

PRELIMINARY BUDGET OUTLOOK - 2013-15 BIENNIUM

All amounts shown on the schedule are based on preliminary estimates that are subject to change. Revenues items are based on the Office of Management and Budget (OMB) September 2012 revenue forecast for the remainder of the 2011-13 biennium and for the 2013-15 biennium. A summary of the September revenue forecast is attached as an [appendix](#). The revenue forecast will be revised in the December 2012 executive budget. Amounts shown for possible increases in state employee salaries, elementary and secondary education, higher education, major human services programs, etc., are not recommended amounts but are provided so the reader can substitute whatever level he or she believes appropriate. Only major items have been included. **Additional amounts that may be requested as part of agency budget requests, items that may be recommended by the Governor, and potential legislative initiatives are not reflected on this schedule.**

	General Fund		
	Ongoing Revenues and Expenditures	One-Time Resources and Expenditures	Total
Beginning balance			
Estimated balance - June 30, 2013		\$1,621,225,036 ¹	\$1,621,225,036 ¹
Less: Potential deficiency appropriation requests		(72,872,008) ²	(72,872,008) ²
Potential transfer to budget stabilization fund		(43,882,625) ³	(43,882,625) ³
Estimated balance - July 1, 2013		\$1,504,470,403	\$1,504,470,403
Revenues			
2013-15 biennium revenues (based on the OMB September 2012 preliminary revenue forecast)	\$4,920,098,718		\$4,920,098,718
Transfers	360,925,000 ⁴		360,925,000 ⁴
Total revenues	\$5,281,023,718		\$5,281,023,718
Total 2013-15 biennium resources	\$5,281,023,718	\$1,504,470,403	\$6,785,494,121
Appropriations			
2011-13 biennium ongoing general fund appropriations	(\$3,534,591,025)		(\$3,534,591,025)
Potential funds available	\$1,746,432,693	\$1,504,470,403	\$3,250,903,096
Less general fund requirements due to 2011 legislative action or federal program changes			
• Cost to continue the 3 percent second-year state employee salary increase for two years in the 2013-15 biennium	(8,000,000)		(8,000,000)
• Cost to continue the retirement contribution increase (a state contribution of 1 percent beginning January 1, 2012, and an additional state contribution of 1 percent beginning January 1, 2013) for two years in the 2013-15 biennium	(4,916,000)		(4,916,000)
• Cost to continue the new state employee minimum salary levels implemented by the Office of Management and Budget on July 1, 2012, relating to the implementation of recommendations from the classified state employee compensation study completed by Hay Group	(1,200,000)		(1,200,000)
• Cost to continue the second-year state school aid per student payment levels for two years in the 2013-15 biennium assuming no increase in student enrollment (including funding to replace the \$9 million of 2009-11 biennium appropriation authority authorized to continue in the 2011-13 biennium for state aid per student payments)	(29,300,000)		(29,300,000)
• Funding to support the State Department of Health's Provider Choice immunization program resulting from the loss of federal 317 vaccine for insured children vaccinated at local public health units	(2,000,000)		(2,000,000)

	General Fund		
	Ongoing Revenues and Expenditures	One-Time Resources and Expenditures	Total
<ul style="list-style-type: none"> • Cost to continue the 3 percent second-year inflationary increase for Department of Human Services' providers for two years in the 2013-15 biennium 	(8,000,000)		(8,000,000)
<ul style="list-style-type: none"> • Increased costs for Department of Human Services' grants resulting from a reduction in the federal medical assistance percentage (FMAP) (assumes an FMAP of 50 percent for federal fiscal years 2014 and 2015) 	(91,500,000)		(91,500,000)
<ul style="list-style-type: none"> • Cost to continue property tax relief in the 2013-15 biennium based on the same percentage increase from the 2009-11 biennium to the 2011-13 biennium 	(48,192,400)		(48,192,400)
<ul style="list-style-type: none"> • Funding for the Heritage Center expansion project relating to utilities and staff provided for only one year during the 2011-13 biennium 	(450,000)		(450,000)
<ul style="list-style-type: none"> • Funding for the Department of Corrections and Rehabilitation for staffing, maintenance, and inmate costs associated with the State Penitentiary expansion project 	(1,500,000)		(1,500,000)
<ul style="list-style-type: none"> • Funding for the Industrial Commission for costs associated with new employees that started at various times during the 2011-13 biennium 	(230,000)		(230,000)
<ul style="list-style-type: none"> • Funding for the Highway Patrol for costs related to new trooper positions authorized during the November 2011 special legislative session 	(262,053)		(262,053)
<ul style="list-style-type: none"> • Funding for the Department of Human Services for costs related to positions authorized during the November 2011 special legislative session for implementation of the federal Affordable Care Act 	(150,000)		(150,000)
<ul style="list-style-type: none"> • Funding for the North Dakota University System for costs related to adding new medical and allied health students 	(2,000,000)		(2,000,000)
<ul style="list-style-type: none"> • Funding for the Secretary of State for costs related to three new FTE positions authorized during the 2011-13 biennium by the Emergency Commission and Budget Section to respond to the increase in demand for services, including increases in legal business registration documents and in contractor licensing applications 	(324,000)		(324,000)
<ul style="list-style-type: none"> • Funding for the State Department of Health for costs related to three new FTE positions authorized during the 2011-13 biennium by the Emergency Commission for the department's Environmental Health Section to provide inspection, outreach, investigation, and other services relating to water quality, wastewater disposal and treatment, and oil spill response and remediation in western North Dakota 	(747,500)		(747,500)
Total cost-to-continue items	(\$198,771,953)		(\$198,771,953)
Remaining balance available	\$1,547,660,740	\$1,504,470,403	\$3,052,131,143
Other potential selected general fund spending increases the Legislative Assembly in 2013 may be asked to consider:			
<ul style="list-style-type: none"> • State employee salary increases, excluding higher education, of 3 percent for each year of the biennium (A one percent salary increases costs approximately \$2.81 million per year.) 	(\$25,290,000)		(\$25,290,000)
<ul style="list-style-type: none"> • State employee health insurance increases based on the preliminary estimate of approximately a 13 percent increase (monthly premium increasing from \$886.62 to \$1,001.72) 	(13,500,000)		(13,500,000)

	General Fund		
	Ongoing Revenues and Expenditures	One-Time Resources and Expenditures	Total
<ul style="list-style-type: none"> Additional funding for elementary and secondary education - Same dollar increase as the 2011-13 biennium 	(125,000,000)		(125,000,000)
<ul style="list-style-type: none"> Higher education - Same dollar increase as the 2011-13 biennium (The North Dakota University System has requested a base funding increase of \$85.5 million for the higher education institutions, including the UND School of Medicine and Health Sciences and the Forest Service, and \$146.3 million for major capital projects. The base funding increase of \$85.5 million does not include funding for salary or health insurance increases for the 2013-15 biennium.) 	(72,500,000)	(\$51,300,000)	(123,800,000)
<ul style="list-style-type: none"> Information technology project requests (as prioritized by the State Information Technology Advisory Committee) 		(8,300,000)	(8,300,000)
<ul style="list-style-type: none"> Department of Human Services - Cost and caseload increases not including inflationary adjustments 	(35,000,000)		(35,000,000)
<ul style="list-style-type: none"> Department of Human Services - Three percent annual increases for growth and inflation of major department programs 	(26,700,000)		(26,700,000)
<ul style="list-style-type: none"> Continuation of centers of research excellence grants (same level of funding as provided for the 2011-13 biennium) 		(12,000,000)	(12,000,000)
<ul style="list-style-type: none"> Tax Department - Additional funding for the homestead tax credit program (\$1.7 million) and the disabled veteran property tax credit program (\$2.9 million) 	(4,600,000)		(4,600,000)
<ul style="list-style-type: none"> Inflationary increases of 3 percent per year for remaining agency expenditures not included above 	(13,200,000)		(13,200,000)
Total other potential selected general fund spending increases	(\$315,790,000)	(\$71,600,000)	(\$387,390,000)
Estimated remaining funds to provide for the June 30, 2015, ending balance and agency budget requests, Governor's recommendations, and legislative initiatives that may relate to:	\$1,231,870,740	\$1,432,870,403	\$2,664,741,143
<ul style="list-style-type: none"> New programs and program enhancements; Infrastructure improvements, including road projects; Tax relief; and Other capital projects 			
¹ The estimated June 30, 2013, balance is based on the OMB September 2012 revenue forecast for the 2011-13 biennium. The amount does not include any amount resulting from 2011-13 biennium unspent general fund appropriations (turnback).			
² Potential amount resulting from 2011-13 biennium deficiency appropriation requests include:			
Department of Human Services - Grants resulting from a reduction in the FMAP for the 2013 federal fiscal year			\$21,200,000
Department of Transportation - Loan repayment relating to the state match of federal emergency funding			45,600,000
Minot State University - Funding for emergency flood fighting cost not covered by the Federal Emergency Management Agency (FEMA) (\$201,369) and building and infrastructure restoration costs not covered by FEMA (\$1,646,613)			1,847,982
State Fair Association - Loan repayment relating to recovery and prevention efforts related to the flood disaster at the state fairgrounds			1,397,630
Tax Department - Additional funding for the disabled veteran property tax credit program			981,855
State Department of Health - Funding for costs associated with a food and lodging inspector for western North Dakota (\$82,894) and loan repayment relating to costs associated with a lawsuit with the Environmental Protection Agency			582,894
Highway Patrol - Funding for increased State Fleet costs and mileage			500,000
Forest Services - Funding for expenses associated with emergency wildland firefighting			250,000
Valley City State University - Funding for permanent hillside stabilization project			505,800
Job Service North Dakota - Interest relating to a loan for disaster unemployment assistance			5,847
Total			\$72,872,008

³The amount shown as a potential transfer to the budget stabilization fund is based on statutory provisions requiring any ending general fund balance amounts in excess of \$65 million to be deposited in the budget stabilization fund and on the assumption that 2013-15 biennium general fund appropriations will increase by approximately 10 percent over 2011-13 biennium general fund appropriations allowing the maximum balance in the budget stabilization fund to be \$442.7 million. The budget stabilization fund balance is limited to 9.5 percent of biennial general fund appropriations.

⁴The amount shown reflects the following major transfers to the general fund compared to the 2011-13 biennium:

	2011-13 Biennium	2013-15 Biennium	Variance
Mill and Elevator	\$6,650,000	\$6,650,000	
Lottery	11,000,000	11,000,000	
Gas tax administration	1,485,000	1,485,000	
Property tax relief sustainability fund	295,000,000	341,790,000	\$46,790,000
Strategic investment and improvements fund	305,000,000		(305,000,000)
Total transfers	\$619,135,000	\$360,925,000	(\$258,210,000)

ATTACH:1