferred maintenance)	\$340,637		\$340,637
Miscellaneous small projects less than \$50,000	243,481		243,481
Total - Bismarck State College	\$584,118		\$584,118
Lake Region State College (228)			
Repairs, maintenance, and security (deferred maintenance)	\$93,807		\$93,807
Miscellaneous small projects less than \$50,000	43,662		43,662
Total - Lake Region State College	\$137,469		\$137,469
Williston State College (229)			
Building exterior	\$86,475		\$86,475
Repairs, maintenance, and security (deferred maintenance)	382,002		382,002
Total - Williston State College	\$468,477		\$468,477
University of North Dakota (230)			
Building exterior	\$390,000		\$390,000
Repairs, maintenance, and security (deferred maintenance)	7,178,674		7,178,674
Interior finishes	120,000		120,000
Mechanical and electrical upgrades	405,000		405,000
Miscellaneous small projects under \$50,000	260,000		260,000
Paving and area lighting	120,545		120,545
Structural repairs	230,000		230,000
Utilities and infrastructure	775,000		775,000
Total - University of North Dakota	\$9,479,219		\$9,479,219

North Dakota State University (235)		
Building exterior	\$500,000	\$500,000
Interior finishes	142,225	142,225
Mechanical and electrical upgrades	300,000	300,000
Miscellaneous small projects under \$50,000	100,000	100,000
Paving and area lighting	50,000	50,000
Structural Repairs	100,000	100,000
Utilities and infrastructure	500,000	500,000
Repairs, maintenance, and security (deferred maintenance)	5,355,817	5,355,817
Total - North Dakota State University	<u>\$7,048,042</u>	<u>\$7,048,042</u>
State College of Science (238)		
Repairs, maintenance, and security (deferred maintenance)	\$1,034,143	\$1,034,143
Interior finishes	50,000	50,000
Mechanical and electrical upgrades	520,000	520,000
Miscellaneous projects under \$50,000	133,332	133,332
Paving and area lighting	50,000	50,000
Total - State College of Science	<u>\$1,787,475</u>	<u>\$1,787,475</u>
Dickinson State University (239)		
Repairs, maintenance, and security (deferred maintenance)	\$1,662,172	\$1,662,172
Mechanical and electrical upgrades	250,000	250,000
Miscellaneous small projects under \$50,000	133,690	133,690
Total - Dickinson State University	<u>\$2,045,862</u>	<u>\$2,045,862</u>
Mayville State University (240)		
Building exterior	\$104,497	\$104,497
Repairs, maintenance, and security (deferred maintenance)	1,910,120	1,910,120
Miscellaneous small projects under \$50,000	104,497	104,497
Total - Mayville State University	<u>\$2,119,114</u>	<u>\$2,119,114</u>
Minot State University (241)		
Building exterior	\$200,000	\$200,000
Repairs, maintenance, and security (deferred maintenance)	595,111	595,111
Interior finishes	165,000	165,000
Mechanical and electrical upgrade	121,870	121,870
Paving and area lighting	110,000	110,000
Total - Minot State University	<u>\$1,191,981</u>	<u>\$1,191,981</u>
Valley City State University (242)		
Building exterior	\$50,000	\$50,000
Repairs, maintenance, and security (deferred maintenance)	1,304,921	1,304,921
Interior finishes	50,000	50,000
Mechanical and electrical upgrades	75,000	75,000
Miscellaneous small projects less than \$50,000	33,416	33,416
Paving and area lighting	50,000	50,000
Total - Valley City State University	<u>\$1,563,337</u>	<u>\$1,563,337</u>

Minot State University - Bottineau (243)			
Repairs, maintenance, and security (deferred maintenance)	\$97,021		\$97,021
Mechanical and electrical upgrades	21,000		21,000
Miscellaneous small projects less than \$50,000	49,000		49,000
Paving and area lighting	29,725		29,725
Utilities and infrastructure	10,000		10,000
	<hr/>		<hr/>
Total - Minot State University - Bottineau	\$206,746		\$206,746
Forest Service (244)			
Repairs, maintenance, and security (deferred maintenance)	\$45,576		\$45,576
Improvements - Bottineau field office/shop building	11,500		11,500
Improvements - Lisbon office and shop building	15,000		15,000
Improvements - State forests	10,138		10,138
	<hr/>		<hr/>
Total - Forest Service	\$82,214		\$82,214
School for the Deaf (252)			
Roof repair (deferred maintenance)	\$46,000		\$46,000
Resurface north parking lot (deferred maintenance)	35,000		35,000
Road maintenance (deferred maintenance)	10,000		10,000
Miscellaneous repairs (deferred maintenance)	7,605		7,605
	<hr/>		<hr/>
Total - School for the Deaf	\$98,605		\$98,605
North Dakota Vision Services - School for the Blind (253)			
Window replacement - West Wing (deferred maintenance)	\$31,000		\$31,000
Repair parking lot and sidewalk (deferred maintenance)		\$14,000	14,000
Carpet replacement (deferred maintenance)	802	13,198	14,000
Rooftop air conditioner	1,151	4,849	6,000
Roof repairs (deferred maintenance)	5,500		5,500
	<hr/>	<hr/>	<hr/>
Total - North Dakota Vision Services - School for the Blind	\$38,453	\$32,047	\$70,500
State Department of Health (301)			
Repairs for laboratory building and Environmental Training Center		\$236,666	\$236,666
Veterans Home (313)			
Carpet and tile replacement	\$20,000		\$20,000
Department of Human Services (325)			
State Hospital extraordinary repairs	\$3,231,017		\$3,231,017
Developmental Center extraordinary repairs	712,675		712,675
	<hr/>		<hr/>
Total - Department of Human Services	\$3,943,692		\$3,943,692
Highway Patrol (504)			
Major building repairs (deferred maintenance)	\$100,000		\$100,000
Department of Corrections and Rehabilitation (530)			
Missouri River Correctional Center roof repairs for dining and kitchen area (deferred maintenance)	\$93,592		\$93,592
Missouri River Correctional Center road and parking lot maintenance (deferred maintenance)	10,305		10,305
James River Correctional Center asbestos abatement (deferred maintenance)	289,188		289,188
James River Correctional Center kitchen grease interceptor (deferred maintenance)	74,663		74,663
James River Correctional Center ADA access (deferred maintenance)	65,199		65,199
James River Correctional Center internal roof drain project (deferred maintenance)	23,135		23,135
James River Correctional Center reroof plumbing building (deferred maintenance)	77,292		77,292

James River Correctional Center flat work at kitchen and laundry (deferred maintenance)	21,032		21,032
James River Correctional Center ET Building entrance floor coating (deferred maintenance)	16,089		16,089
Youth Correctional Center roof replacment for Hickory and Maple Cottages (deferred maintenance)	169,609		169,609
Youth Correctional Center street lighting (deferred maintenance)	58,509		58,509
Youth Correctional Center deaerator and powerhouse (deferred maintenance)	71,882		71,882
State Penitentiary replace summer boiler (deferred maintenance)	225,041		225,041
State Penitentiary roof repairs for gymnasium/administration building (deferred maintenance)	152,481		152,481
State Penitentiary convert energy management system from analog to digital (deferred maintenance)	18,928		18,928
State Penitentiary heating and cooling equipment replacement (deferred maintenance)	15,774		15,774
State Penitentiary replace floor in food services (deferred maintenance)	24,187		24,187
State Penitentiary ASII East renovation, surveillance system, and cell furniture (deferred maintenance)	52,895		52,895
State Penitentiary EP retrofit (deferred maintenance)	65,199		65,199
	<hr/>		<hr/>
Total - Department of Corrections and Rehabilitation	\$1,525,000		\$1,525,000
Adjutant General (540)			
Boiler replacement at Minot and Bismarck facilities (deferred maintenance)	\$500,000		\$500,000
Estimated federal extraordinary repairs		\$4,000,000	4,000,000
	<hr/>	<hr/>	<hr/>
Total - Adjutant General	\$500,000	\$4,000,000	\$4,500,000
State Seed Department (616)			
Extraordinary repairs		\$98,500	\$98,500
NDSU Main Research Center (640)			
General repairs and maintenance	\$1,200,000		\$1,200,000
Deferred maintenance	500,000		500,000
Landscaping	140,465		140,465
	<hr/>		<hr/>
Total - Main Research Center	\$1,840,465		\$1,840,465
State Historical Society (701)			
Exhibits	\$330,000		\$330,000
Security card reader at Heritage Center	145,000		145,000
Fort Totten State Historic Site building repairs and maintenance	250,000	\$800,000	1,050,000
Chateau de Mores house repairs	150,000		150,000
Base budget funding for extraordinary repairs	251,319		251,319
	<hr/>	<hr/>	<hr/>
Total - State Historical Society	\$1,126,319	\$800,000	\$1,926,319
Game and Fish Department (720)			
Department facility repairs		\$400,000	\$400,000
Fishing area projects		450,000	450,000
Wildlife management area improvements		400,000	400,000
		<hr/>	<hr/>
Total - Game and Fish Department		\$1,250,000	\$1,250,000
Parks and Recreation Department (750)			
Beaver Lake State Park repair and maintenance projects	\$95,000	\$30,000	\$125,000
Cross Ranch State Park repair and maintenance projects		87,500	87,500
Devils Lake State Park repair and maintenance projects	17,500		17,500
Fort Abraham Lincoln State Park repair and maintenance projects	86,200	30,000	116,200
Fort Ransom State Park repair and maintenance projects	81,000		81,000
Fort Stevenson State Park repair and maintenance projects	30,500	40,000	70,500
Icelandic State Park repair and maintenance projects	88,500	30,000	118,500
Lewis and Clark State Park repair and maintenance projects		110,000	110,000

Little Missouri State Park repair and maintenance projects	30,000		30,000
Lake Metigoshe State Park repair and maintenance projects	238,200	77,000	315,200
Lake Sakakawea State Park repair and maintenance projects	44,000	45,000	89,000
Turtle River State Park repair and maintenance projects	35,000	33,000	68,000
Fuel tank containment at Fort Abraham Lincoln, Devils Lake, and Fort Stevenson State Parks	7,500		7,500
Total - Parks and Recreation Department	<u>\$753,400</u>	<u>\$482,500</u>	<u>\$1,235,900</u> ¹
Department of Transportation (801)			
Miscellaneous district improvements		<u>\$663,000</u>	<u>\$663,000</u>
Total 2007-09 executive budget recommendation - Extraordinary repairs	<u><u>\$39,946,988</u></u>	<u><u>\$8,422,713</u></u>	<u><u>\$48,369,701</u></u> ²

¹ The executive budget identifies that \$835,400 of the Parks and Recreation Department's total extraordinary repair funding of \$1,235,900 is for deferred maintenance. The executive budget does not identify specific projects that relate to deferred maintenance.

² The executive budget identifies a total of \$23,183,506 of deferred maintenance funding for the 2009-11 biennium.

CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011
				2005-07 Actual Payments	2007-09 Estimated Payments	2009-11 Estimated Payments			
1985 Legislative Assembly approved: Developmental Center - Renovations (\$3,900,000) State Penitentiary - Phase II construction (\$7,500,000) State Hospital - Renovations (\$3,400,000)	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds) - Used to refinance 1991 Series A and 1992 Series A - The 1991 Series A issue was used to refund the 1986 Series A (2011)	\$17,275,000	\$11,340,000	\$2,756,510	\$2,027,471	\$1,895,834	\$4,595,000	\$2,695,000	\$0
1991 Legislative Assembly approved: Department of Human Services - Southeast Human Service Center (\$2,475,000)									
1989 Legislative Assembly approved: North Dakota State University - Computer Center (\$5,375,000) University of North Dakota - United Hospital north unit (\$1,720,000) State College of Science - Agricultural mechanics building (\$2,916,000) University of North Dakota - Abbott Hall addition (\$3,300,000)	2003 Series A North Dakota Building Authority refunding revenue bonds (2.35% to 4.07% - 7-year bonds) - Used to refund 1993 Series A refunding revenue bonds which were used to refinance 1990 Series A, B, and C (2010)	28,808,000	15,145,000 ¹	5,396,540	5,877,321	0	6,865,000	0	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011
				2005-07 Actual Payments	2007-09 Estimated Payments	2009-11 Estimated Payments			
Minot State University - Library (\$7,728,000) State Board of Higher Education - Selected handicapped accessibility projects (\$1,600,000) State Penitentiary - Phase III construction (\$5,000,000) Veterans Home - Construction and remodeling (\$1,169,000) 1993 Legislative Assembly approved:									
North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments (\$8,423,061) Minot State University - Memorial Library renovation (\$2,550,000) Job Service North Dakota - Grand Forks office building (\$1,735,000) Adjutant General - Grand Forks Armory (\$375,000) Youth Correctional Center - Building demolition and asbestos removal (\$250,000)	2002 Series C lease revenue refunding bonds used to refund 1993 Series B North Dakota Building Authority revenue bonds (3% to 4.3% - 12-year bonds) (2014)	13,333,061 ²	10,665,000	1,986,663	2,301,778	2,394,120	7,995,000	6,150,000	4,180,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011
				2005-07 Actual Payments	2007-09 Estimated Payments	2009-11 Estimated Payments			
1995 Legislative Assembly approved: Bismarck State College - Science and Mathematics Center (\$8,060,000) University of North Dakota - Abbott Hall renovations (\$2,371,769) North Dakota State University - Emission control renovations on power plant (\$2,145,000) Dickinson State University - Klinefelter Hall renovations (\$2,750,000)	2002 Series D lease revenue refunding bonds used to refund 1995 Series A North Dakota Building Authority revenue bonds (3% to 4.5% - 15-year bonds) (2017)	15,326,769 ³	16,425,000	2,574,437	2,872,243	2,991,128	12,215,000	10,145,000	7,915,000
1997 Legislative Assembly approved: State College of Science - Bute Gym remodeling (\$1,700,000) Minot State University - Moore Hall renovation (\$4,000,000) Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)	2006 Series A North Dakota Building Authority refunding revenue bonds (4.4% to 5.125% - 20-year bonds) - Used to refund 1998 Series A and 2000 Series A (2020)	10,782,500 ^{4,6}	9,750,000	1,935,119	1,957,651	1,675,000	9,750,000	8,430,000	7,330,000
1999 Legislative Assembly approved: North Dakota State University - Animal facility (\$2,207,500)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011
				2005-07 Actual Payments	2007-09 Estimated Payments	2009-11 Estimated Payments			
Youth Correctional Center - Pine Cottage (\$1,475,000) 1997 Legislative Assembly approved:									
University of North Dakota - Renovation and addition to the Ed James Wing of the medical school building (\$3,000,000)	1998 Series C North Dakota Building Authority revenue bonds (3.2% to 4.35% - 10-year bonds) (2008)	3,000,000 ⁵	3,400,000	735,031	732,262	0	1,020,000	0	0
1999 Legislative Assembly approved: Williston State College - Health and Wellness Center (\$3,000,000)	2006 Series B North Dakota Building Authority revenue refunding bonds (4.15% 16-year bonds) - Used to refund a portion of the 2001 Series A North Dakota Building Authority revenue bonds (2022)	10,850,000 ⁷	9,770,000	1,990,751	1,945,806	2,062,025	11,930,000	10,855,000	9,650,000
2001 Legislative Assembly approved: Minot State University - Old Main renovation (\$7,850,000)	Remaining 2001 Series A North Dakota Building Authority revenue bonds (4.13% to 4.35%) (2010)								
2001 Legislative Assembly approved: State Department of Health - Laboratory addition (\$2,700,000) Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	2002 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds) (2022)	5,002,000 ⁸	6,035,000	627,983	910,951	1,001,446	5,480,000	5,250,000	4,475,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011
				2005-07 Actual Payments	2007-09 Estimated Payments	2009-11 Estimated Payments			
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)	2003 Series B North Dakota Building Authority revenue bonds (4.09% 20-year bonds) (2023)	11,645,237 ⁹	13,080,000 ¹⁰	1,709,859	1,962,374	2,045,871	12,070,000	10,930,000	9,680,000
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) North Dakota State University - Hazardous material handling and storage facility (\$3,500,000)	2005 Series A North Dakota Building Authority revenue bonds (4.50% 20-year bonds) (2025)	28,848,248	37,955,000 ¹¹	0	1,323,193	6,082,677	37,955,000	37,955,000	34,500,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011
				2005-07 Actual Payments	2007-09 Estimated Payments	2009-11 Estimated Payments			
State College of Science - Electrical distribution (\$736,000)									
Dickinson State College - Murphy Hall (\$4,100,557)									
Minot State University - Bottineau - Thatcher Hall addition (\$2,500,000)									
Department of Corrections and Rehabilitation - James River Correctional Center ET Building improvements (\$980,000)									
Department of Corrections and Rehabilitation - James River Correctional Center programs building code improvements (\$584,000)									
North Central Research Center - Agronomy laboratory and greenhouse (\$440,000)									
Central Grasslands Research Center - Office addition (\$270,000)									
Main Research Center - Greenhouse complex (\$2,000,000)									
State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009	Outstanding Principal Balance June 30, 2011
				2005-07 Actual Payments	2007-09 Estimated Payments	2009-11 Estimated Payments			
State Historical Society and Heritage Center - Research collections expansion (\$5,500,000)									
Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									
Total		\$144,870,815	\$133,565,000	\$19,712,893	\$21,910,950	\$20,148,101	\$109,875,000	\$92,410,000	\$77,730,000
Breakdown of payments									
General fund				\$17,467,525 ¹²	\$19,495,892 ¹²	\$18,301,696			
Agency contributions				2,245,368	2,415,058	1,846,405			
Total				\$19,712,893	\$21,910,950	\$20,148,101			

¹House Bill No. 1037 (1989) included a section stating that it was the intent of the Legislative Assembly that up to a total of \$4.4 million from non-general fund sources be used to assist in the retirement of the debt incurred to finance the construction projects. The non-general fund sources will be the college development foundation at the University of North Dakota, North Dakota State University, and State College of Science and an additional student fee at Minot State University. A listing of the \$4.4 million by each institution is as follows:

Institution	Type of Facility	Total Contributions	Estimated Contributions Through the 2007-09 Biennium	Remaining Contributions
North Dakota State University	Computer technology transfer center	\$1,343,000	\$1,343,000	\$0 (Biennial contributions are \$55,375)
State College of Science	Agricultural mechanics technology facility	300,000	300,000	0 (Biennial contributions are \$31,250)
University of North Dakota	Abbott Hall addition	825,000	825,000	0 (Biennial contributions are \$28,125)
Minot State University	Library facility	1,932,000	1,932,000	0 (Biennial contributions are \$197,750)
Total		\$4,400,000	\$4,400,000	\$0

In addition to the \$5,375,000 appropriated from bond proceeds for the North Dakota State University computer center, House Bill No. 1037 also appropriated \$5,375,000 from federal or other funds. The total amount appropriated for the project was \$10,750,000.

House Bill No. 1669 (1989) appropriated up to \$6.2 million for State Penitentiary Phase III construction from loan notes less the insurance proceeds received in the Penitentiary's fire loss of \$1.2 million.

Senate Bill No. 2096 (1989) authorized the issuance of bonds in the amount of \$1,169,000 to match federal funds available to construct, modify, or alter the facilities at the Veterans Home. Bond payments are to be made from the Veterans Home improvement fund.

²House Bill No. 1020 (1993) included a section stating that up to a total of \$1,990,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$1,990,000 by each entity is as follows:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium	Remaining Contributions
Minot State University	Library renovation	\$255,000	\$255,000	\$0 (Biennial contributions were \$42,500)
Job Service North Dakota	Grand Forks office building	1,735,000		
Total		\$1,990,000	\$255,000	\$0

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

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

³Senate Bill No. 2030 (1995) included a section stating that up to a total of \$2,206,769 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$2,206,769 by each institution is as follows:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 2003-05 Biennium	Remaining Contributions
Bismarck State College	Science and mathematics center	\$1,060,000	\$1,060,000	\$0 (Biennial contributions were \$353,334)
University of North Dakota	Abbott Hall renovation	871,769	871,769	0 (Biennial contributions were \$290,590)
Dickinson State University	Klinefelter Hall renovation	275,000	275,000	0 (Biennial contributions were \$91,666)
Total		\$2,206,769	\$2,206,769	\$0 (Biennial contributions were \$353,334)

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

⁴Senate Bill No. 2003 (1997) included a section stating that up to a total of \$300,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the renovation of Bute Gym. The bill also authorized an animal research facility at North Dakota State University and a renovation to the Ed James Wing of the medical school building at the University of North Dakota. The North Dakota State University project was delayed until the 1999 legislative session. The University of North Dakota project was handled through a separate bond issue (see 1998 Series C bond issue).

⁵In addition to the \$3 million appropriated from bond proceeds for the University of North Dakota renovation to the Ed James Wing of the medical school building, Senate Bill No. 2003 also appropriated any available funds received from federal, public, or private sources.

⁶House Bill No. 1022 (1999) authorized an animal research facility at North Dakota State University, renovation of Pine Cottage at the Youth Correctional Center, and the Health and Wellness Center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (see 2001 Series A bond issue).

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

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

⁷House Bill No. 1022 (1999) included a section stating that up to a total of \$3 million from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the \$3 million, \$1.5 million is to be provided for the project before construction may begin, and the remaining \$1.5 million is to be paid in 10 annual payments of \$150,000. Because \$1.5 million was available prior to construction, the State Building Authority only bonded for \$3 million of the \$4.5 million project. Williston State College will have paid \$1,200,000 by the end of the 2007-09 biennium, with \$300,000 remaining.

Senate Bill No. 2023 (2001) included a section stating that \$2,299,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the renovation of Old Main. Minot State University's local responsibility is to be paid in 10 annual payments with each of the first two annual payments being \$315,000 and each of the remaining eight annual payments being \$208,625. Minot State University will have paid \$1,464,500 by the end of the 2007-09 biennium with \$834,500 remaining.

⁸Senate Bill No. 2023 (2001) included a section stating that \$2,302,000 (Job Service North Dakota) and \$1,755,000 (State Department of Health) must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the two projects.

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

⁹House Bill No. 1023 (2003) appropriated \$4,237,755 of special funds for the issuance of bonds for projects at the State Department of Health and the Department of Corrections and Rehabilitation. Of that amount, \$614,865 for the State Department of Health was paid for with bioterrorism program dollars rather than by bonding.

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

¹⁰The 2005-07 biennium payment on this bond issue is \$1,741,306. This bond issuance included funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds for the Department of Corrections and Rehabilitation in the amount of \$105,326. Bonds sold to finance the project under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings.

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

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

¹¹Senate Bill No. 2023 (2005) included a section stating that \$300,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the project costs associated with the construction of the State Historical Society projects. The State Historical Society's \$33,333 biennial payments (nine payments) began with the 2007-09 biennium.

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

¹²North Dakota Century Code Section 54-17.2-23 provided that 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 1993 Legislative Assembly repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 percent to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 1995 Legislative Assembly 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 1997 Legislative Assembly 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 2001 Legislative Assembly clarified the statute to provide that the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session.

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected fund portion of the bond payments for the 2007-09 through the 2015-17 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 February 2007 revenue forecast for the 2007-09 biennium and the August 2008 revenue forecast with a 4 percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2007-09	\$21,910,950*	\$2,415,058	\$19,495,892	\$22,893,398	\$3,397,506
2009-11	\$20,148,101*	\$1,846,405	\$18,301,696	\$28,034,880	\$9,733,184
2011-13	\$18,580,064*	\$1,542,866	\$17,037,198	\$29,156,275	\$12,119,076
2013-15	\$17,285,013*	\$970,980	\$16,314,033	\$30,322,526	\$14,008,493
2015-17	\$14,709,843*	\$841,032	\$13,868,811	\$31,535,427	\$17,666,616

*The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. The 1998 Series C and 2003 Series A bond issuances will be paid off during the 2007-09 biennium, and the 1998 Series B bond issuance will be paid off during the 2009-11 biennium.

STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASE

The executive budget recommendation provides funding for state employee salary increases equal to an average of 5 percent of salaries effective July 1, 2009, and 5 percent effective July 1, 2010. The minimum increase for each year is \$100 per month. Salary increases must be based on merit and equity and are not to be given across the board. Employees whose documented performance levels do not meet standards are not eligible for any salary increase. Specific language regarding the salary increases is included in Section 10 of House Bill No. 1015, the appropriation bill for the Office of Management and Budget.

SPECIAL MARKET EQUITY ADJUSTMENTS

The 2009-11 executive budget recommendation for certain agencies includes a total of \$24.4 million in market equity compensation adjustments, the intent of which is included in Section 9 of House Bill No. 1015, the appropriation bill for the Office of Management and Budget. Agencies will have flexibility to use salary equity funding to address salary issues relating to the competitive employment market, salary issues in targeted occupations, and internal agency and interagency salary equity issues. Of the \$24.4 million, \$13.7 million is from the general fund and \$10.7 million from special funds. The \$24.4 million includes funding of \$1,205,011, of which \$694,483 is from the general fund, for the related salary increase for the second year of the biennium.

HIGHER EDUCATION

The executive budget recommendation authorizes, in Section 14 of Senate Bill No. 2003, the State Board of Higher Education to adjust full-time equivalent (FTE) positions as needed, subject to the availability of funds, for institutions under its control. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2009-11 budget request.

The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the total funding recommended for the North Dakota University System. The executive budget funding level provides for a 5 percent increase the first year of the biennium and a 5 percent increase for the second year of the biennium.

ELECTED AND APPOINTED OFFICIALS

The executive budget recommendation provides funding for elected and appointed officials' salary increases equal to 5 percent of salaries effective July 1, 2009, and 5 percent effective July 1, 2010. Specific language regarding the salary increases is included in Section 10 of House Bill No. 1015, the appropriation bill for the Office of Management and Budget, and

the statutory changes necessary are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges salary increases of 5 percent for each year of the biennium. Salary increases for Supreme Court justices are also 5 percent for each year of the biennium. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or an average of 5 percent of salaries effective July 1, 2009, and 5 percent of salaries effective July 1, 2010, with the \$100 per month minimum. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$825.97 per month for employee health insurance (an increase of \$167.89, or 25.5 percent, compared to the 2007-09 premium). At the premium level recommended, the 2009-11 biennium plan requires employees to pay higher copayments and deductibles for services as compared to the 2007-09 biennium plan. A recent history of monthly health insurance premiums provided for each employee is listed below:

1995-97	\$265
1997-99	\$301
1999-2001	\$350
2001-03	\$409
2003-05	\$489
2005-07	\$554
2007-09	\$658
2009-11 executive recommendation	\$826

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program remains at \$1.42 per month.

RETIREE HEALTH CREDIT

The executive budget recommendation provides for an increase in the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and pays for the increase by increasing the retiree health credit employer contribution by .14 percent, from 1 percent to 1.14 percent of payroll, resulting in the total monthly retirement contribution increasing from 9.12 percent to 9.26 percent. The estimated cost of

increasing employer contributions by .14 percent for a biennium for state agencies is \$935,535, of which \$387,734 is from the general fund. Senate Bill No. 2154 provides the statutory changes related to this recommendation.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2009-11 executive budget. The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases.

	General Fund	Special Funds	Total
Salary increase - 5% July 2009 and 5% July 2010 (\$100 per month minimum)	\$36,821,006	\$31,667,339	\$68,488,345
Health insurance premium increase	15,889,790	20,215,824	36,105,614
Retiree health credit increase from 1% to 1.14%	387,734	547,801	935,535
Equity adjustment - For selected agencies to address salary equity issues	13,723,095	10,650,301	24,373,396
Total	\$66,821,625	\$63,081,265	\$129,902,890

FULL-TIME EQUIVALENT POSITIONS

The executive budget recommendation for the 2009-11 biennium includes a total of 11,128.18 FTE positions, 163.42 FTE positions more than the 2007-09 authorized level. This includes 18.60 new higher education FTE positions and a net reduction of 13.77 higher education FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund for a total change of 4.83 higher education FTE positions. The net increase, excluding the higher education positions, is 158.59 FTE positions. The recommendation includes the addition of 211.94 new FTE positions and the deletion of 53.35 FTE positions. The cost of the 211.94 new FTE positions totals \$23,190,824 for the 2009-11 biennium, including salary and health insurance increases. Of this amount, \$16,655,357 is from the general fund. Funding reductions relating to the 53.35 deleted positions totals \$5,585,888 for the 2009-11 biennium. Of this amount, \$298,848 is from the general fund.

**ANALYSIS OF NEW FULL-TIME EQUIVALENT (FTE) POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS
RECOMMENDED IN THE 2009-11 EXECUTIVE BUDGET**

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
GENERAL GOVERNMENT							
18.00	18.00	0.00	101 - Governor's Office				18.00
27.00	28.00	1.00	108 - Secretary of State				28.00
			Adds:				
			1.00 FTE account budget specialist III	\$125,979		\$125,979	
			<u>1.00</u>	<u>\$125,979</u>	<u>\$0</u>	<u>\$125,979</u>	
132.50	133.50	1.00	110 - Office of Management and Budget				134.50
			Adds:				
			1.00 FTE human resource officer II	\$147,119		\$147,119	
			<u>1.00</u>	<u>\$147,119</u>	<u>\$0</u>	<u>\$147,119</u>	
306.20	330.20	24.00	112 - Information Technology Department				331.20
			Adds:				
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	\$102,545	\$22,510	\$125,055	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	104,825	23,010	127,835	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	103,239	22,662	125,901	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	93,361	20,494	113,855	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	138,919		138,919	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	122,405	26,870	149,275	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	119,755	26,288	146,043	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	196,073	43,040	239,113	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	110,792	24,320	135,112	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	129,337	28,391	157,728	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	147,404		147,404	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	112,600	24,717	137,317	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	125,499	27,548	153,047	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	146,798		146,798	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	104,947	23,037	127,984	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	126,599		126,599	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	107,375	23,570	130,945	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	84,914	18,640	103,554	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	112,452	24,685	137,137	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	129,467		129,467	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	171,108		171,108	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	103,239	22,662	125,901	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	128,319		128,319	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	128,319		128,319	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	128,319		128,319	

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General	Special	Total	
				Fund	Funds		
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	128,319		128,319	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	128,319		128,319	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	167,366		167,366	
			1.00 FTE budgeted pending classification (statewide deployment of PowerSchool)	167,366		167,366	
			1.00 FTE budgeted pending classification (CJIS SAVIN system)	80,203	76,865	157,068	
			1.00 FTE budgeted pending classification (statewide longitudinal data system)	183,279		183,279	
			Deletes:				
			(0.50) FTE Center for Distance Education position		(53,594)	(53,594)	
			(1.00) FTE Center for Distance Education position		(77,276)	(77,276)	
			(1.00) FTE Center for Distance Education position		(55,038)	(55,038)	
			(0.50) FTE Center for Distance Education position		(35,496)	(35,496)	
			(0.20) FTE Center for Distance Education position		(16,378)	(16,378)	
			(0.80) FTE Center for Distance Education position		(75,046)	(75,046)	
			(1.00) FTE programmer analyst II		(142,240)	(142,240)	
			(1.00) FTE programmer analyst III		(159,052)	(159,052)	
			(1.00) FTE programmer analyst III		(159,052)	(159,052)	
			<u>24.00</u>	<u>\$3,933,462</u>	<u>(\$293,863)</u>	<u>\$3,639,599</u>	
54.80	51.80	(3.00)	117 - State Auditor				53.80
			Deletes:				
			(3.00) FTE auditor II and auditor III positions		(\$309,897)	(\$309,897)	
			<u>(3.00)</u>	<u>\$0</u>	<u>(\$309,897)</u>	<u>(\$309,897)</u>	
7.00	7.00	0.00	120 - State Treasurer				7.00
188.50	198.50	10.00	125 - Attorney General				200.00
			Adds:				
			4.00 FTE forensic scientist II	\$479,676		\$479,676	
			1.00 FTE programmer analyst III	159,198		159,198	
			1.00 FTE assistant attorney general	156,387		156,387	
			5.50 FTE pending classification	399,112		399,112	
			Deletes:				
			(0.50) FTE auditor II		(\$60,940)	(60,940)	
			(1.00) FTE computer and network specialist I		(107,924)	(107,924)	
			<u>10.00</u>	<u>\$1,194,373</u>	<u>(\$168,864)</u>	<u>\$1,025,509</u>	
133.00	133.00	0.00	127 - Tax Department				133.00
8.00	8.00	0.00	140 - Office of Administrative Hearings				8.00
33.00	33.00	0.00	160 - Legislative Council				33.00

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
338.00	349.00	11.00	180 - Judicial branch				349.00
			Adds:				
			1.00 FTE staff attorney	\$174,963		\$174,963	
			3.00 FTE deputy clerk of court	303,510		303,510	
			2.00 FTE law clerk	277,994		277,994	
			4.00 FTE technology coordinator	473,484		473,484	
			1.00 FTE family court coordinator	128,005		128,005	
			<u>11.00</u>	<u>\$1,357,956</u>	<u>\$0</u>	<u>\$1,357,956</u>	
29.00	33.00 ²	4.00	188 - Commission on Legal Counsel for Indigents				33.00
			Adds:				
			1.00 FTE attorney II		\$162,851	\$162,851	
			1.00 FTE attorney II		158,777	158,777	
			1.00 FTE administrative assistant II		93,138	93,138	
			1.00 FTE accounting manager II		188,337	188,337	
			<u>4.00</u>	<u>\$0</u>	<u>\$603,103</u>	<u>\$603,103</u>	
17.00	17.00	0.00	190 - Retirement and Investment Office				17.00
33.00	33.00	0.00	192 - Public Employees Retirement System				33.00
<u>1,325.00</u>	<u>1,373.00</u>	<u>48.00</u>	TOTAL GENERAL GOVERNMENT	<u>\$6,758,889</u>	<u>(\$169,521)</u>	<u>\$6,589,368</u>	<u>1,378.50</u>
			OTHER EDUCATION				
94.75	99.75	5.00	201 - Department of Public Instruction				100.75
			Adds:				
			1.00 FTE assistant director	\$135,886		\$135,886	
			1.00 FTE assistant director	135,886		135,886	
			1.00 FTE administrative assistant II	78,393		78,393	
			1.00 FTE assistant director		\$135,886	135,886	
			1.00 FTE administrative assistant III		85,046	85,046	
			<u>5.00</u>	<u>\$350,165</u>	<u>\$220,932</u>	<u>\$571,097</u>	
18.75	21.75	3.00	226 - Land Department				21.75
			Adds:				
			1.00 FTE audit technician		\$113,401	\$113,401	
			1.00 FTE auditor II		130,373	130,373	
			1.00 FTE pending classification		112,917	112,917	
			<u>3.00</u>	<u>\$0</u>	<u>\$356,691</u>	<u>\$356,691</u>	
29.75	29.75	0.00	250 - State Library				29.75
43.94	43.94	0.00	252 - School for the Deaf				45.77

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
28.00	28.00	0.00	253 - North Dakota Vision Services - School for the Blind				30.00
27.50	28.50	1.00	270 - State Board for Career and Technical Education				27.50
			Adds:				
			1.00 FTE pending classification	\$164,312		\$164,312	
			<u>1.00</u>	<u>\$164,312</u>	<u>\$0</u>	<u>\$164,312</u>	
<u>242.69</u>	<u>251.69</u>	<u>9.00</u>	TOTAL OTHER EDUCATION	<u>\$514,477</u>	<u>\$577,623</u>	<u>\$1,092,100</u>	<u>255.52</u>
			HEALTH AND WELFARE				
331.50	343.50	12.00	301 - State Department of Health				379.50
			Adds:				
			1.00 FTE auditor II	\$66,010	\$66,010	\$132,020	
			1.00 FTE epidemiologist II		112,875	112,875	
			1.00 FTE human service program administrator II		110,579	110,579	
			1.00 FTE administrative assistant II		80,231	80,231	
			1.00 FTE hcf fire safety surveyor II	91,448	45,042	136,490	
			1.00 FTE hcf fire safety surveyor II	91,448	45,042	136,490	
			0.50 FTE administrative assistant I		51,973	51,973	
			0.50 FTE human service program administrator III		66,648	66,648	
			1.00 FTE epidemiologist III		125,647	125,647	
			1.00 FTE public health nurse II		119,216	119,216	
			0.50 FTE environmental scientist II		74,410	74,410	
			1.00 FTE microbiologist I	60,095	49,168	109,263	
			1.00 FTE administrative assistant I		81,454	81,454	
			<u>0.50 FTE human service program administrator III</u>		<u>69,750</u>	<u>69,750</u>	
			<u>12.00</u>	<u>\$309,001</u>	<u>\$1,098,045</u>	<u>\$1,407,046</u>	
92.37	120.72	28.35	313 - Veterans Home				120.72
			Adds:				
			1.00 FTE cook I		\$29,112	\$29,112	
			1.00 FTE cook I		29,112	29,112	
			0.70 FTE cook I		22,689	22,689	
			0.40 FTE cook I		8,642	8,642	
			1.00 FTE healthcare orderly II		70,384	70,384	
			1.00 FTE healthcare orderly II		84,176	84,176	
			1.00 FTE healthcare orderly II		84,030	84,030	
			0.50 FTE administrative assistant II		21,226	21,226	
			1.00 FTE registered nurse III		64,530	64,530	
			1.00 FTE healthcare orderly II	\$31,160		31,160	
			1.00 FTE healthcare orderly II	31,160		31,160	
			1.00 FTE healthcare orderly II	31,160		31,160	

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General	Special	Total	
				Fund	Funds		
			1.00 FTE healthcare orderly II	31,160		31,160	
			1.00 FTE healthcare orderly II	31,160		31,160	
			1.00 FTE healthcare orderly II	31,160		31,160	
			0.80 FTE healthcare orderly II	26,661		26,661	
			0.60 FTE healthcare orderly II	22,160		22,160	
			1.00 FTE healthcare orderly II	31,160		31,160	
			1.00 FTE registered nurse III		66,143	66,143	
			0.50 FTE registered nurse III		38,376	38,376	
			1.00 FTE healthcare orderly II	33,322		33,322	
			1.00 FTE healthcare orderly II	33,322		33,322	
			1.00 FTE healthcare orderly II	33,322		33,322	
			1.00 FTE healthcare orderly II	33,322		33,322	
			1.00 FTE healthcare orderly II	33,322		33,322	
			1.00 FTE healthcare orderly II	33,322		33,322	
			0.80 FTE healthcare orderly II	28,389		28,389	
			0.60 FTE healthcare orderly II	23,455		23,455	
			1.00 FTE social work designee		45,078	45,078	
			1.00 FTE custodian		27,329	27,329	
			1.00 FTE custodian		68,907	68,907	
			1.00 FTE laundry worker		26,904	26,904	
			0.50 FTE registered pharmacy technician		20,389	20,389	
			0.35 FTE account technician I		29,465	29,465	
			Deletes:				
			(0.40) FTE security officer I	(34,674)		(34,674)	
			<u>28.35</u>	<u>\$450,721</u>	<u>\$736,492</u>	<u>\$1,187,213</u>	
4.00	4.00	0.00	316 - Indian Affairs Commission				4.00
7.00	7.00	0.00	321 - Department of Veterans Affairs				8.00
474.85 ³	471.85	(3.00)	325 - Department of Human Services - Central office				489.35
			Adds:				
			1.00 FTE account budget specialist	\$53,637	\$72,628	\$126,265	
			1.00 FTE eligibility worker II	18,818	53,894	72,712	
			0.50 FTE eligibility worker II	16,365	46,871	63,236	
			1.00 FTE human service program administrator III	66,872	66,872	133,744	
			1.00 FTE pending classification (child care worker background checks)	323,921		323,921	
			Deletes:				
			(1.00) FTE administrative assistant II	(78,370)		(78,370)	
			(1.00) FTE attorney I	(43,840)	(85,102)	(128,942)	
			(1.00) FTE human service program administrator V	(57,580)	(111,774)	(169,354)	
			(0.50) FTE office assistant III			0	
			(1.00) FTE regional child support program administrator	(44,155)	(85,713)	(129,868)	

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General	Special	Total	
				Fund	Funds		
			(1.00) FTE paralegal	(40,229)	(75,207)	(115,436)	
			(1.00) FTE child support payment specialist			0	
			(1.00) FTE human service program administrator IV			0	
			<u>(3.00)</u>	<u>\$215,439</u>	<u>(\$117,531)</u>	<u>\$97,908</u>	
445.54 ³	445.54	0.00	Department of Human Services - Developmental Center				445.54
466.51 ³	472.51	6.00	Department of Human Services - State Hospital				472.51
			Adds:				
			1.00 FTE mental health care specialist I	\$86,988		\$86,988	
			1.00 FTE mental health care specialist I	84,274		84,274	
			1.00 FTE mental health care specialist I	84,274		84,274	
			1.00 FTE mental health care specialist I	84,274		84,274	
			1.00 FTE mental health care specialist I	84,274		84,274	
			1.00 FTE registered pharmacy technician	92,731		92,731	
			<u>6.00</u>	<u>\$516,815</u>	<u>\$0</u>	<u>\$516,815</u>	
836.48 ³	847.48	11.00	Department of Human Services - Human service centers				849.48
			Adds:				
			1.00 FTE developmental disabilities manager II (North Central HSC)	\$55,573	\$55,574	\$111,147	
			1.00 FTE developmental disabilities manager II (Northeast HSC)	55,573	55,574	111,147	
			1.00 FTE human service aide II (Southeast HSC)	38,409	38,409	76,818	
			1.00 FTE MI case manager II (Southeast HSC)	49,985	49,985	99,970	
			1.00 FTE addiction counselor II (Southeast HSC)	95,064	15,475	110,539	
			1.00 FTE registered nurse I (Southeast HSC)	119,208		119,208	
			1.00 FTE MI case manager II (Southeast HSC)	57,983	41,987	99,970	
			1.00 FTE developmental disabilities manager II (Southeast HSC)	55,573	55,574	111,147	
			1.00 FTE MI case manager II (South Central HSC)	58,020		58,020	
			1.00 FTE MI case manager II (South Central HSC)	113,079		113,079	
			1.00 FTE developmental disabilities manager II (West Central HSC)	55,574	55,573	111,147	
			<u>11.00</u>	<u>\$754,041</u>	<u>\$368,151</u>	<u>\$1,122,192</u>	
<u>2,223.38</u>	<u>2,237.38</u>	<u>14.00</u>	<u>14.00</u> Department of Human Services subtotal	<u>\$1,486,295</u>	<u>\$250,620</u>	<u>\$1,736,915</u>	<u>2,256.88</u>
27.50	28.50	1.00	360 - Protection and Advocacy Project				28.50
			Adds:				
			1.00 FTE disability advocate	\$113,358		\$113,358	
			<u>1.00</u>	<u>\$113,358</u>	<u>\$0</u>	<u>\$113,358</u>	

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
308.00	284.05	(23.95)	380 - Job Service North Dakota				284.05
			Deletes:				
			(23.95) FTE positions not requested by the agency		(\$2,286,003)	(\$2,286,003)	
			<u>(23.95)</u>	\$0	<u>(\$2,286,003)</u>	<u>(\$2,286,003)</u>	
<u>2,993.75</u>	<u>3,025.15</u>	<u>31.40</u>	TOTAL HEALTH AND WELFARE	<u>\$2,359,375</u>	<u>(\$200,846)</u>	<u>\$2,158,529</u>	<u>3,081.65</u>
			REGULATORY				
46.50	46.50	0.00	401 - Insurance Department				46.50
55.37	60.06	4.69	405 - Industrial Commission				64.06
			Adds:				
			0.50 FTE administrative assistant II		\$51,364	\$51,364	
			0.19 FTE office assistant III	\$14,836		14,836	
			1.00 FTE petroleum engineer I	117,011		117,011	
			1.00 FTE petroleum engineer I	124,502		124,502	
			1.00 FTE engineering technician IV	112,161		112,161	
			1.00 FTE engineering technician IV	111,407		111,407	
			<u>4.69</u>	<u>\$479,917</u>	<u>\$51,364</u>	<u>\$531,281</u>	
11.00	12.00	1.00	406 - Labor Commissioner				12.00
			Adds:				
			1.00 FTE compliance investigator II	\$110,884		\$110,884	
			<u>1.00</u>	<u>\$110,884</u>	<u>\$0</u>	<u>\$110,884</u>	
41.00	44.00	3.00	408 - Public Service Commission				45.00
			Adds:				
			1.00 FTE environmental engineer III	\$156,691		\$156,691	
			1.00 FTE public utility analyst III	208,904		208,904	
			1.00 FTE environmental scientist III	26,311	\$46,777	73,088	
			<u>3.00</u>	<u>\$391,906</u>	<u>\$46,777</u>	<u>\$438,683</u>	
6.00	6.00	0.00	412 - Aeronautics Commission				6.00
27.00	29.00	2.00	413 - Department of Financial Institutions				29.00
			Adds:				
			1.00 FTE financial institution examiner I		\$124,281	\$124,281	
			1.00 FTE financial institution examiner I		125,254	125,254	
			<u>2.00</u>	<u>\$0</u>	<u>\$249,535</u>	<u>\$249,535</u>	
9.00	9.00	0.00	414 - Securities Department				9.00

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
176.50	171.50	(5.00)	471 - Bank of North Dakota				176.50
			Deletes:				
			(1.00) FTE auditor III		(\$131,224)	(\$131,224)	
			(1.00) FTE senior programmer analyst		(156,110)	(156,110)	
			(1.00) FTE unclassified professional		(202,080)	(202,080)	
			(1.00) FTE unclassified administration		(202,080)	(202,080)	
			(1.00) FTE unclassified administration		(202,080)	(202,080)	
			<u>(5.00)</u>		<u>(\$893,574)</u>	<u>(\$893,574)</u>	
43.00	47.00	4.00	473 - Housing Finance Agency				49.00
			Adds:				
			1.00 FTE housing program administrator		\$150,563	\$150,563	
			1.00 FTE housing program representative		121,088	121,088	
			1.00 FTE housing program specialist I		110,984	110,984	
			1.00 FTE account budget specialist II		150,485	150,485	
			<u>4.00</u>		<u>\$533,120</u>	<u>\$533,120</u>	
131.00	131.00	0.00	475 - Mill and Elevator Association				131.00
237.14	237.14	0.00	485 - Workforce Safety and Insurance				237.14
<u>783.51</u>	<u>793.20</u>	<u>9.69</u>	TOTAL REGULATORY	<u>\$982,707</u>	<u>(\$12,778)</u>	<u>\$969,929</u>	<u>805.20</u>
			PUBLIC SAFETY				
193.00	196.00	3.00	504 - Highway Patrol				207.00
			Adds:				
			1.00 FTE commercial motor carrier permit technician	\$91,798		\$91,798	
			1.00 FTE highway patrol officer I	132,441		132,441	
			1.00 FTE highway patrol officer I	132,441		132,441	
			<u>3.00</u>	<u>\$356,680</u>	<u>\$0</u>	<u>\$356,680</u>	
711.29	743.29	32.00	530 - Department of Corrections and Rehabilitation				795.79
			Adds:				
			1.00 FTE addiction counselor II	\$121,229		\$121,229	
			1.00 FTE mental illness extended treatment and care coordinator II	142,882		142,882	
			1.00 FTE security officer I	84,842		84,842	
			1.00 FTE registered nurse II	121,657		121,657	
			1.00 FTE parole and probation officer II	144,178		144,178	
			1.00 FTE administrative assistant II	90,238		90,238	
			1.00 FTE correctional officer II	116,430		116,430	
			1.00 FTE correctional officer II	116,430		116,430	
			1.00 FTE correctional officer II	116,430		116,430	
			1.00 FTE correctional officer II	116,430		116,430	

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General	Special	Total	
				Fund	Funds		
			1.00 FTE correctional officer II	106,160		106,160	
			1.00 FTE correctional officer II	106,160		106,160	
			1.00 FTE correctional officer I	80,533		80,533	
			1.00 FTE correctional officer I	80,533		80,533	
			1.00 FTE correctional officer I	80,533		80,533	
			1.00 FTE correctional officer I	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	92,088		92,088	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE corrections trainee	80,533		80,533	
			1.00 FTE instructor	101,927		101,927	
			1.00 FTE instructor		\$104,793	104,793	
			1.00 FTE storekeeper I	83,120		83,120	
			1.00 FTE training officer	124,549		124,549	
			1.00 FTE registered nurse I	110,003		110,003	
			1.00 FTE data processing coordinator I	95,664		95,664	
			<u>32.00</u>	<u>\$3,037,346</u>	<u>\$104,793</u>	<u>\$3,142,139</u>	
232.00	232.00	0.00	540 - Adjutant General				237.00
			Adds:				
			1.00 FTE human relations counselor (reintegration program)	\$121,630		\$121,630	
			1.00 FTE geographic information systems specialist III	39,173	\$117,518	156,691	
			1.00 FTE systems mechanic III	33,960	101,879	135,839	
			1.00 FTE emergency program specialist III		131,494	131,494	
			1.00 FTE computer and network specialist II	121,630		121,630	
			Deletes:				
			(1.00) FTE other not classified - protection service worker		(101,718)	(101,718)	
			(1.00) FTE other not classified - protection service worker		(99,004)	(99,004)	
			(1.00) FTE other not classified - protection service worker		(99,004)	(99,004)	
			(1.00) FTE other not classified - protection service worker		(99,004)	(99,004)	
			(1.00) FTE other not classified - protection service worker		(99,004)	(99,004)	
			<u>0.00</u>	<u>\$316,393</u>	<u>(\$146,843)</u>	<u>\$169,550</u>	
<u>1,136.29</u>	<u>1,171.29</u>	<u>35.00</u>	TOTAL PUBLIC SAFETY	<u>\$3,710,419</u>	<u>(\$42,050)</u>	<u>\$3,668,369</u>	<u>1,239.79</u>

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
66.00	68.00	2.00	601 - Commerce Department				68.50
			Adds:				
			1.00 FTE administrative assistant	\$1,200		\$1,200	
			1.00 FTE State Commission on Community Service	3,600		3,600	
			<u>2.00</u>	<u>\$4,800</u>	<u>\$0</u>	<u>\$4,800</u>	
67.50	70.50	3.00	602 - Agriculture Department				74.50
			Adds:				
			1.00 FTE agriculture program inspector II		\$104,841	\$104,841	
			1.00 FTE office assistant III	\$77,730		77,730	
			1.00 FTE agriculture program specialist II	107,862		107,862	
			<u>3.00</u>	<u>\$185,592</u>	<u>\$104,841</u>	<u>\$290,433</u>	
30.00	30.00	0.00	616 - State Seed Department				30.00
51.95 ⁴	53.95	2.00	627 - Upper Great Plains Transportation Institute				53.95
			Adds:				
			1.00 FTE other professional		\$167,103	\$167,103	
			1.00 FTE other professional		180,451	180,451	
			<u>2.00</u>	<u>\$0</u>	<u>\$347,554</u>	<u>\$347,554</u>	
95.56 ⁴	95.56	0.00	628 - Branch research centers				112.66
266.33 ⁴	267.33	1.00	630 - NDSU Extension Service				289.93
			Adds:				
			0.30 FTE academic staff	\$63,503		\$63,503	
			0.70 FTE academic staff	139,668		139,668	
			<u>1.00</u>	<u>\$203,171</u>	<u>\$0</u>	<u>\$203,171</u>	
10.20 ⁴	11.20	1.00	638 - Northern Crops Institute				12.20
			Adds:				
			1.00 FTE other professional	\$175,024		\$175,024	
			<u>1.00</u>	<u>\$175,024</u>	<u>\$0</u>	<u>\$175,024</u>	

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
347.39 ⁴	353.39	6.00	640 - Main Research Center				383.89
			Adds:				
			1.00 FTE academic staff	\$223,750		\$223,750	
			1.00 FTE academic staff	228,838		228,838	
			1.00 FTE academic staff	131,974		131,974	
			1.00 FTE academic staff	131,974		131,974	
			1.00 FTE academic staff	131,974		131,974	
			1.00 FTE academic staff	131,974		131,974	
			<u>6.00</u>	<u>\$980,484</u>	<u>\$0</u>	<u>\$980,484</u>	
3.00 ⁴	3.00	0.00	649 - Agronomy Seed Farm				3.00
2.00	2.00	0.00	670 - Racing Commission				2.00
<u>939.93</u>	<u>954.93</u>	<u>15.00</u>	TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>\$1,549,071</u>	<u>\$452,395</u>	<u>\$2,001,466</u>	<u>1,030.63</u>
			NATURAL RESOURCES AND HIGHWAYS				
60.00	62.00	2.00	701 - State Historical Society				69.00
			Adds:				
			1.00 FTE archivist	\$114,942		\$114,942	
			1.00 FTE site supervisor	114,942		114,942	
			<u>2.00</u>	<u>\$229,884</u>	<u>\$0</u>	<u>\$229,884</u>	
5.00	5.00	0.00	709 - Council on the Arts				5.00
155.00	157.00	2.00	720 - Game and Fish Department				157.00
			Adds:				
			1.00 FTE graphic artist II		\$88,455	\$88,455	
			1.00 FTE district game warden II		121,229	121,229	
			<u>2.00</u>	<u>\$0</u>	<u>\$209,684</u>	<u>\$209,684</u>	
50.50	53.00	2.50	750 - Department of Parks and Recreation				58.25
			Adds:				
			1.00 FTE maintenance supervisor	\$96,138		\$96,138	
			1.00 FTE maintenance supervisor	96,138		96,138	
			0.50 FTE maintenance supervisor	59,411		59,411	
			<u>2.50</u>	<u>\$251,687</u>	<u>\$0</u>	<u>\$251,687</u>	
84.00	86.00	2.00	770 - State Water Commission				86.00
			Adds:				
			1.00 FTE hydrologist II		\$144,370	\$144,370	
			1.00 FTE engineering technician IV		110,884	110,884	
			<u>2.00</u>	<u>\$0</u>	<u>\$255,254</u>	<u>\$255,254</u>	
1,052.50	1,054.50	2.00	801 - Department of Transportation				1,056.50

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
			Adds:				
			<u>2.00</u> FTE driver's license examiner II		\$178,666	\$178,666	
			<u>2.00</u>	\$0	\$178,666	\$178,666	
<u>1,407.00</u>	<u>1,417.50</u>	<u>10.50</u>	TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>\$481,571</u>	<u>\$643,604</u>	<u>\$1,125,175</u>	<u>1,431.75</u>
SUMMARY TOTALS							
1,325.00	1,373.00	48.00	General Government	\$6,758,889	(\$169,521)	\$6,589,368	1,378.50
242.69	251.69	9.00	Other Education	514,477	577,623	1,092,100	255.52
2,993.75	3,025.15	31.40	Health and Welfare	2,359,375	(200,846)	2,158,529	3,081.65
783.51	793.20	9.69	Regulatory	982,707	(12,778)	969,929	805.20
1,136.29	1,171.29	35.00	Public Safety	3,710,419	(42,050)	3,668,369	1,239.79
939.93	954.93	15.00	Agriculture and Economic Development	1,549,071	452,395	2,001,466	1,030.63
1,407.00	1,417.50	10.50	Natural Resources and Highways	481,571	643,604	1,125,175	1,431.75
<u>8,828.17</u>	<u>8,986.76</u>	<u>158.59</u>	TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	<u>\$16,356,509</u>	<u>\$1,248,427</u>	<u>\$17,604,936</u>	<u>9,223.04</u>
HIGHER EDUCATION							
20.00	21.30	1.30	215 - North Dakota University System office				22.30
			Adds:				
			1.30 FTE positions to adjust the number of positions to the level supported by general fund				
			<u>1.30</u>				
105.38	111.93	6.55	227 - Bismarck State College				111.93
			Adds:				
			1.00 FTE public safety officer	\$84,000		\$84,000	
			5.55 FTE positions to adjust the number of positions to the level supported by general fund				
			<u>6.55</u>	<u>\$84,000</u>		<u>\$84,000</u>	
30.49	33.97	3.48	228 - Lake Region State College				33.97
			Adds:				
			1.00 FTE security position	\$97,900		\$97,900	
			2.48 FTE positions to adjust the number of positions to the level supported by general fund				
			<u>3.48</u>	<u>\$97,900</u>		<u>\$97,900</u>	
39.80	42.10	2.30	229 - Williston State College				44.50
			Adds:				
			1.00 FTE security position	\$107,800		\$107,800	
			1.30 FTE positions to adjust the number of positions to the level supported by general fund				
			<u>2.30</u>	<u>\$107,800</u>		<u>\$107,800</u>	
637.24	627.28	(9.96)	230 - University of North Dakota				627.28

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
			Adds:				
			2.00 FTE public safety officers	\$168,000		\$168,000	
			Deletes:				
			(11.96) FTE positions to adjust the number of positions to the level supported by general fund				
			<u>(9.96)</u>	<u>\$168,000</u>		<u>\$168,000</u>	
157.74	144.92	(12.82)	232 - University of North Dakota School of Medicine and Health Sciences				154.92
			Deletes:				
			(12.82) FTE positions to adjust the number of positions to the level supported by general fund				
			<u>(12.82)</u>				
498.12	517.76	19.64	235 - North Dakota State University				563.26
			Adds:				
			2.00 FTE public safety officers	\$168,000		\$168,000	
			17.64 FTE positions to adjust the number of positions to the level supported by general fund				
			<u>19.64</u>	<u>\$168,000</u>		<u>\$168,000</u>	
156.77	158.24	1.47	238 - State College of Science				158.24
			Adds:				
			1.00 FTE security position	\$50,000		\$50,000	
			0.47 FTE position to adjust the number of positions to the level supported by general fund				
			<u>1.47</u>	<u>\$50,000</u>		<u>\$50,000</u>	
121.60	91.10	(30.50)	239 - Dickinson State University				91.10
			Deletes:				
			(30.50) FTE positions to adjust the number of positions to the level supported by general fund				
			<u>(30.50)</u>				
55.89	55.39	(0.50)	240 - Mayville State University				55.39
			Deletes:				
			(0.50) FTE position to adjust the number of position to the level supported by general fund				
			<u>(0.50)</u>				

2007-09 FTE Positions	Executive Recommendation 2009-11 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2009-11 FTE Positions in Agency Budget Request ¹
				General Fund	Special Funds	Total	
184.83	190.82	5.99	241 - Minot State University				190.82
			Adds:				
			1.00 FTE public safety officer	\$84,000		\$84,000	
			4.99 FTE positions to adjust the number of positions to the level supported by general fund				
			<u>5.99</u>	<u>\$84,000</u>		<u>\$84,000</u>	
78.15	86.86	8.71	242 - Valley City State University				86.86
			Adds:				
			8.71 FTE positions to adjust the number of positions to the level supported by general fund				
			<u>8.71</u>				
31.11	32.75	1.64	243 - Minot State University - Bottineau				34.75
			Adds:				
			1.00 FTE security position	\$107,469		\$107,469	
			0.64 FTE position to adjust the number of positions to the level supported by general fund				
			<u>1.64</u>	<u>\$107,469</u>		<u>\$107,469</u>	
19.47	27.00	7.53	244 - Forest Service				27.00
			Adds:				
			8.60 FTE forestry positions	\$826,284		\$826,284	
			Deletes:				
			(1.07) FTE positions to adjust the number of positions to the level supported by general fund				
			<u>7.53</u>	<u>\$826,284</u>		<u>\$826,284</u>	
<u>2,136.59</u>	<u>2,141.42</u>	<u>4.83</u>	TOTAL HIGHER EDUCATION	<u>\$1,693,453</u>	<u>\$0</u>	<u>\$1,693,453</u>	<u>2,202.32</u>
<u>10,964.76</u>	<u>11,128.18</u>	<u>163.42</u>	TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)	<u>\$18,049,962</u>	<u>\$1,248,427</u>	<u>\$19,298,389</u>	<u>11,425.36</u>

NOTE: The funding for the positions added includes, where provided, the executive recommendation for salary and health insurance increases. The positions deleted reflect funding prior to increases for salaries and health insurance.

¹ Total FTE positions requested, including optional adjustments.

² North Dakota Century Code Section 54-61-02 provides for the Commission on Legal Counsel for Indigents to establish public defender offices in the regions of the state as the commission considers necessary and appropriate. The 2009-11 executive recommendation provides for a new public defender office in Devils Lake.

³ The 2007-09 FTE positions for the Department of Human Services, Developmental Center, and State Hospital have been adjusted by 12.60, from 2,210.78 to 2,223.38, to account for additional FTE positions transferred to the department from counties for state administration of child support enforcement activities. The actual number of FTE positions transferred to the department was 135.20, 12.60 more than estimated during the 2007 legislative session.

Position changes are as follows:

	2007-09 Legislative Authorized FTE	Adjustments	Adjusted 2007-09 Authorized FTE
Developmental Center	449.54	(4.00)	445.54
State Hospital	465.51	1.00	466.51
Human service centers	833.48	3.00	836.48
Central office	462.25	12.60	474.85
Total	<u>2,210.78</u>	<u>12.60</u>	<u>2,223.38</u>

⁴ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 6 of House Bill No. 1020 (2007):

	2007-09 Legislative Authorization	Adjusted FTE Level	Variance
Upper Great Plains Transportation Institute	43.40	51.95	8.55
Branch research centers	97.86	95.56	(2.30)
NDSU Extension Service	260.46	266.33	5.87
Northern Crops Institute	11.20	10.20	(1.00)
Main Research Center	348.88	347.39	(1.49)
Agronomy Seed Farm	3.00	3.00	0.00
Total	<u>764.80</u>	<u>774.43</u>	<u>9.63</u>

ANALYSIS OF STATE EMPLOYEE SALARY INCREASES

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

Year	General Salary Increase Provided or Proposed	Annual Inflation*
2002 ¹	2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity	1.6%
2003	Up to 1% effective on January 1, 2004, for the executive and judicial branches to the extent that the increase could be provided from pooled savings realized from the eliminated full-time equivalent (FTE) positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided was required to be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. The judicial branch eliminated four vacant FTE positions and provided a 1% salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase.	2.3%
2004	Up to 2% effective on January 1, 2005, for the executive and judicial branches to the extent that the increase could be provided from pooled savings realized from the eliminated FTE positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided was required to be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. The executive branch and the judicial branch did not eliminate positions to receive salary increases on January 1, 2005.	2.7%
2005	4%	3.4%
2006	4%	3.2%
2007 ²	4% with a minimum of \$75 per month (salary increases were to be based on merit and equity and were not to be given across the board)	2.8%
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)	4.3% (projected)
2009 ³	5% with a minimum of \$100 per month (salary increases are to be based on merit and equity and are not to be given across the board)	1.8% (projected)
2010 ³	5% with a minimum of \$100 per month (salary increases are to be based on merit and equity and are not to be given across the board)	2.1% (projected)

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

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).

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 2009-11 executive budget recommends \$24.3 million, \$13.7 million of which is from the general fund, to address salary equity issues for certain agencies. Agencies will have flexibility to use salary equity funding to address salary issues relating to the competitive employment market, salary issues in targeted occupations, and internal agency and interagency salary equity issues.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2009-11 biennium contains funding to provide salary increases of 5 percent effective July 1, 2009, and 5 percent effective July 1, 2010, for elected officials and judges. The statutory changes necessary to adjust elected officials' salaries as recommended are included in the appropriation bills for the respective elected officials. The schedules below show for each elected official the salary authorized by the 2007 Legislative Assembly and the salary being proposed in the executive budget.

State Official	Statutory Annual Salary Authorized by 2007 Legislative Assembly		Proposed Annual Salary Included in the 2009-11 Executive Budget Recommendation	
	Effective July 1, 2007	Effective July 1, 2008	Effective July 1, 2009	Effective July 1, 2010
Governor	\$96,183	\$100,031	\$105,034	\$110,285
Lieutenant Governor	\$74,668	\$77,655	\$81,538	\$85,615
Secretary of State	\$76,511	\$79,571	\$83,550	\$87,728
Attorney General	\$83,991	\$87,351	\$91,719	\$96,304
Superintendent of Public Instruction	\$87,103	\$90,587	\$95,116	\$99,872
Tax Commissioner	\$83,039	\$86,360	\$90,678	\$95,212
Insurance Commissioner	\$76,511	\$79,571	\$83,550	\$87,728
Public Service Commissioners (3)	\$78,599	\$81,743	\$85,830	\$90,122
Agriculture Commissioner	\$78,599	\$81,743	\$85,830	\$90,122
State Auditor	\$76,511	\$79,571	\$83,550	\$87,728
State Treasurer	\$72,253	\$75,143	\$78,900	\$82,845

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

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

	Statutory Annual Salary Authorized by 2007 Legislative Assembly		Proposed Annual Salary Included in the 2009-11 Judicial Branch Budget Request	
	Effective July 1, 2007	Effective July 1, 2008	Effective July 1, 2009	Effective July 1, 2010
Supreme Court Chief Justice	\$116,840	\$121,513	\$127,589	\$133,968
Other Supreme Court justices	\$113,578	\$118,121	\$124,027	\$130,228
District court presiding judges	\$107,078	\$111,362	\$116,930	\$122,777
Other district court judges	\$104,073	\$108,236	\$113,648	\$119,330

**ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$200,000,000		\$311,092,167
Add estimated revenues				
Transfer from general fund	\$111,092,167 ¹		\$0	
Investment income	0 ²		0 ²	
Total estimated revenues		111,092,167		0
Total available		\$311,092,167		\$311,092,167
Less estimated expenditures and transfers				
None				
Total estimated expenditures and transfers		0 ³		0 ³
Estimated ending balance		\$311,092,167		\$311,092,167

¹North Dakota Century Code Chapter 54-27.2 provides that 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, beginning July 1, 2009, the balance in the budget stabilization fund may not exceed 10 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown is based on the executive budget estimate of a June 30, 2009, general fund balance of \$502,933,108 and the executive recommendation providing total 2009-11 biennium general fund appropriations of \$3,110,921,665; therefore, the maximum balance in the fund is limited to \$311,092,167.

²Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under NDCC Section 54-27.2-01.

³No transfers from the budget stabilization fund are anticipated; however, the Governor is recommending in Section 11 of House Bill No. 1015 to amend NDCC Section 54-27.2-03 to allow the Governor to transfer amounts from the budget stabilization fund to the general fund to provide for any estimated general fund revenue shortfall rather than only allowing transfers to provide for revenue shortfalls that are at least 2.5 percent less than the original legislative general fund revenue forecast.

FUND HISTORY

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

- Section 54-27.2-01 establishes the budget stabilization fund and provides that any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section currently provides that any money in the fund in excess of 5 percent of the general fund budget as approved by the most recently adjourned Legislative Assembly must be deposited in the state general fund. The 2007 Legislative Assembly approved House Bill No. 1429 which transferred \$100,527,369 from the ending 2005-07 biennium general fund balance into the fund providing a total of \$200,000,000 in the fund. The bill also increases, effective July 1, 2009, the maximum balance allowed in the fund from 5 percent to 10 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides that any amount in the state general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides that 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 that general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. Any transfer made must be reported to the Budget Section.

**ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$2,821,191		\$3,318,722
Add estimated revenues				
Investment earnings	\$130,272		\$134,941	
Loan repayments - Principal and interest	1,092,856		1,046,697	
Total estimated revenues		1,223,128		1,181,638
Total available		\$4,044,319		\$4,500,360
Less estimated expenditures and transfers				
State Department of Health quick response unit pilot project (2007 HB 1004; 2009 SB 2004)	\$125,000		\$125,000	
State Department of Health state trauma system evaluation (2007 HB 1290)	75,000			
Department of Human Services nursing facility inflationary increases (medical assistance program) (2007 SB 2012)	525,597			
Department of Human Services nursing facility payments (medical assistance program) (2009 HB 1012)			3,000,000	
Total estimated expenditures and transfers		725,597		3,125,000
Estimated ending balance		\$3,318,722		\$1,375,360

FUND HISTORY

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

**ANALYSIS OF THE LANDS AND MINERALS TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$14,056,683		\$25,147,817
Add estimated revenues				
Production royalties	\$16,944,824		\$14,097,442	
Mineral leases	432,599		432,599	
Oil and gas bonuses	9,962,051		3,627,296	
Investment earnings	1,524,788		2,191,709	
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	835,306		372,372	
Total estimated revenues		29,699,568		20,721,418
Total available		\$43,756,251		\$45,869,235
Less estimated expenditures and transfers				
Payments to common schools trust fund - Developmentally disabled loan funds Nos. 2 and 3 (2005 SB 2013 - Continuing appropriation)	\$1,417,504 ¹		\$717,182	
Industrial Commission - Oil and Gas Division contingency (2007 HB 1014; 2009 SB 2014)	285,000 ²		515,207	
Transfer to the general fund (2007 HB 1014; 2009 SB 2013)	15,000,000		43,500,000	
Office of Management and Budget - Heritage Center expansion (2007 SB 2341)	1,000,164 ³			
State Historical Society - Cold War missile sites (2007 SB 2018)	250,000			
Administrative costs/other fees	655,766		222,227	
Total estimated expenditures and transfers		18,608,434		44,954,616
Estimated ending balance		\$25,147,817		\$914,619

¹Payments to common schools trust fund - North Dakota Century Code Section 15-08.1-09 provides an annual continuing appropriation from the lands and minerals trust fund of the amount necessary to make payments of principal and interest to the common schools trust fund for loans made to developmentally disabled loan fund Nos. 2 and 3.

²Industrial Commission - Oil and Gas Division contingency - House Bill No. 1014 (2007) provides a \$285,000 contingency appropriation from the lands and minerals trust fund to the Oil and Gas Division for the purpose of hiring, upon Emergency Commission approval, up to two full-time equivalent positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period. The Emergency Commission approved a transfer of \$285,000 at its March 14, 2008, meeting.

³Office of Management and Budget - Senate Bill No. 2341 (2007) provided a contingent appropriation of \$1.5 million from the lands and minerals trust fund to the Office of Management and Budget for the Heritage Center expansion project. The appropriation was only available when the State Historical Society certifies to the Office of Management and Budget that \$1.5 million of other funds had been received or pledged for the project. The State Historical Society certified to the Office of Management and Budget in May 2007 that \$1.5 million of other funds had been received or pledged for the project. The Office of Management and Budget estimates \$1,000,164 of the \$1.5 million will be transferred from the lands and minerals trust fund for the Heritage Center expansion project.

FUND HISTORY

The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests. All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the lands and minerals trust fund pursuant to NDCC Section 15-08.1-08. The principal and interest of the trust fund may be used only for purposes approved by the Legislative Assembly.

**ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$143,270,662		\$562,539,147
Add estimated revenues				
Oil and gas production and extraction tax collections based on current law	\$564,985,026 ¹		\$629,208,000	
Total estimated revenues		564,985,026		629,208,000
Adjustments in executive budget recommendation				
Increase general fund share (2009 HB 1015)			(\$39,000,000) ²	
Increase cap on allocations to the oil and gas impact grant fund (2009 SB 2013)			(14,000,000) ³	
Increase allocation to the oil and gas research fund (2009 SB 2014)			(2,000,000) ⁴	
Increase cap on allocation to counties (2009 SB 2013)			(7,700,000) ⁵	
Total adjustments				(\$62,700,000)
Total available		\$708,255,688		\$1,129,047,147
Less estimated expenditures and transfers				
Transfer to the general fund (Section 12 of 2007 SB 2032)	\$115,000,000			
Office of Management and Budget - Centers of excellence (Section 14 of 2007 HB 1018)	15,000,000 ⁶			
Higher Education (Section 10 of 2007 HB 1003)	7,783,315 ⁷			
Grant assistance payments to tribally controlled community colleges (Section 6 of 2007 HB 1395)	700,000			
Veterans Home facility (Section 1 of 2007 SB 2418)	6,483,226 ⁸			
Agricultural research and extension services operating pool (Section 11 of 2007 HB 1020)	750,000 ⁹			
Property tax relief (Section 15 of 2009 HB 1013)			\$300,000,000 ¹⁰	
Total estimated expenditures and transfers		145,716,541		300,000,000
Estimated ending balance		\$562,539,147		\$829,047,147

¹Estimated collections reflect actual collections of \$343,619,952 through October 2008 and **December 2008 revised revenue projections** of \$221,365,074 for the remainder of the biennium.

²The executive budget recommends increasing the general fund share of oil and gas taxes from the current level of \$71 million to \$110 million.

³The executive budget recommends increasing the maximum biennial allocation to the oil and gas impact grant fund from the current level of \$6 million to \$20 million.

⁴The executive budget recommends increasing the maximum biennial allocation to the oil and gas research fund from the current level of \$3 million to \$5 million.

⁵The executive budget recommends increasing the caps on allocations to individual counties by \$1 million per year for an estimated additional \$7.7 million in revenues to counties.

⁶Centers of excellence - Section 14 of House Bill No. 1018 (2007) provided an appropriation of \$15 million from the permanent oil tax trust fund to the Office of Management and Budget for centers of excellence grants.

⁷Higher education - Section 10 of House Bill No. 1003 (2007) provided that Section 3 of the bill includes \$7,783,315 from the permanent oil tax trust fund to the North Dakota University System, of which \$2,773,800 is for Northern Tier Network infrastructure; \$4,109,515 is for steamline projects at the State College of Science, Valley City State University, and Minot State University - Bottineau; and \$900,000 is for the service rig program at Williston State College, for the biennium beginning July 1, 2007, and ending June 30, 2009.

⁸Veterans Home facility - Section 1 of Senate Bill No. 2418 (2007) provided a contingent appropriation of \$6,483,226 from the permanent oil tax trust fund to the Veterans Home to demolish the existing Veterans Home and to build a new structure. The appropriation from the permanent oil tax trust fund is to only be made available upon the Veterans Home obtaining approval for a federal state home construction grant from the federal Department of Veterans Affairs.

⁹Agricultural research and extension services operating pool - Section 11 of House Bill No. 1020 (2007) provided that the appropriation from the permanent oil tax trust fund as provided in Subdivision 4 of Section 3 of the bill is to be available only for providing funding for operations of the Dickinson Research Center and the amount provided is to be limited to the lesser of \$750,000 or the amount actual oil revenues are less than budgeted for the research center for the biennium beginning July 1, 2007, and ending June 30, 2009.

¹⁰The executive budget recommends a continuing appropriation of \$300 million from the permanent oil tax trust fund for property tax relief.

FUND HISTORY

North Dakota Century Code Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that all revenues deposited in the general fund during a biennium and derived from taxes imposed on oil and gas under Chapter 57-51 (Oil and Gas Gross Production Tax) and Chapter 57-51.1 (Oil Extraction Tax) which exceed \$71 million are to be transferred into the permanent oil tax trust fund. The State Treasurer is to transfer the interest earned on the fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS (REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$32,655,609		\$90,295,609
Add estimated revenues				
Oil extraction tax collections	\$83,190,000		\$94,716,000	
Repayments and reimbursements	1,960,000		2,009,000	
Investment earnings/miscellaneous	2,490,000		1,465,000	
Total estimated revenues		87,640,000 ¹		98,190,000
Total available		\$120,295,609		\$188,485,609
Less estimated expenditures and transfers				
State Water Commission - Grants and administration	\$30,000,000 ²		\$188,400,000 ³	
Total estimated expenditures and transfers		30,000,000		188,400,000
Estimated ending balance		\$90,295,609		\$85,609

¹Estimated revenues - 2007-09 - The estimated revenues for the 2007-09 biennium reflect actual revenues through October 2008 and estimated revenues for the remainder of the biennium based on the executive revenue forecast. The current estimate of revenues for the biennium is **\$51,028,000 more than the estimate of \$36,612,000** made at the close of the 2007 legislative session. The increase is attributable to the following changes:

Increase in oil extraction tax collections	\$49,834,000
Decrease in repayments for previously funded water projects	(435,000)
Increase in investment income	1,629,000
Net increase from revenue amount previously estimated for 2007-09	\$51,028,000

²Section 4 of Senate Bill No. 2020 (2007) provided \$69,352,698, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission. The State Water Commission estimates 2007-09 expenditures from the resources trust fund to be approximately \$30,000,000.

³Sections 1 and 3 of House Bill No. 1020 (2009) appropriate \$188,400,000, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2009-11 biennium.

FUND HISTORY

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

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

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

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

North Dakota Century Code Section 57-51.1-07 provides that oil extraction tax revenues be distributed as follows:

- Twenty percent to the resources trust fund.
- Twenty percent allocated as provided in Article X, Section 24, of the Constitution of North Dakota.
- Sixty percent to the general fund.

**ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%)		106,545,310 ¹		110,920,695
Total available		\$106,545,310		\$110,920,695
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7%)	\$57,214,831		\$59,564,413	
City share (46.3%)	49,330,479		51,356,282	
Total estimated expenditures and transfers		106,545,310		110,920,695
Estimated ending balance		\$0		\$0

NOTE: The amounts shown reflect the revised 2007-09 revenue forecast (December 2008) and the executive budget revenue forecast for the 2009-11 biennium.

¹Total revenues of \$84,212,635 were anticipated to be deposited in the fund for the 2007-09 biennium based on the forecast at the close of the 2007 Legislative Assembly.

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

The 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			
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%

**ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium ¹		2009-11 Biennium ¹	
Beginning balance		\$21,625,000		\$19,665,620
Add estimated revenues				
Fund earnings (net)	\$1,664,000 ²		\$1,400,000 ²	
Total available		\$23,289,000		\$21,065,620
Less estimated expenditures and transfers				
Transfer to the general fund	\$3,100,000 ³		\$0 ⁵	
Funding for veterinary medical education program	523,380 ⁴		990,970 ⁶	
Funding for the North Dakota University System information technology services	0		1,020,600 ⁷	
Total estimated expenditures and transfers		3,623,380		2,011,570
Estimated ending balance		\$19,665,620		\$19,054,050

¹This analysis reflects the estimated revenues, expenditures, and ending balance for the 1979 bond resolution only.

²The projected income is based on interest rates as of December 1, 2008, and the actual income for fiscal year 2008 of \$832,000.

³The 2007 Legislative Assembly provided for a transfer of \$3.1 million from the student loan trust fund to the general fund. The \$3.1 million is the projected income for both the 1979 and the 1996 student loan trust resolutions; however, the transfer to the general fund is only being made from the 1979 resolution.

⁴The 2007 Legislative Assembly provided a \$523,380 appropriation from the student loan trust fund for continuing the Kansas State University veterinary medical education program.

⁵The 2009-11 executive budget does not recommend transferring funds from the student loan trust fund to the general fund.

⁶The 2009-11 executive budget recommends a \$990,970 appropriation from the student loan trust fund for continuing the Kansas State University veterinary medical education program.

⁷The 2009-11 executive budget recommends a \$1,020,600 appropriation from the student loan trust fund to the North Dakota University System information technology services pool for ConnectND positions within the University System. The provisions were previously funded with funding from the Bank of North Dakota.

FUND HISTORY

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

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

The student loan trust is comprised of funds held under two general bond resolutions. The first general bond resolution includes funds from bonds issued in 1979, 1988, 1989, 1992, and 2004. The second general bond resolution referred to as the 1996 bond resolution includes funds from bonds issued in 1996, 1997, 1998, and 2000. All issuances prior to 2004 with bonds outstanding are insured by Ambac Assurance Corporation.

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

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

After all bonds in the 1979 and 1996 general bond resolutions have matured, been redeemed or defeased, and all expenses paid, any remaining assets held under the general bond resolution would be transferred to the Industrial Commission for use at its discretion. In order to use assets held under the 1979 general bond resolution for a purpose other than those stated in the general bond resolution, the administrators of the student loan trust fund must receive a certification from the trustee of the bond (Bank of North Dakota) that sufficient reserves remain for bond payments and other related program costs. In order to use assets held under the 1996 general bond resolution for a purpose other than those stated in the general bond resolution, the administrator of the student loan trust fund must receive permission from the bond issuer, and the trustee of the bond (Bank of North Dakota) would have to certify that sufficient reserves remain for bond payments and other related program costs.

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

**ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Tobacco settlement revenues collected to date	\$36,481,077 ¹		\$0	
Projected tobacco settlement revenues	21,940,594		43,881,191	
Total estimated revenues		58,421,671 ²		43,881,191 ²
Total available		\$58,421,671 ^{3,4}		\$43,881,191 ^{3,4}
Less estimated expenditures and transfers				
Transfers to the community health trust fund	\$5,842,167		\$4,388,119	
Transfers to the common schools trust fund	26,289,752		19,746,536	
Transfers to the water development trust fund	26,289,752		19,746,536	
Total estimated expenditures and transfers		58,421,671 ⁴		43,881,191 ⁴
Estimated ending balance		\$0		\$0

¹As of November 2008 the state has received two tobacco settlement payments totaling \$36,481,077 for the 2007-09 biennium. The state has received total tobacco settlement collections of \$233,156,352.

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

In the November 2008 general election, voters approved initiated measure No. 3 that amends NDCC Section 54-27-25 to provide that a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continues through 2017, will be deposited beginning in 2009 in the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729, which, because it was received prior to passage of the measure is included in the tobacco settlement revenues collected to date above. Remaining tobacco settlement trust fund revenues have been estimated based on the Office of Management and Budget revised estimated collections less anticipated strategic contribution payments of \$13,797,729 per year, which were estimated based on the actual amount of the 2008 strategic contribution payment. The measure also provides that, if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan.

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

2007-09 biennium by 5 percent, or \$1,842,182, in the first year and by 3 percent, or \$1,105,309, in the second year. The Office of Management and Budget has reduced the estimated tobacco settlement revenues for the 2009-11 biennium by 3 percent or \$2,210,618 for the biennium. The total original estimated tobacco settlement collections, including payments to be received under both subsection IX(c)(1) and subsection IX(c)(2) of the Master Settlement Agreement, and the total estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments and legal challenges are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	\$57,593,770	\$52,900,784
2001-03	61,143,578	53,636,363
2003-05	51,271,214	46,310,010
2005-07	51,271,214	43,654,951
2007-09	82,231,080	70,739,775
2009-11	82,231,080	71,476,648
2011-17 (\$82,231,080/\$73,687,266 per biennium)	246,693,240	221,061,798
2017-25 (\$58,591,490/\$52,503,832 per biennium)	234,365,960	210,015,328
Total	\$866,801,136	\$769,795,657

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

	Actual and Estimated Total Tobacco Settlement Proceeds	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	\$36.5 million	N/A	\$16.4 million	\$16.4 million	\$3.7 million
Estimated payment April 2009	35.7 million	\$13.8 million	9.9 million	9.9 million	2.1 million
Estimated 2009-11 biennium	71.5 million	27.6 million	19.8 million	19.8 million	4.3 million
Estimated 2011-13 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	\$574.8 million	\$124.2 million	\$202.9 million	\$202.9 million	\$44.8 million

FUND HISTORY

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

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.

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

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

**ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$2,392,943		\$507,414
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$3,648,108 ¹		\$0	
Projected remaining transfers from the tobacco settlement trust fund	2,194,029		4,388,119	
Total estimated revenues		5,842,137 ²		4,388,119 ²
Total available		\$8,235,080		\$4,895,533
Less estimated expenditures and transfers				
State Department of Health (2007 HB 1004)				
Tobacco prevention and control	\$4,700,000 ³		\$2,180,371 ^{3,14}	
Dentists' loan program	356,896 ⁴		288,448 ⁴	
Community health grant programs	235,303 ⁵		0	
Community Health Grant Program Advisory Committee	100,000 ⁵		0	
Tobacco Quitline	1,069,000 ⁶		1,069,000 ^{6,14}	
Tobacco cessation coordinator and operating expenses	139,397 ⁷		139,397 ^{7,14}	
Physician loan repayment program	22,070 ⁸		72,500 ⁸	
Colorectal cancer screening initiative	150,000 ⁹		0	
Emergency medical services grants	300,000 ¹⁰		300,000 ¹⁰	
Dental grant program (2007 SB 2152)	5,000 ¹¹		10,000 ¹¹	
Governor's office				
Governor's Prevention and Advisory Council (2007 SB 2276)	100,000 ¹²		0	
Department of Human Services				
Breast and cervical cancer assistance (2007 SB 2012)	550,000 ¹³		790,015 ¹³	
Total estimated expenditures and transfers		7,727,666		4,849,731
Estimated ending balance		\$507,414		\$45,802

¹For the 2007-09 biennium, two transfers totaling \$3,648,108 have been made from the tobacco settlement trust fund as of November 1, 2008. Total transfers of \$23,315,635 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 state general fund.

In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending that the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect full payment. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced the estimated tobacco settlement revenues for the 2007-09 biennium by 5 percent in the first year of the biennium and 3 percent in the second year. The community health trust fund share of the 5 percent and 3 percent reductions are \$184,218 and \$110,531, respectively. The Office of Management and Budget has reduced the estimated tobacco settlement revenues for the 2009-11 biennium by 3 percent. The community health trust fund share of the 3 percent reduction is \$221,062 for the 2009-11 biennium.

At the end of the 2007 legislative session, tobacco settlement revenues for the community health trust fund were estimated to be \$7,000,290 for the 2007-09 biennium. The decrease in the amount of estimated revenues to be collected from the tobacco settlement trust fund of \$1,158,153 is due to an increase in actual tobacco settlement revenues collected to date of which the community health trust fund's share is \$147,963, an estimated increase of \$73,687 due to a change in the estimated discount from 5 percent to 3 percent in the second year of the biennium, and an estimated decrease of \$1,379,803 resulting from initiated measure No. 3. Approved by voters in the November 2008 general election, the measure amends NDCC Section 54-27-25 to provide that a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continues through 2017, will be deposited beginning in 2009 in the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729. Remaining community health trust fund revenues have been estimated based on the Office of Management and Budget revised estimated collections less anticipated strategic contribution payments of \$13,797,729 per year, which was the actual amount of the 2008 strategic contribution payment. The measure provides that at least 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.

Initiated measure No. 3 will result in the following estimated allocation of the revised estimated collections for tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	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	\$36.5 million	N/A	\$16.4 million	\$16.4 million	\$3.7 million
Estimated payment April 2009	35.7 million	\$13.8 million	9.9 million	9.9 million	2.1 million
Estimated 2009-11 biennium	71.5 million	27.6 million	19.8 million	19.8 million	4.3 million
Estimated 2011-13 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	\$574.8 million	\$124.2 million	\$202.9 million	\$202.9 million	\$44.8 million

³North Dakota Century Code Section 54-27-25 provides that money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The executive budget recommendation provides an appropriation of \$2.2 million, \$2.5 million less than the 2007-09 biennium appropriation, to the State Department of Health for tobacco prevention and control programs.

⁴The dentists' loan repayment program, which is administered by the Health Council, was established in 2001 Senate Bill No. 2276 (NDCC Chapter 43-28.1). Each year the Health Council is to select up to three dentists who agree to provide dental services in the state. The dentists are eligible to receive funds, not to exceed a total of \$80,000 per applicant, for the repayment of their educational loans. The funds are payable over a four-year period (\$20,000 per year). The dental loan repayment program is to provide the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in

North Dakota. Senate Bill No. 2152 (2007) provides that a dentist practicing in Bismarck, Fargo, or Grand Forks must have received dental medical payments of at least \$20,000 in the form of medical assistance reimbursement or practiced at least two full workdays per week at a public health clinic or nonprofit dental clinic in order to qualify for the dentists' loan repayment program. Dentists accepted into the program per biennium include:

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2001-03 biennium (3)	Minot (2) Larimore
2003-05 biennium (6)	Fargo Community Health Center New Rockford Grand Forks Fargo Bismarck West Fargo
2005-07 biennium (4)	Fargo Community Health Center Bismarck (serving special populations) Mott Minot
2007-09 biennium (6 to date)	Park River Bismarck Grand Forks Cando/Devils Lake Rugby Wishek

⁵The community health grant program was established in 2001 Senate Bill No. 2380 (NDCC Section 23-38-01) with the intent to prevent or reduce tobacco usage. The Community Health Grant Program Advisory Committee is to advise the State Department of Health regarding the community health grant program. The 2007 Legislative Assembly authorized \$360,000 for tobacco cessation grants (\$260,000) and the Community Health Grant Program Advisory Committee (\$100,000). The grants to cities and counties for cessation programs are to be matched with \$1 of local funds for every \$3 of state funds. The 2009-11 executive budget recommendation does not include funding for the community health grant program.

⁶The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly appropriated \$1,069,000, an increase of \$185,000 from the 2005-07 biennium appropriation of \$884,000, to operate the quitline for the 2007-09 biennium. The 2007 Legislative Assembly increased the funding for the quitline to provide nicotine replacement therapy and cessation counseling. The 2009-11 executive budget recommendation includes \$1,069,000 to fund the quitline for the 2009-11 biennium, the same as the 2007-09 biennium appropriation.

⁷The 2007 Legislative Assembly authorized one full-time equivalent tobacco prevention coordinator position and related funding for salaries and wages (\$117,101) and operating expenses (\$22,296) for the position. The 2009-11 executive budget recommendation includes funding of \$139,397 for the tobacco prevention coordinator position, the same as the 2007-09 biennium appropriation.

⁸North Dakota Century Code Chapter 43-17.2 provides for the state community matching physician loan repayment program. A qualifying physician may receive up to \$22,500 per year for up to two years for a total of \$45,000. Section 43-12.2-01 provides for mid-level practitioners to receive up to \$2,500 per year for up to four years for a total of \$10,000. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and mid-level practitioners. The 2007 Legislative Assembly appropriated \$150,000 from the community health trust fund for this program. The total 2007-09 biennium funding for this program is \$75,000 from the general fund and \$150,000 from the community health trust fund. The 2009-11 executive budget recommendation includes funding of \$75,000 from the general fund and \$72,500 from the community health trust fund for the program. Physicians accepted into the program per biennium include:

Biennium (Number of Physicians Accepted Into Program)	Communities Served
2007-09 biennium (3 to date)	Dickinson Devils Lake Wishek
Biennium (Number of Mid-Level Practitioners Accepted Into Program)	Communities Served
2007-09 biennium (3 to date)	Grafton Turtle Lake/McClusky Williston

⁹The 2007 Legislative Assembly appropriated \$150,000 from the community health trust fund and \$50,000 from the general fund for a grant to the North Dakota Cancer Coalition to provide for a colorectal cancer screening initiative. The 2009-11 executive budget recommendation does not include funding for the grant.

¹⁰The 2007 Legislative Assembly appropriated \$300,000 from the community health trust fund for emergency medical services training grants. The 2009-11 executive budget recommends \$300,000 for emergency medical services training grants, the same as the 2007-09 biennium appropriation.

¹¹Senate Bill No. 2152 (2007) provides for a dental grant program. A dentist who has graduated from an accredited dental school within the previous five years and is licensed to practice in North Dakota may submit an application to the Health Council for a grant for the purpose of establishing a dental practice in North Dakota cities with a population of 7,500 or less. The Health Council may award a maximum of two grants per year with a maximum grant award of \$50,000 per applicant to be used for buildings, equipment, and operating expenses. The community in which the dentist is located must provide a 50 percent match. The grant must be distributed in equal amounts over a five-year period and the dentist must commit to practice in the community for five years. The 2007 Legislative Assembly appropriated \$60,000 for the dental grant program; however, the department anticipates spending \$5,000 for the program for the 2007-09 biennium. The 2009-11 executive budget recommends funding of \$10,000 for the dental grant program, \$50,000 less than the 2007-09 appropriation of \$60,000.

¹²Senate Bill No. 2276 (2007) provided an appropriation from the community health trust fund to the Governor for the Governor's Prevention and Advisory Council. The 2009-11 executive budget recommendation provides funding of \$200,000 from the general fund to the Department of Human Services for the Governor's Prevention and Advisory Council.

¹³The 2007 Legislative Assembly appropriated \$213,904, a decrease of \$40,452 from the 2005-07 biennium appropriation of \$254,356, to the Department of Human Services for providing the state matching funds for medical assistance coverage for women screened and found to have breast and cervical cancer. Because of greater than anticipated demand for the services, the department anticipates using additional special funds spending authority from within its 2007-09 biennium budget and spending a total of \$550,000 from the community health trust fund for the program for the 2007-09 biennium. The 2009-11 executive budget recommendation provides funding of \$790,015 for breast and cervical cancer assistance for the 2009-11 biennium, \$576,111 more than the 2007-09 appropriation.

¹⁴Initiated measure No. 3 provides that at least 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. Based on the estimated 2009-11 biennium transfers to the community health trust fund from the tobacco settlement trust fund of \$4,388,119, a minimum of \$3,510,000 (80 percent) is to be provided for tobacco prevention and control. Using the recommended appropriations of \$2,180,371 for tobacco prevention and control, \$1,069,000 for the Tobacco Quitline, and \$139,397 for the tobacco cessation coordinators and operating expenses, the executive budget recommendation includes total tobacco prevention and control funding from the community health trust fund of \$3,388,768 for the 2009-11 biennium, or 77 percent, approximately \$121,000 less than the 80 percent minimum requirement.

FUND HISTORY

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

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.

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

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

**ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$8,989,953		\$13,548,706
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	\$16,416,485 ¹		\$0	
Projected remaining transfers from tobacco settlement trust fund	9,873,267		19,746,536	
Total estimated revenues		26,289,752 ²		19,746,536 ²
Total available		\$35,279,705		\$33,295,242
Less estimated expenditures and transfers				
State Water Commission (2007 SB 2020)				
Water projects	\$6,670,375 ³		\$13,866,925 ⁴	
Bond payments	13,992,714 ³		16,976,076 ⁴	
Administrative expenses	1,067,910 ³		1,533,075 ⁴	
Total estimated expenditures and transfers		21,730,999		32,376,076
Estimated ending balance		\$13,548,706		\$919,166

¹For the 2007-09 biennium two transfers totaling \$16,416,485 have been made from the tobacco settlement trust fund as of November 1, 2008. Total transfers of \$104,920,359 have been made from the tobacco settlement trust fund to the water development trust fund.

²Revenues - Interest earned on the water development trust fund is deposited in the state general fund.

In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending that the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect full payment. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced the estimated tobacco settlement revenues for the 2007-09 biennium by 5 percent in the first year of the biennium and 3 percent in the second year. The water development trust fund share of the 5 percent and 3 percent reductions is \$828,982 and \$497,389, respectively. The Office of Management and Budget has further reduced the estimated tobacco settlement revenues for the 2009-11 biennium by 3 percent. The water development trust fund share of the 3 percent reduction is \$994,778 for the 2009-11 biennium.

At the end of the 2007 legislative session tobacco settlement revenues for the water development trust fund were estimated to be \$31,501,306 for the 2007-09 biennium. The decrease in the amount of estimated revenues to be collected from the tobacco settlement trust fund of \$5,211,554 is due to an increase in actual tobacco settlement revenues collected to date of which the water development trust fund's share is \$665,832, an estimated increase of \$331,593 due to a change in the estimated discount from 5 percent to 3 percent in the second year of the biennium, and an estimated decrease of \$6,208,979 resulting from initiated measure No. 3. Approved by voters in the November 2008 general election, the measure amends NDCC Section 54-27-25 to provide that a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continues through 2017, beginning in 2009 will be deposited in the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729. Remaining water development trust fund revenues have been estimated based on the Office of Management and Budget revised estimated collections less anticipated strategic contribution payments of \$13,797,729 per year, which was the actual amount of the 2008 strategic contribution payment. The measure also provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan.

Initiated measure No. 3 will result in the following estimated allocation of the revised estimated collections of the tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	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	\$36.5 million	N/A	\$16.4 million	\$16.4 million	\$3.7 million
Estimated payment April 2009	35.7 million	\$13.8 million	9.9 million	9.9 million	2.1 million
Estimated 2009-11 biennium	71.5 million	27.6 million	19.8 million	19.8 million	4.3 million
Estimated 2011-13 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	\$574.8 million	\$124.2 million	\$202.9 million	\$202.9 million	\$44.8 million

³Section 5 of Senate Bill No. 2020 (2007) appropriated \$40,055,999, or any additional amount that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission. The agency anticipates expenditures will total \$21,730,999 for the 2007-09 biennium, including bond payments of \$13,992,714. The remaining balance of approximately \$7.7 million will be available for State Water Commission projects and administrative expenses.

⁴Sections 1 and 3 of House Bill No. 1020 (2009) appropriate \$32,376,076, or any additional amount that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2009-11 biennium. Total 2009-11 biennium bond payments will be \$16,976,076. The remaining balance of approximately \$15.4 million will be available for State Water Commission projects and administrative expenses.

FUND HISTORY

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

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.

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

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

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

**ANALYSIS OF THE TOBACCO PREVENTION AND CONTROL TRUST FUND
FOR THE 2007-09 AND 2009-11 BIENNIUMS
(REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2007-09 Biennium		2009-11 Biennium	
	Beginning balance		\$0 ¹	
Add estimated revenues				
Tobacco settlement revenues collected to date	\$0		\$0	
Projected tobacco settlement revenues	13,797,729 ¹		27,595,458 ¹	
Total estimated revenues		13,797,729		27,595,458
Total available		\$13,797,729		\$41,393,187
Less estimated expenditures and transfers				
Appropriated expenditures	\$0 ²		\$18,600,000 ²	
Total estimated expenditures and transfers		0		18,600,000
Estimated ending balance		\$13,797,729		\$22,793,187

¹Revenue - In the November 2008 general election voters approved initiated measure No. 3 that amends NDCC Section 54-27-25 to create a tobacco prevention and control trust fund to receive tobacco settlement funds under subsection IX(c)(2) of the Master Settlement Agreement, which began in April 2008 and continue through 2017. The strategic contribution amount received under subsection IX(c)(2) of the Master Settlement Agreement consists of a base amount to which the Master Settlement Agreement provides adjustments. Remaining strategic contribution payments have been estimated based on the amount received in 2008 of \$13,797,729.

The measure provides that interest earned on the balance in this fund be deposited in the fund, and if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan.

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

	Actual and Estimated Total Tobacco Settlement Proceeds	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	\$36.5 million	N/A	\$16.4 million	\$16.4 million	\$3.7 million
Estimated payment April 2009	35.7 million	\$13.8 million	9.9 million	9.9 million	2.1 million
Estimated 2009-11 biennium	71.5 million	27.6 million	19.8 million	19.8 million	4.3 million
Estimated 2011-13 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	\$574.8 million	\$124.2 million	\$202.9 million	\$202.9 million	\$44.8 million

²Because the tobacco prevention and control trust fund was established in December 2008, no expenditures or transfers were appropriated from the fund for the 2007-09 biennium. Section 1 of Senate Bill No. 2063 (2009) appropriates \$18,600,000 from the tobacco prevention and control trust fund for the purpose of providing a level of funding that will meet the annual level recommended by the Centers for Disease Control and Prevention for North Dakota as published in its *Best Practices for Comprehensive Tobacco Control*.

FUND HISTORY

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

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

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.

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

The measure also provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan.

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