



Budget Basics

Prepared by the North Dakota Legislative Council
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APPROPRIATIONS

OVERVIEW

An appropriation is a legislative act authorizing the expenditure of state funds for a specific purpose. The Legislative Assembly appropriates funding from the general fund, special funds, and federal funds. In appropriation bills, special funds and federal funds are combined into an "estimated income" line item.

The Legislative Assembly begins development of the state budget at a "base level" for appropriations. The "base level" is the current biennium's appropriation for each agency excluding any one-time appropriations. One-time appropriations may include appropriations for capital projects, pilot programs, or other programs or costs not considered to be ongoing. The Appropriations Committees prepare and introduce the base level appropriation bill for each agency. The Office of Management and Budget submits draft appropriation bills containing the governor's budget recommendations which are printed in the House and Senate Journals and provided to the Appropriations Committees for consideration in developing the state budget. Individual legislators also may suggest changes affecting the appropriations for an agency. The Legislative Assembly considers the governor's recommendations and information received through public hearings held in each chamber on the appropriation bills. Other bills also may be introduced and considered which appropriate funds to an agency. If approved, these bills are added to the appropriations included in the agency's primary appropriation bill to determine the agency's total appropriation for the next biennium. Unless otherwise indicated, an appropriation bill becomes effective on July 1 following the legislative session. Each session the Legislative Assembly approves approximately 75 appropriation bills each session providing funding for the operations of state government for the subsequent biennium. Bills providing a deficiency or supplemental appropriation relating to the current biennium also may be considered and, if approved, increase the agency's current biennium appropriation.

Bills, other than the agencies' primary appropriation bills, introduced during the legislative session with potential expenditure impacts have a fiscal note attached identifying the estimated cost or savings to the agency. All these bills are included in the fiscal impact report. The April 25, 2019, fiscal impact report is available [online](#). Some bills may include an appropriation to pay for the anticipated expenditure, while other bills may have an anticipated effect on expenditures but not include an appropriation to pay for that anticipated expenditure. Each bill having an appropriation of \$5,000 or more, or with a fiscal note indicating a fiscal impact of \$50,000 or more on an agency's appropriation is required by rule to be referred to the Appropriations Committee.

When bills are approved by the Appropriations Committees, the House of Representatives, or the Senate, the appropriations are reflected in the budget status reports. The budget status reports are updated each week and the final budget status reports from the 2019 legislative session are available [online](#). The Legislative Assembly uses the fiscal impact report and the budget status reports to monitor the potential and approved changes to the state budget during the legislative session.

Major Agency Appropriations

The majority of general fund appropriations for the 2019-21 biennium are for:

- Department of Public Instruction - \$1,721,361,137 (35.5%)

- Department of Human Services - \$1,462,663,487 (30.2%)
- Higher education - \$660,517,805 (13.6%)
- Department of Corrections and Rehabilitation - \$214,336,704 (4.4%)

The majority of special funds appropriations for the 2019-21 biennium are for:

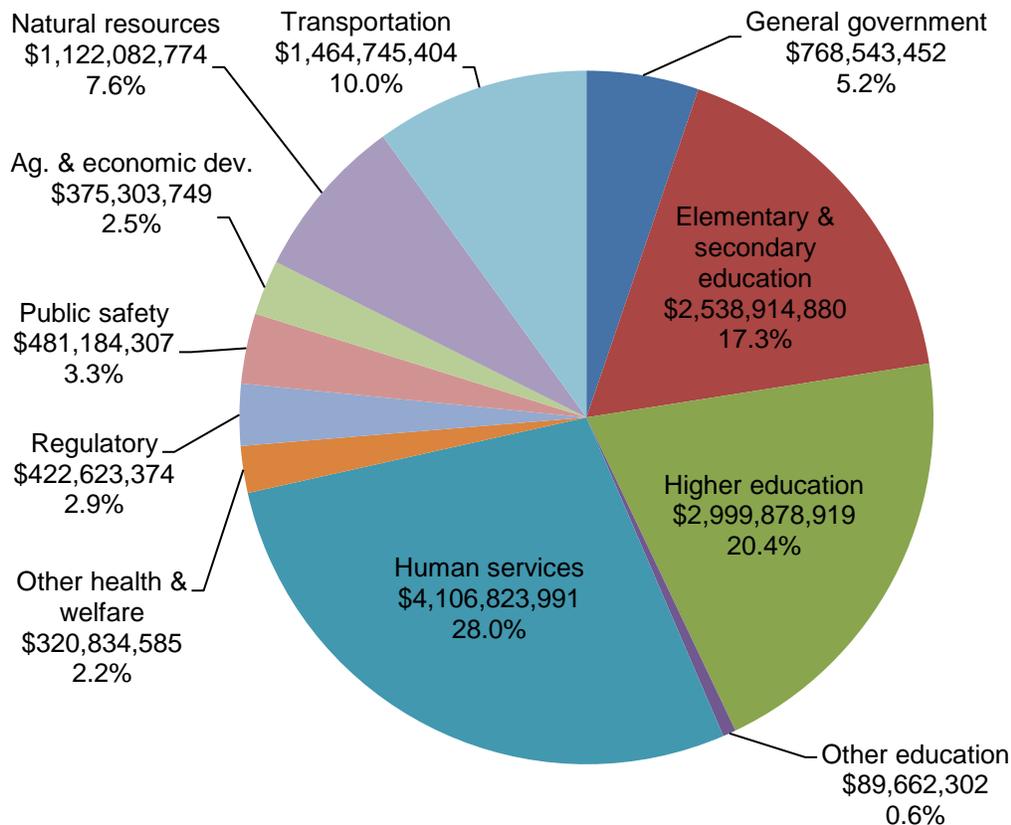
- Higher education - \$2,339,361,114 (39.6%)
- State Water Commission - \$936,625,807 (15.9%)
- Department of Transportation - \$723,345,404 (12.2%)
- Department of Public Instruction - \$494,637,190 (8.4%)
- Department of Human Services - \$377,535,853 (6.4%)
- Information Technology Department - \$318,954,155 (5.4%)

The majority of federal funds appropriations for the 2019-21 biennium are for:

- Department of Human Services - \$2,266,624,651 (57.5%)
- Department of Transportation - \$738,900,000 (18.8%)
- Department of Public Instruction - \$322,916,553 (8.2%)
- Adjutant General - \$136,862,971 (3.5%)
- State Department of Health - \$103,646,086 (2.6%)

Summary of 2019-21 Biennium Appropriations

As approved by the 2019 Legislative Assembly, the 2019-21 biennium budget totals \$14.7 billion. Of this amount, \$4.84 billion is from the general fund, \$5.91 billion is from special funds, and \$3.94 billion is from federal funds. A summary of all funds appropriations is shown below.



Continuing Appropriations

A continuing appropriation is an appropriation of funds that is not specific in time or amount. Continuing appropriations are provided by a statutory authorization that continues from biennium to biennium permitting state agencies, boards, or institutions to expend funds for specified purposes or uses. Continuing appropriation spending authority usually is associated with a specified source of revenue. These appropriations are not reflected in reported biennial appropriations since the amount authorized is unknown. Examples include:

- The Public Employees Retirement System has multiple sections in the North Dakota Century Code providing continuing appropriation authority to the agency for benefit payments, investments, and actuarial and technical consulting services.
- The Wheat Commission is authorized to levy an assessment on wheat sold in the state, collect the revenue, and spend it to carry out its statutory duties.
- Occupational boards are authorized to charge licensing fees, collect those fees, and spend the revenue for their expenses.

The next topic in the *Budget Basics* series will be sources and uses of funds.